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STATE OF TRAVEL

2024

**350+ insights defining the state of travel
today and the trends that will shape the future**

STATE OF TRAVEL 2024

350+ insights defining the state of travel today and the trends that will shape the future

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ABOUT

SKIFT RESEARCH

Skift Research provides proprietary research, analysis, and premium data tools for travel industry leaders and their teams to better understand the industry and the outside forces driving change.

Our team uses financial and economic analysis and proprietary survey data to support qualitative observations and travel-focused forecasts. We work with more than 20 data partners from across the travel industry to provide timely insights into the performance of sectors and countries.

By combining extensive industry experience, rigorous quantitative analysis, and access to top executives at nearly every major travel company, we are able to launch over 50 comprehensive research reports annually that aim to help you understand the industry and the outside forces shaping the future of travel.

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INTRODUCTION

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Welcome to Skift Research's State of Travel 2024 report.

In many ways 2024 represents the start of a new era for the travel industry. We have broken through to a post-pandemic world where, for the first time in almost half a decade, there are no COVID tailwinds or headwinds to guide our industry.

The state of travel in 2024 is strong. Travel businesses are growing with healthy margins. But many questions hang over our industry. Could the global economy enter a recession? Where will Chinese travelers go next? What does the future hold for budget airlines? How will our industry adapt to a new generation of AI-powered tech tools? Understanding the challenges and opportunities facing travel today is critical.

Our State of Travel report is designed to be your reference handbook to navigating the complex world of travel in 2024. From consumer insights, to sector deep dives, and executive perspectives, we have put together 350+ insights with the hope to have a chart for almost any topic. We hope you enjoy the report.

INTRODUCTION

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This report highlights many opportunities. We discuss the biggest consumer, business, and investment trends, so you can stress-test, and where needed alter, your strategies. Take this report as a starting point for discussions about how your company, association, or destination can benefit from these opportunities.

The report draws on Skift Research's own research and third-party data sources to analyze the industry's current performance, and chart travel's path forward, all backed by real-world data. We provide over 350 graphs and statistics in this deck.











The first section of the report covers travel's performance, as well as the wider economic landscape. The second section is all about trends. Finally, the third section provides sectoral coverage with quick overviews of every noteworthy travel sector.

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













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AD

The State of Travel According to Allianz Partners



JOE MASON, Chief Marketing Officer, Travel Line of Business at Allianz Partners, spoke with SkiftX about his perspective on the industry.

SkiftX: How would you describe the current state of the travel industry?

Joe Mason: We've all benefited from tailwinds in recent years, but 2024 is a mixed bag. I'd call it unsettled. While travel is still prioritized over other leisure activities, there are plenty of political, economic, and environmental concerns that remain key factors in deciding when and where to travel. Domestic travel dominates, bolstered by younger travelers, and short-haul and intraregional travel still lead the broader international recovery. As inflationary pressures subside, costs for domestic trips are softening. At the same time, international travel, especially from the U.S. to Europe, remains strong despite the higher costs. Our recent Vacation Confidence Index found that Americans will spend over \$200 billion on summer vacations in 2024, with the average household planning to spend nearly \$3,000. This is good news for travel suppliers and for the economies they support.

SkiftX: What are the biggest industry opportunities in the coming year?

Mason: First, travelers are continuing to blur the lines between leisure and business travel — a trend we expect to continue. Second, while travel costs remain a primary concern for travelers, budgets are voluntarily rising to address higher trip costs, especially for luxury travel. Third, flexible work arrangements and the return of business travel are opening opportunities for the industry. Finally, generative AI will bring intuitive and efficient access to information and better customer service. Plus, with more personalized and curated itineraries, travelers can spend more time traveling and less time planning.

The State of Travel According to Allianz Partners

SkiftX: What are the biggest challenges or watch-outs?

Mason: Economic strength is always a leading predictor of travel demand and growth. Luckily, we're still seeing travelers prioritize travel despite having less discretionary income, although it's unclear how long this trend will last. Many of the world's largest travel markets are also facing rising political tensions, including pressure to limit the number of tourists. Extreme weather events, coupled with rising interest in more eco-friendly forms of travel, are also top of mind for many consumers and travel suppliers.

SkiftX: What is one travel trend the industry isn't talking about enough?

Mason: Domestic U.S. travel still dominates travel volumes, along with short-haul travel to nearby countries. We recently partnered with Skift to present a [travel trend and data forecast](#). In the presentation, we noted that seven of the top 10 international travel destinations for Americans were in Central America and the Caribbean. For many travelers, being closer to home seems to be a nice antidote to the rising cost of travel. These shorter trips also often lead to a lighter environmental footprint — something the travel industry continues to address.

SkiftX: What is one industry trend you think is overhyped?

Mason: The topic of predictive and generative AI seems to enter every discussion. Recently I spoke at an event in Lisbon on embedded insurance and nearly all the presentations had some reference to AI, including mine. Undoubtedly, AI will revolutionize travel as we know it, but the gap between vision and reality still feels large. For companies trying to navigate how, when, and why to use AI effectively, good underlying source data, including consistent formatting and accessibility, is a prerequisite. It sounds simple, but it isn't. Speakers at the recent [Skift Data & AI Summit](#) reinforced this, noting that without proper data sources, AI can be quite limiting.

SkiftX: How will Allianz Partners push the industry forward in the coming year?

Mason: We're incredibly fortunate to partner with some of the world's most well-known and respected travel companies. Our goal is to make sure we support their customers before, during, and after their journey — and wherever life takes them. Recently, we launched the Allyz TravelSmart mobile app, a new digital platform providing consumers with trusted advice and expertise, as well as easy access to a wide range of insurance and assistance benefits for our travel insurance customers. This launch is an important milestone in the expansion of Allianz Partners' digital platform, providing users with an array of services aimed at providing peace of mind, only a click away.



TRAVEL AND TOURISM



1

**GLOBAL TRAVEL
PERFORMANCE**

Beyond Recovery: Global Travel Is in a Real Growth Phase

Skift Research's [Travel Health Index](#) tracks 84 travel indicators across 22 countries with data from 22 partners. After the dip through the pandemic and pent-up demand driving massive growth levels, 2024 is seeing modest growth over 2023. As of June 2024, the index is at 104, indicating 4% growth compared to June 2023.

Global Travel Performance is Showing 4% Growth Over 2023 Levels in June 2024

Skift Travel Health Index Jan 2020 to Jun 2024



Click and
JUMP TO
SECTION

Note: Countries covered by the Travel Health Index are Argentina, Australia, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Indonesia, Japan, Mexico, Russia, Singapore, South Africa, Spain, Thailand, Türkiye, UK, U.S., UAE

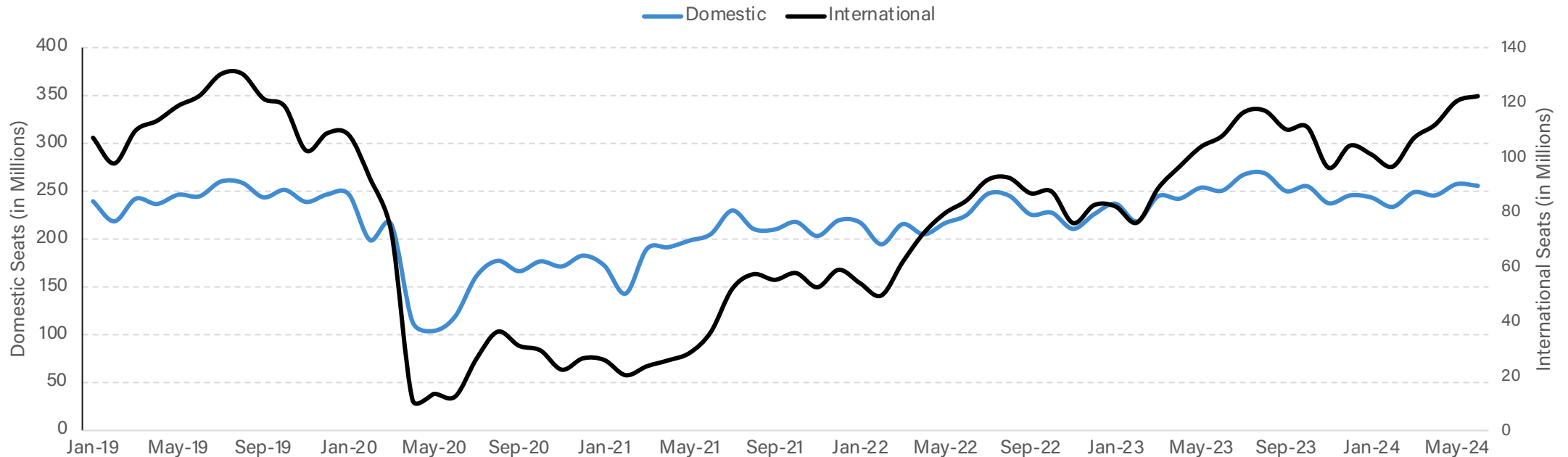
Source: [Skift Travel Health Index](#), July 2024. All data vs same month in the previous year.

International Travel Is Now Catching Up

Domestic travel has driven the travel industry's recovery since the pandemic. While international travel has been slow to recover due to factors like travel restrictions and a focus on domestic destinations, there has been a significant uptick in the last quarter, with international demand catching up with pre-pandemic levels.

International Airline Seat Capacity is Catching Up With Pre-Pandemic Levels

Global Airline Seat Capacity (in Millions)



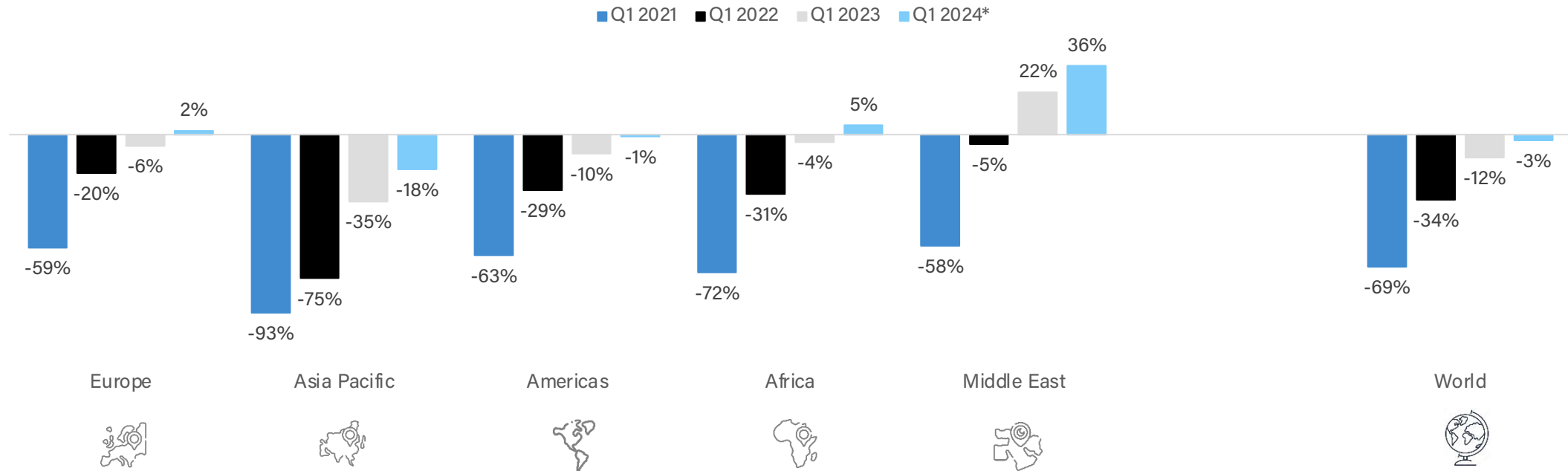
Note: Countries covered are Argentina, Australia, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Indonesia, Japan, Mexico, Russia, Singapore, South Africa, Spain, Thailand, Türkiye, UK, U.S., UAE

Source: OAG. Data as of July 2024

International Tourist Arrivals Are Almost Back to 2019 Levels

International tourist arrivals have recovered to 97% of 2019 levels in Q1 2024. Approximately 285 million tourists traveled to international destinations in Q1 this year, 20% higher than in Q1 2023.

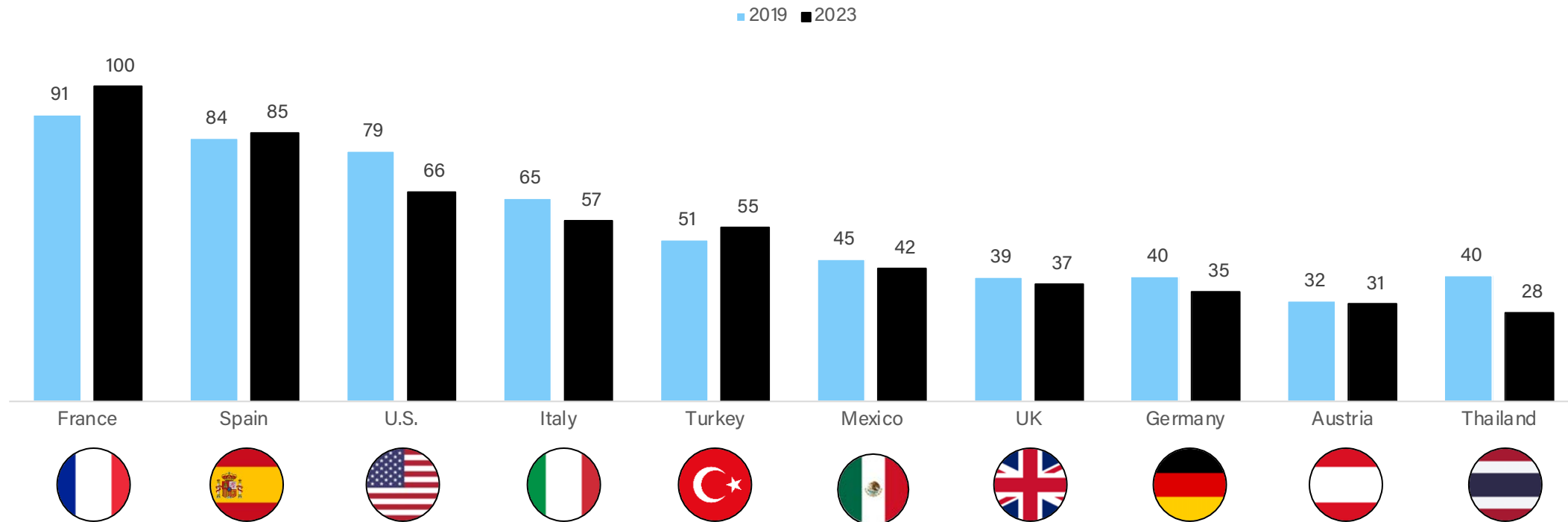
Growth in International Tourist Arrivals
Relative to 2019



International Travel Revival Is a Mixed Bag

While some countries have witnessed growth in international arrivals compared to 2019 levels, international demand is still recovering in most destinations. China did not make it to the top 10 countries for international arrivals in 2023.

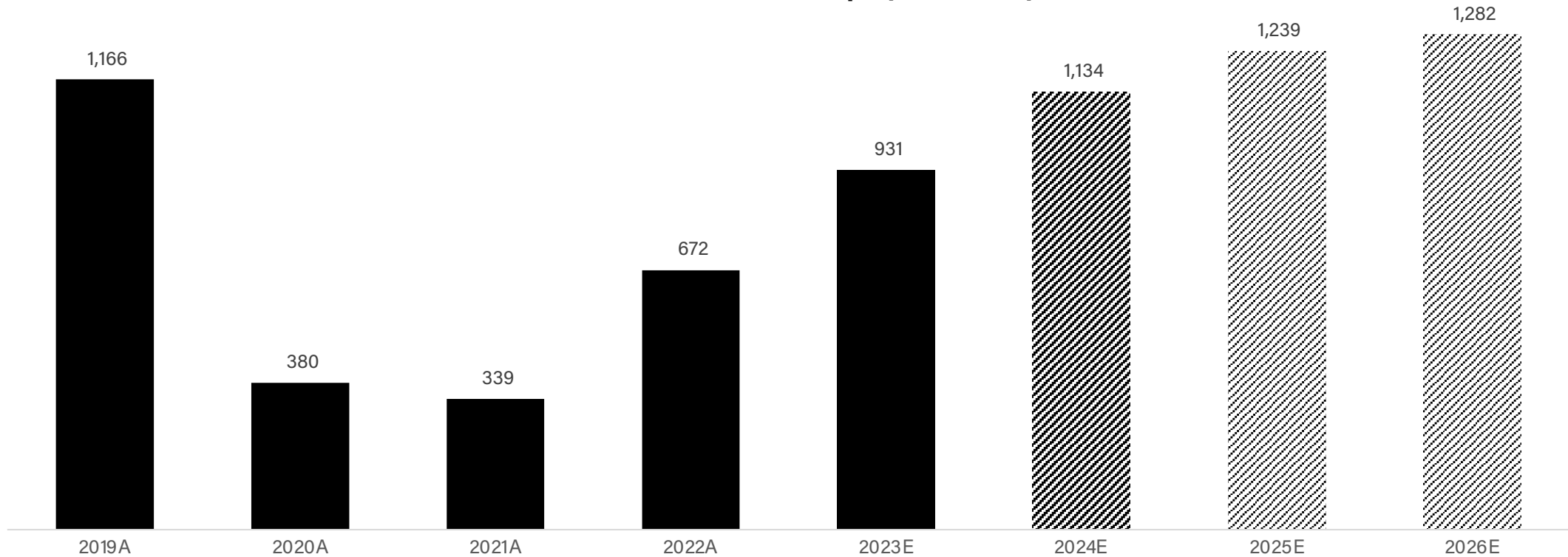
Top Destinations for International Tourist Arrivals (in Millions) in 2023



Cross-Border Travel to Bounce Back by 2025

Skift Research's Outlook 2024 estimates that global cross-border travel will be 3% short of 2019 levels by the end of 2024 and overtake 2019 levels by 2025.

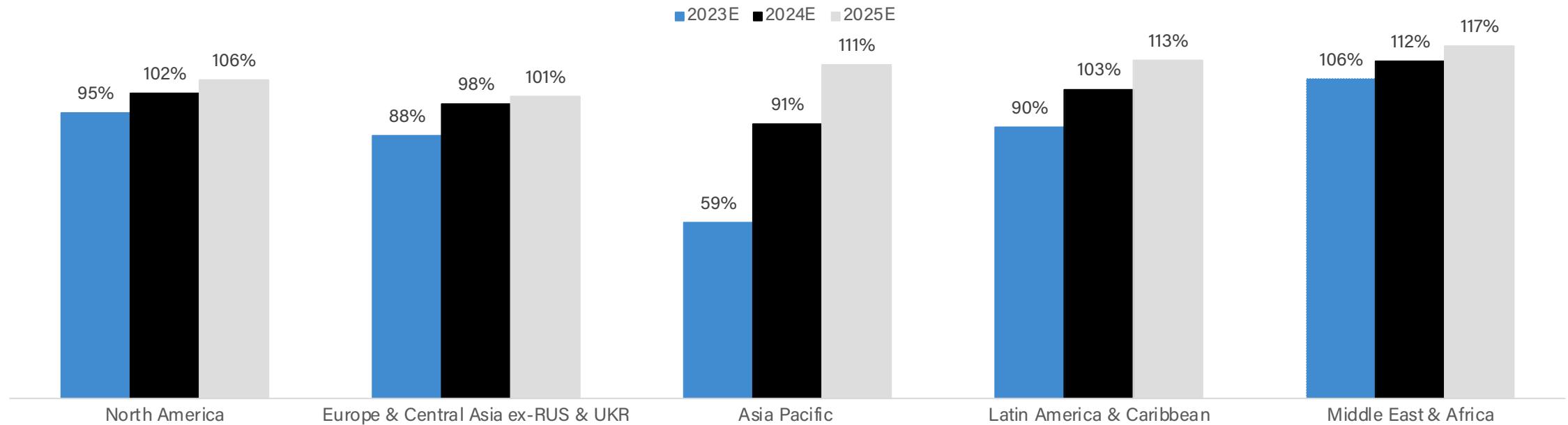
Global Cross-Border Trips (in Millions)



Outbound Travel From Asia Pacific to Have the Slowest Recovery

The slow rebound of Chinese outbound travel is likely to prolong the complete international travel recovery. International trips from the Middle East and Africa surpassed 2019 levels in 2023. Our projections indicate growth across all regions in 2024.

Outbound Trips by Region
As a % of 2019

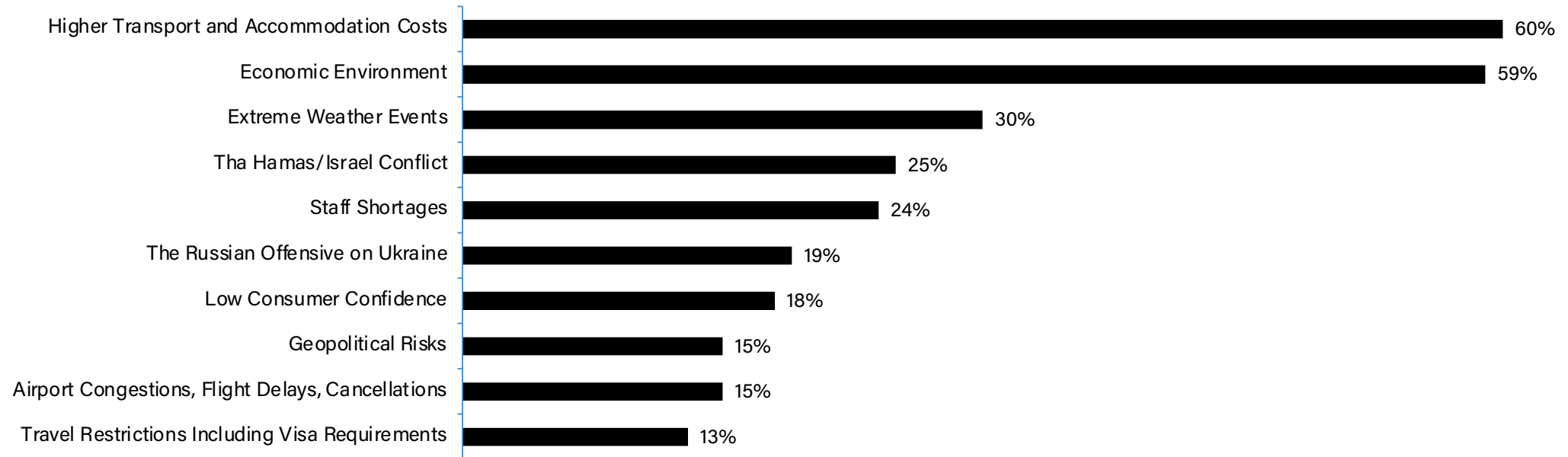


What Is Slowing International Travel Rebound?

UN Tourism conducted a global survey among its UN Tourism Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected recovery time. As of May 2024, tourism experts ranked high costs and the economic environment as the top factors weighing down on international tourism recovery.

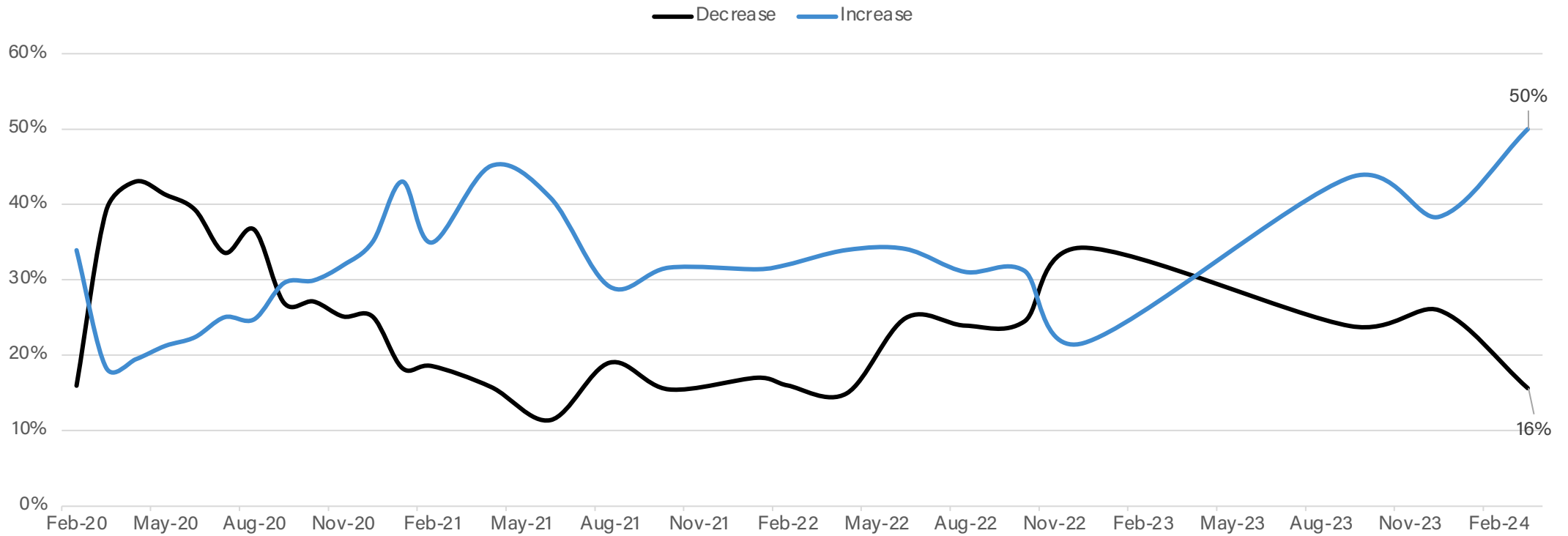
Top Challenges for International Travel in 2024

% of Tourism Experts Surveyed in May 2024



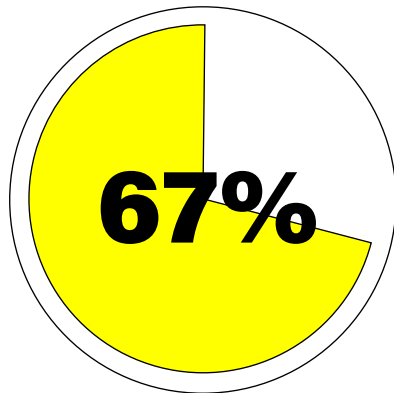
Despite Challenges, Consumers Are Motivated to Spend on Travel

Share of U.S. Travelers Expecting an Increase/Decrease in Travel Spending Over The Next 12 months

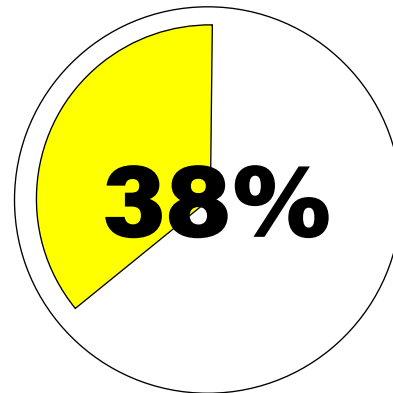


Sporting Events Are Big Travel Motivators

Fans are planning trips around athletic events. Almost 75% of travelers who plan to witness a sporting event in 2024 are willing to spend at least 3 hours getting there, while 38% will travel even longer (6 hours). The driving forces include watching a favorite sports team in person, witnessing a big sports or cultural event or a multi-sport competition, and seeing a favorite athlete.

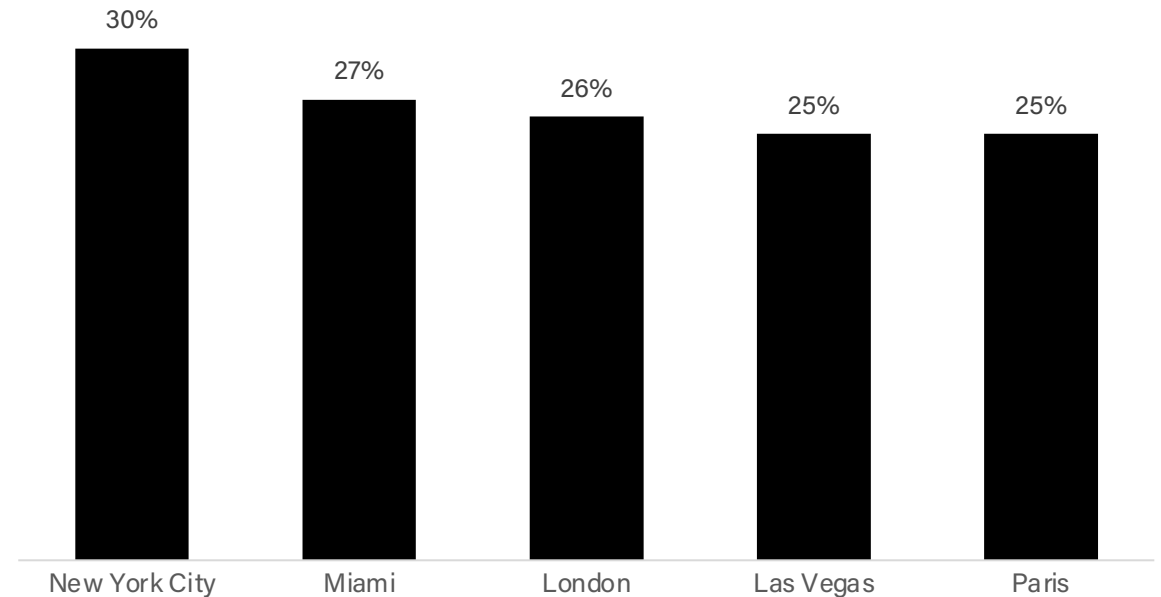


Millennial and Gen Z travelers intend to travel for sporting events in 2024



of sports travelers will travel 6 hours or more for sporting events in 2024

Top Cities for Sports Travel in Summer 2024
% of Travelers Willing to Travel to the Cities to Watch Sporting Events

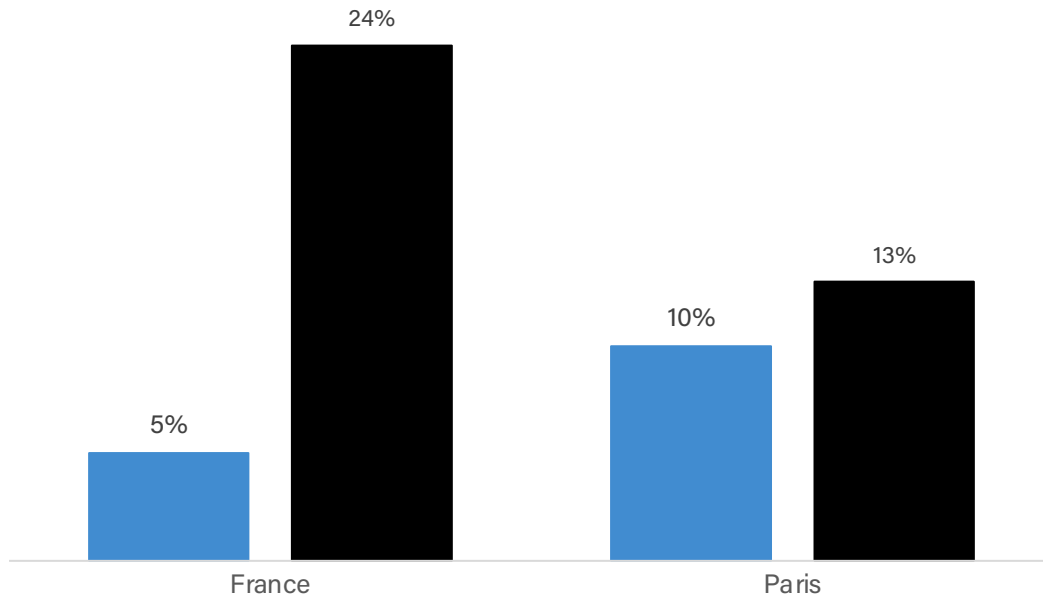


Impact of the 2024 Paris Olympics

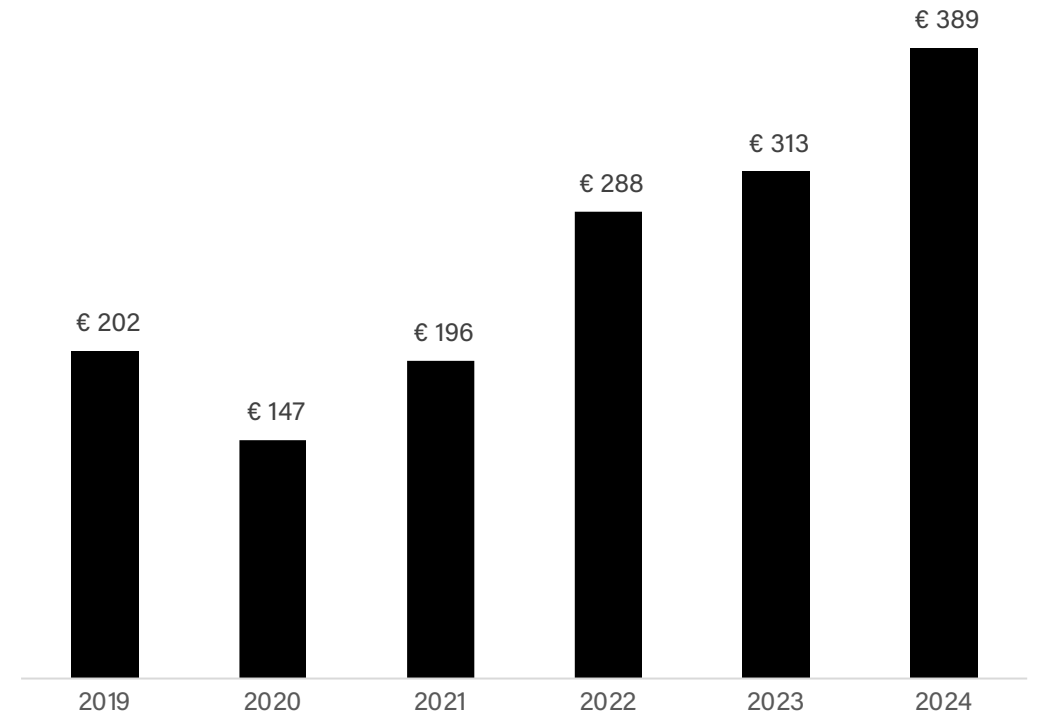
Sporting events also have a ripple effect, boosting travel across destinations around the host city.

Expected Impact of Paris Olympics 2024
Relative to 2019

■ Visitors ■ Inbound Spend



Hotel Room Rates for Paris, 2019 - 2024
(Jun to Aug)



2

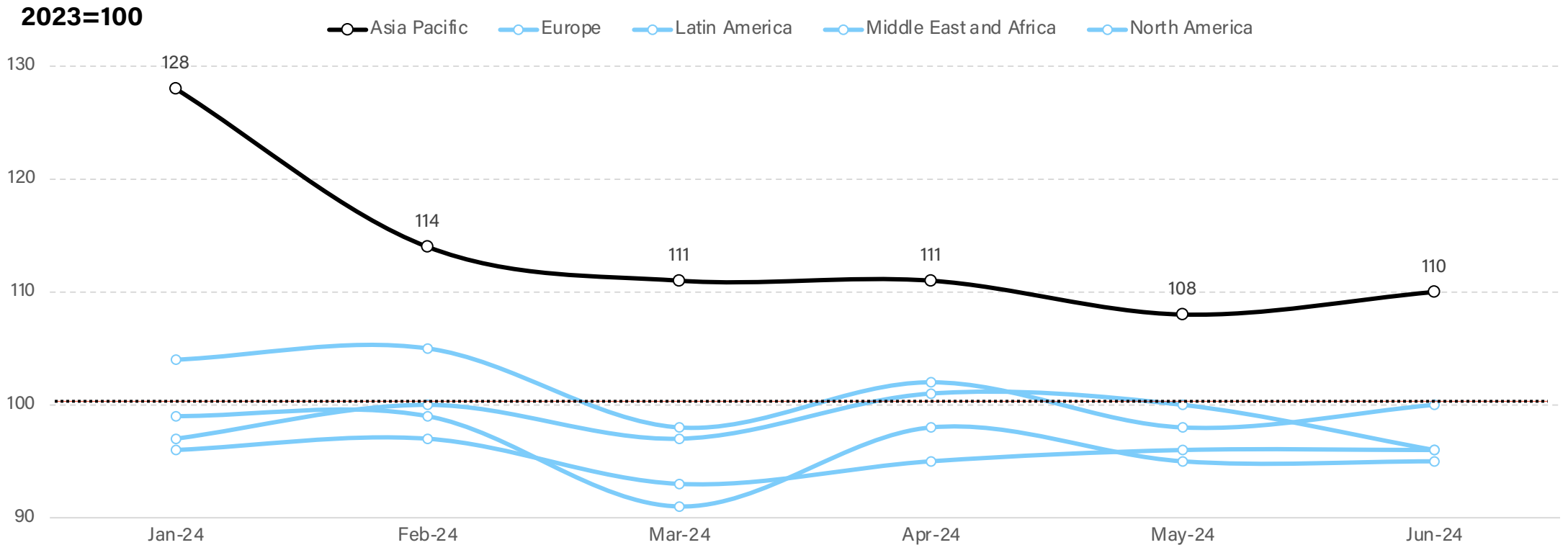
ASIA PACIFIC



Asia Pacific Leads Index in 2024

Asia Pacific was the last to reopen for travel and is still in a recovery phase, driving strong index growth above last year.

Regional Travel Health Index Score
Weighted Average

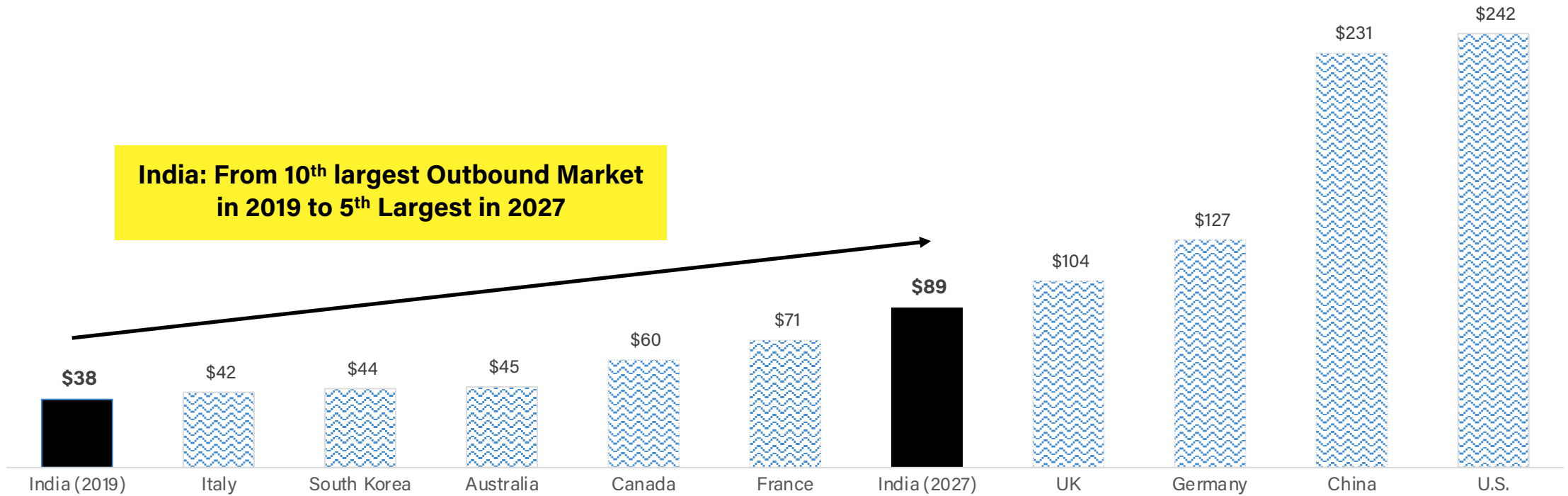


Note: Countries covered by the Travel Health Index are Argentina, Australia, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Indonesia, Japan, Mexico, Russia, Singapore, South Africa, Spain, Thailand, Türkiye, UK, U.S., UAE

Source: [Skift Travel Health Index](#), data as of July 2024. All data vs same month in the previous year.

India Is Expected to Become the 5th Largest Outbound Market by 2027

Largest Outbound Markets in 2027E
Outbound Travel Spend in US\$ Billion

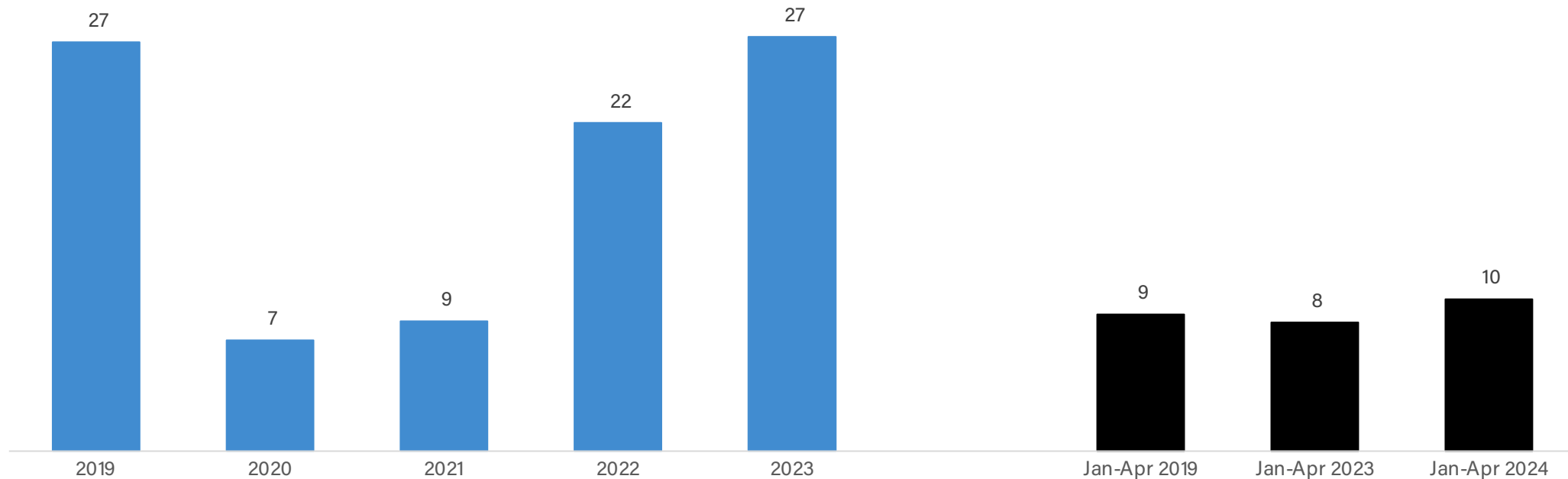


India: From 10th largest Outbound Market in 2019 to 5th Largest in 2027

India Has Surpassed 2019 Levels of International Departures

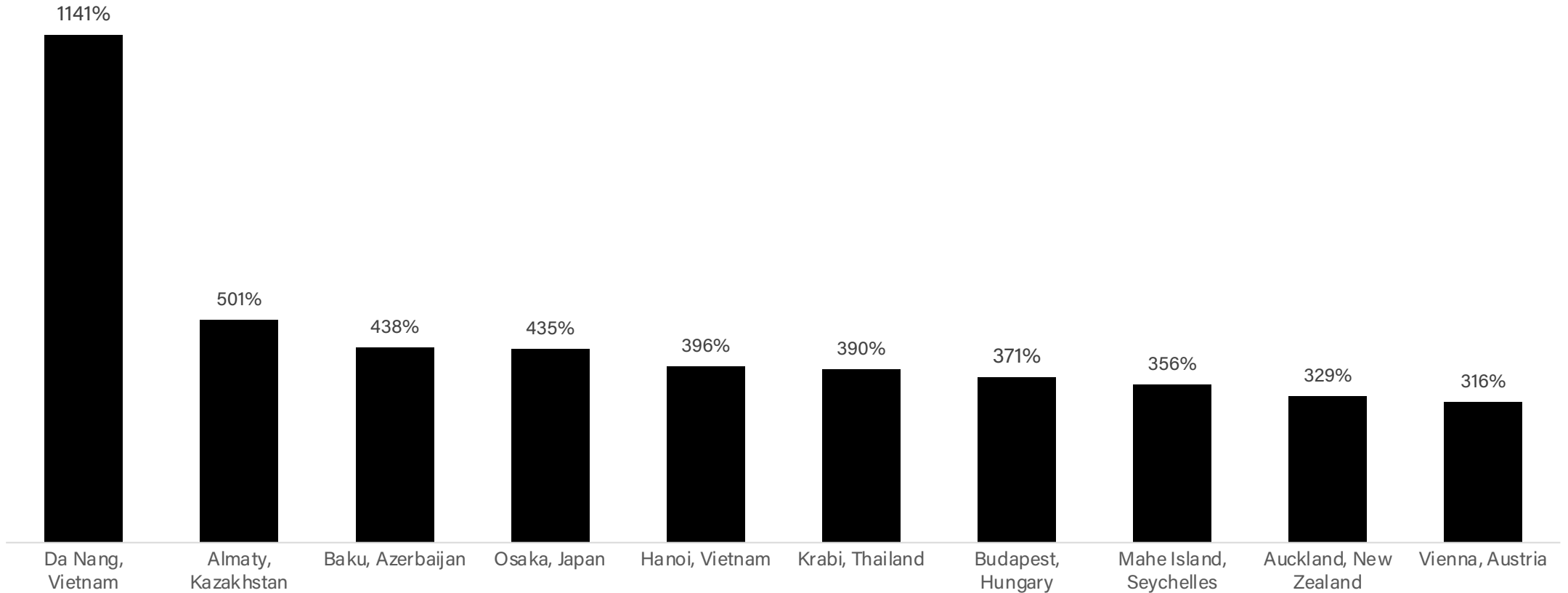
By the end of 2023, outbound departures from India were back to 2019 levels. As of April 2024, they are 11% above the same period in 2019.

Indian National Departures (in Millions)



Indians Are Eager to Travel Overseas in 2024

Top 10 International Destinations for Indian Travelers in 2024
Y-o-Y Growth in Searches from India



India's Infrastructure Advancements Poised to Propel Outbound Travel Growth

India's tourism sector is advancing with significant infrastructure improvements, more airports, and increased airline capacity. Despite challenges such as competition among private airlines and consumer confidence issues, the country is steadily catching up with other leading travel markets and will manage the transition effectively over time.



“The work that (India’s) been doing within the country is now starting to bear fruit. It’s got more airports, it’s got more terminals, it’s got more infrastructure than it had a decade ago. It’s harder for destinations to develop more flights in India because they have to deal with multiple airlines. This is a key factor that slowed down the growth of India over the past decade when it comes to outbound travel. There is a move now amongst tourism boards in Southeast Asia to diversify their market mix so they’re not simply reliant on China.”

GARY BOWERMAN

Founder, Check-in Asia

7 of the Top 10 Busiest International Flight Routes in 2023 Are in Asia Pacific

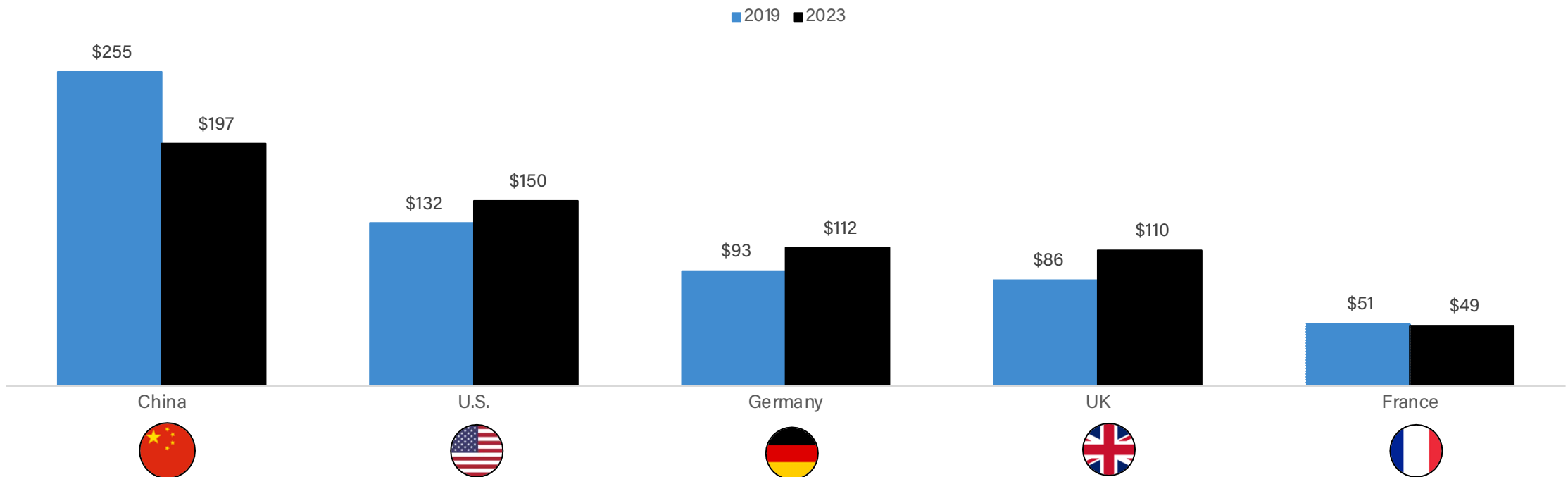
Most airline routes are still 9% to 43% below their 2019 levels. Most of the busiest international flight routes 2023 are in Asia Pacific (Highlighted Yellow). The Hong Kong – Taipei route, which was the busiest route in 2019, has dropped capacity by 43%.

RANK	ROUTE NAME	AIRLINE SEATS (2023)	2023 VS 2019
1	Kuala Lumpur - Singapore Changi	4,891,952	-12%
2	Cairo - Jeddah	4,795,712	+42%
3	Hong Kong - Taipei	4,568,280	-43%
4	Seoul Incheon - Osaka Kansai	4,218,484	+22%
5	Seoul Incheon - Tokyo Narita	4,155,418	+29%
6	Dubai - Riyadh	3,990,076	+27%
7	Jakarta - Singapore Changi	3,910,502	-29%
8	New York JFK - London Heathrow	3,878,590	+1%
9	Bangkok - Singapore Changi	3,478,474	-9%
10	Bangkok - Seoul Incheon	3,362,968	+9%

China Is Back to Being a Big Travel Spender

While outbound travel and expenditure from China is yet to recover back to 2019 levels, Chinese travelers are back to being the biggest spenders on international travel. Although other countries have witnessed an uptick in outbound expenditure of pre-pandemic levels, it still remains lower than China.

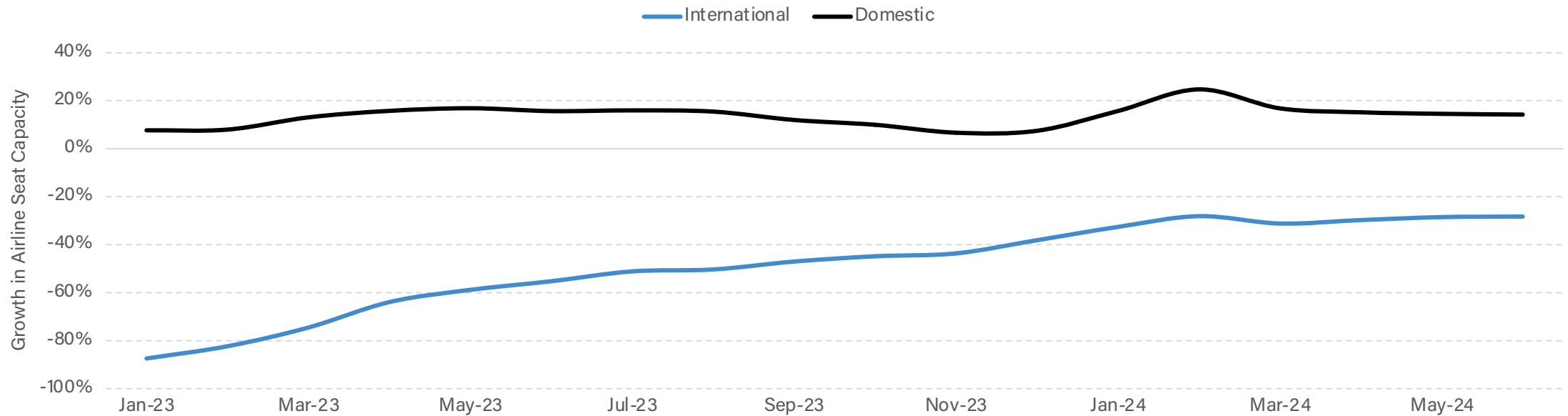
Top 5 Countries in Outbound Tourism Expenditure in 2023 (in US\$ Billion)



China's International Seat Capacity Is Recovering

China's domestic airline seat capacity surpassed 2019 levels since 2023, however, as of June 2024, international seat capacity is still 28% below pre-pandemic times.

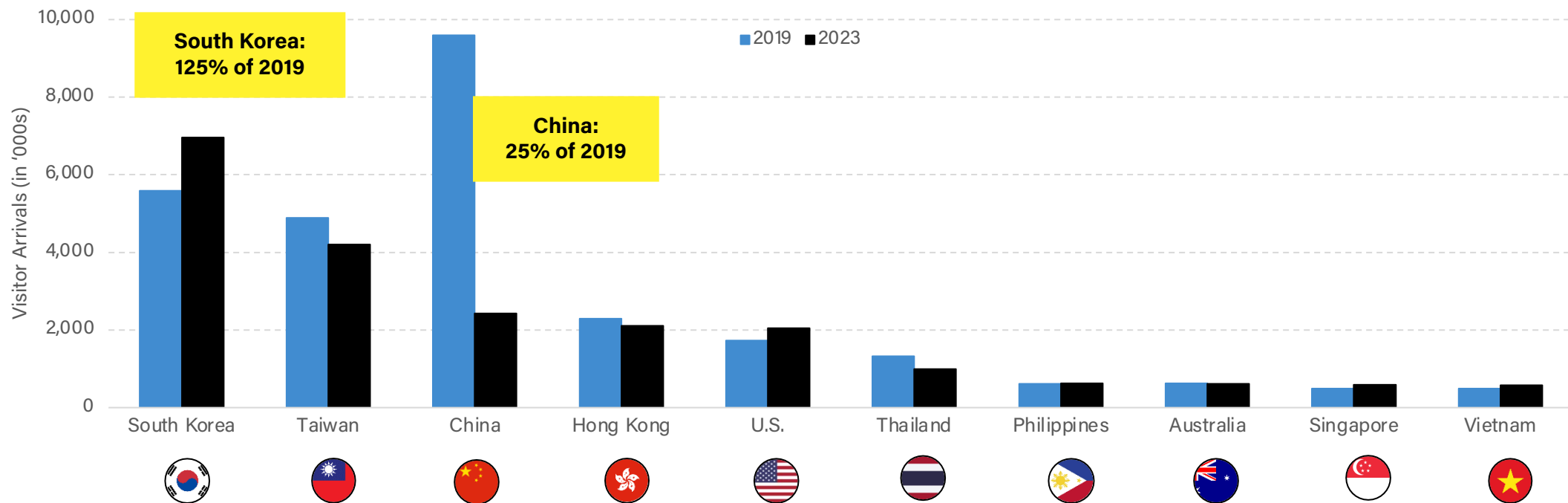
Growth in China's Airline Seat Capacity
Relative to 2019



Asia Pacific Awaits China's Travel Rebound

In 2019, China was the top source country for Japan. While South Korea has seen a promising 25% increase in travel to Japan compared to pre-pandemic levels in 2023, this still falls short of China's travel volumes. In 2023, Chinese outbound travel to Japan was only 25% of what it was in 2019. This drop has left a void in tourist numbers across the Asia Pacific region, with many countries heavily reliant on Chinese travelers.

Japan Visitor Arrivals Top 10 Source Markets 2023 (in Thousands)



Relaxed Visa Policies Are Aiding Chinese Travel Rebound

Relaxed visa requirements have played a pivotal role in boosting Chinese tourist numbers to Kazakhstan and Singapore. Russia and Malaysia too are almost back to pre-pandemic levels. Thailand, however, is recovering slowly despite the visa waiver likely due to the [shooting incident](#) in October 2023. This highlights the importance of safety and security, even for countries with relaxed visa policies. While relaxed visa policies are a major draw for Chinese travelers, factors like safety concerns and flight connectivity also play an important role.

COUNTRY	GROWTH IN AIR TICKETS FROM CHINA IN Q1 2024 (Relative to Q1 2019)	VISA POLICY	DATA OF POLICY CHANGE
Kazakhstan	+115%	Visa Waiver	November 2023
Singapore	+18%	Visa Waiver	February 2024
Russia	-2%	E-Visa	August 2023
Malaysia	-5%	Visa Waiver	December 2023
Maldives	-20%	Visa Waiver	February 2023
Vietnam	-22%	Visa on Arrival/E-Visa	February 2023
Thailand	-39%	Visa Waiver	September 2023
TOTAL CHINA OUTBOUND	-32%		

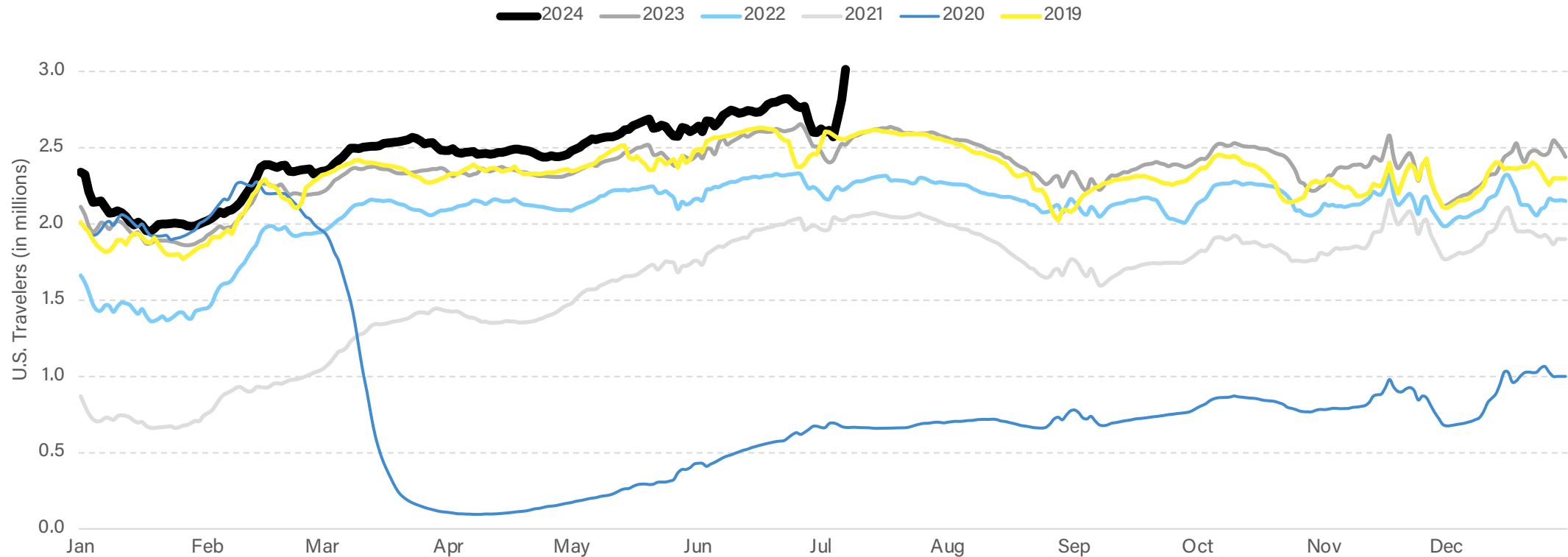


3

NORTH AMERICA

U.S. Travel Volumes Have Surpassed Pre-Pandemic Levels

Seven-Day Rolling Average of TSA Throughput (millions/day)



Share of Americans Who Travel Has Been on the Rise

Skift Research's quarterly survey of the U.S. population highlights that the number of Americans who travel has been on the rise. As of March 2024, 67% of Americans reported taking at least 1 trip in the first quarter of 2024.

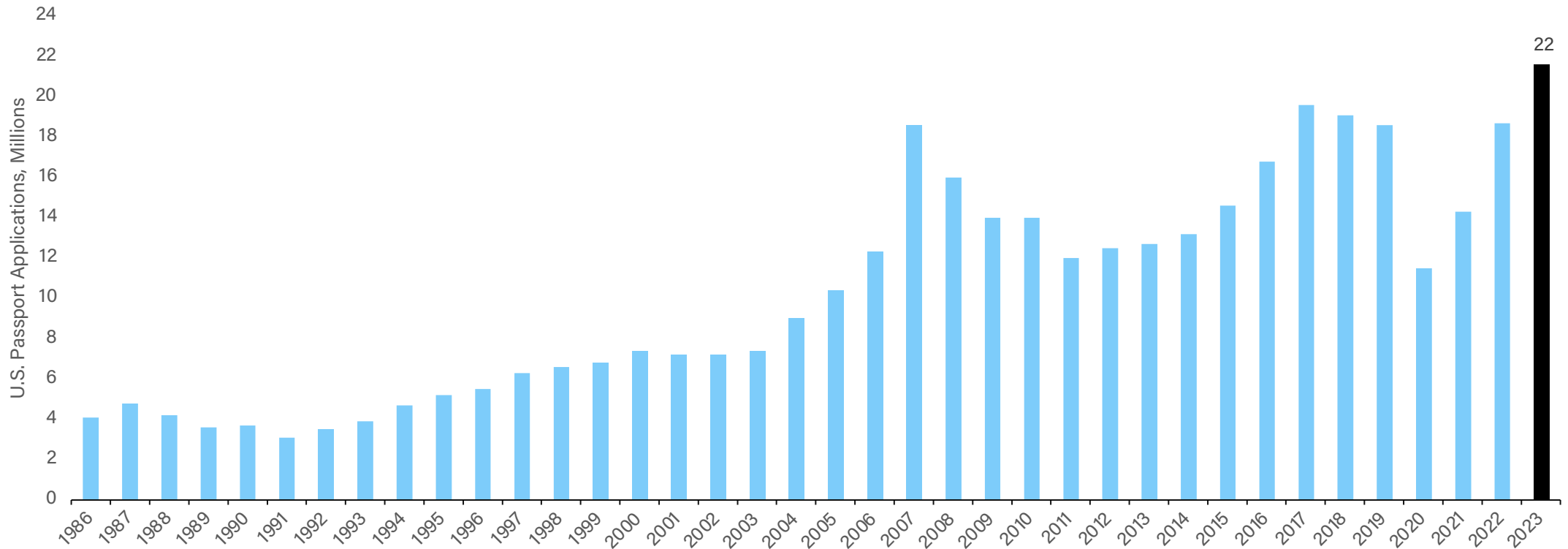
Share of U.S. Population Who Traveled, Jan 2020 - Mar 2024



Americans Show High Outbound Travel Intent

2023 was a record year for travel with the highest number of Americans, almost 22 million applying for passports.

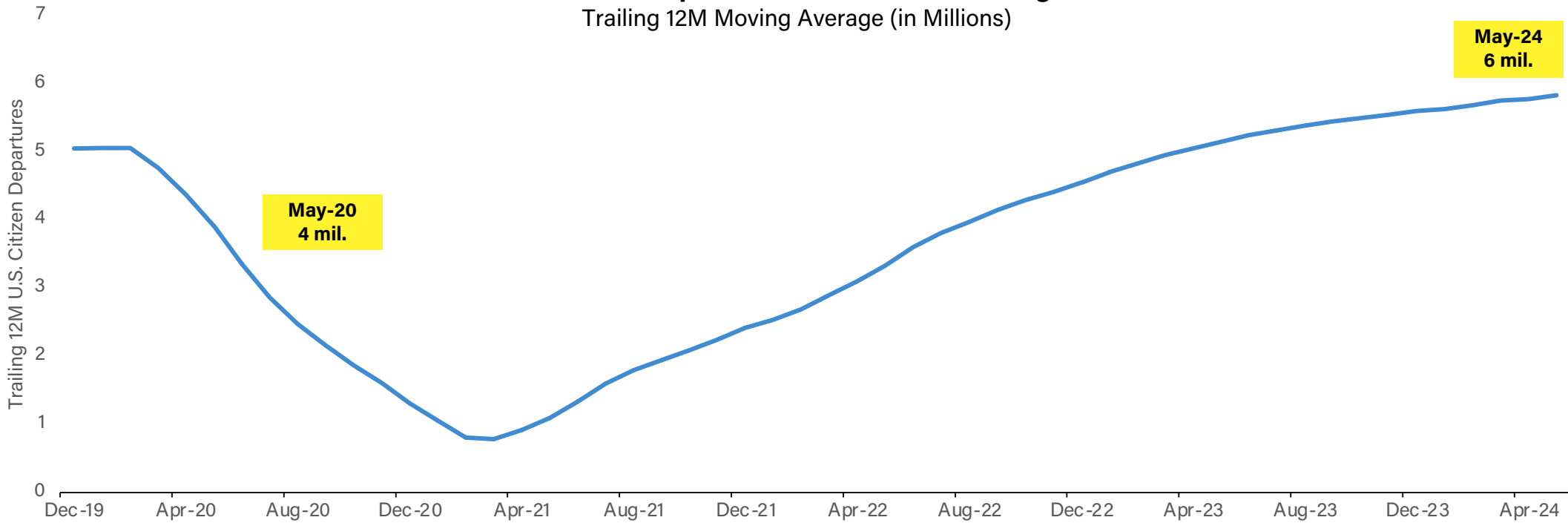
2023 Was A Record Year for Passport Applications



U.S Outbound Travel Has Surpassed Pre-Pandemic Levels

Trailing 12 months data shows an uptick of approximately 2 million outbound American travelers between 2020 to 2024.

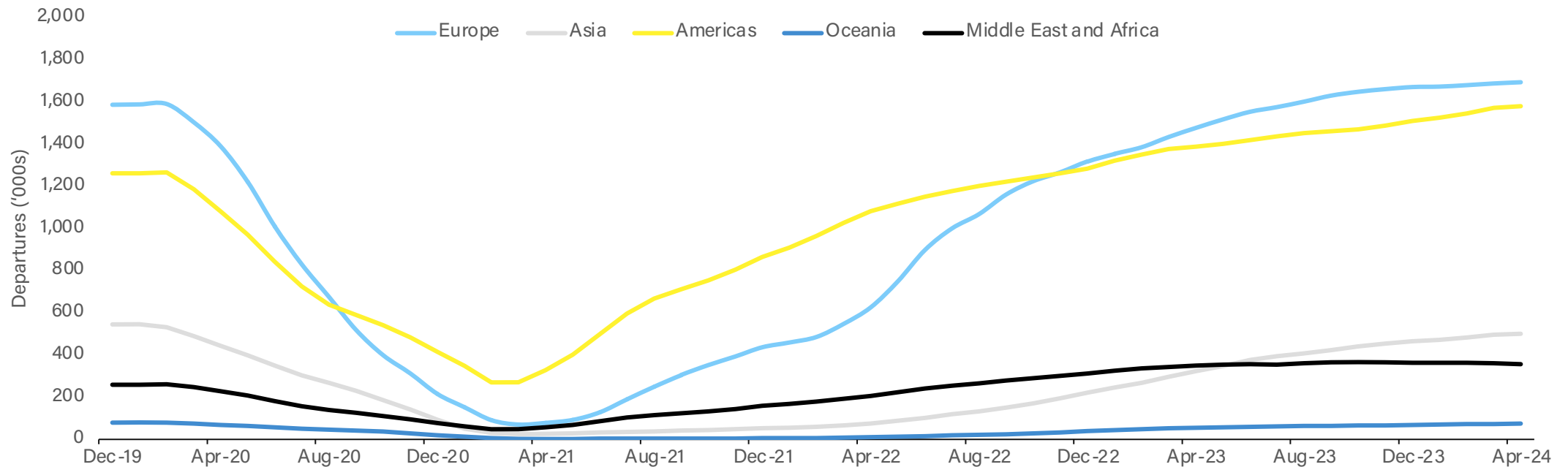
U.S. Citizen Departures to International Regions
Trailing 12M Moving Average (in Millions)



Europe Is the Most Popular Destination for American Travelers

American outbound travel to all regions has rebounded to pre-pandemic levels. Europe and the Americas are the most popular regions – American volumes traveling to these regions has outpaced 2019 levels.

U.S. Citizens Departures by Region Trailing 12M Average (in '000s)



Top Cities for U.S. Outbound Travel in 2023

Some pre-pandemic preferences appear to have lasted. The top 4 popular cities for American outbound travel have not changed since 2019. Mexico remains most popular with San Jose del Cabo gaining popularity over 2019 while Mexico city dropped ranks in 2023.

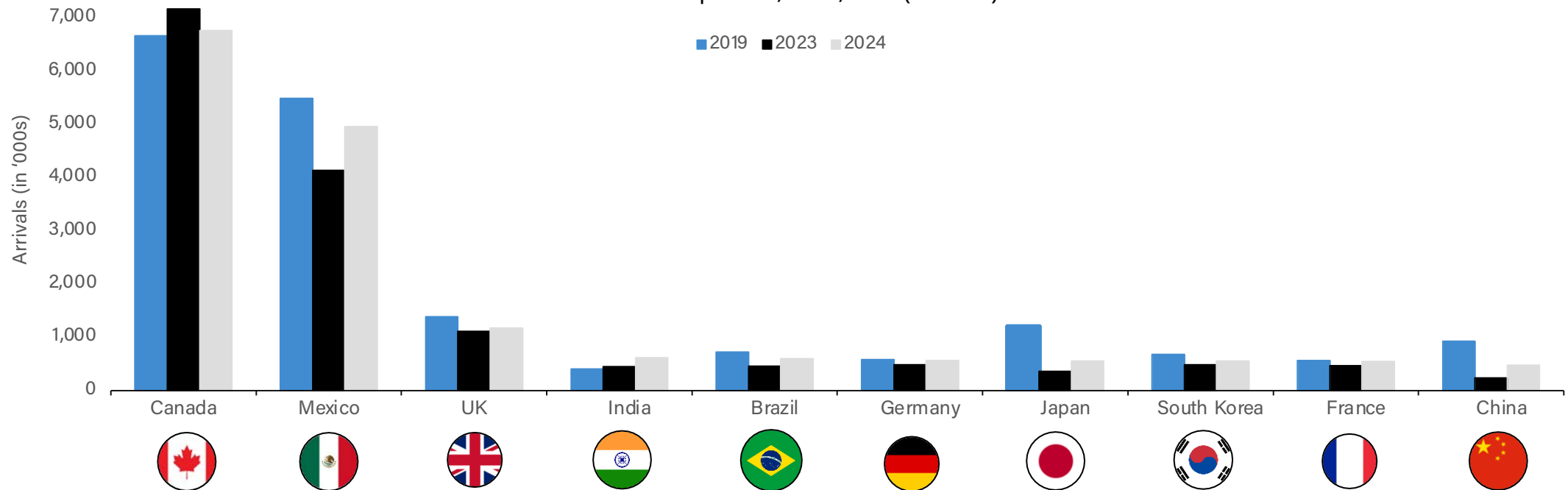
2023 RANKING	DESTINATION CITY	SHARE OF FLIGHT BOOKINGS 2023	2019 RANKING
1	Cancun, Mexico	17.5%	1
2	London, UK	8.5%	2
3	Punta Cana, Dominican Republic	8.1%	3
4	Montego Bay, Jamaica	5.8%	4
5	San Juan, Puerto Rico	5.6%	7
6	San Jose del Cabo, Mexico	4.5%	9
7	Manila, Philippines	4.3%	6
8	Tel Aviv, Israel	4.1%	11
9	Paris, France	3.9%	8
10	Tokyo, Japan	3.7%	12
11	Rome, Italy	3.6%	13
12	Mexico City, Mexico	3.5%	5
13	Ho Chi Minh City, Vietnam	3.3%	15
14	Toronto, Canada	3.2%	10
15	Nassau, Bahamas	3.1%	14

Top 10 Source Countries for Inbound Arrivals to the U.S.

Inbound travel from Canada and India has overtaken 2019 levels.

Top 10 Source Countries for Inbound Arrivals to the U.S. as of April 2024

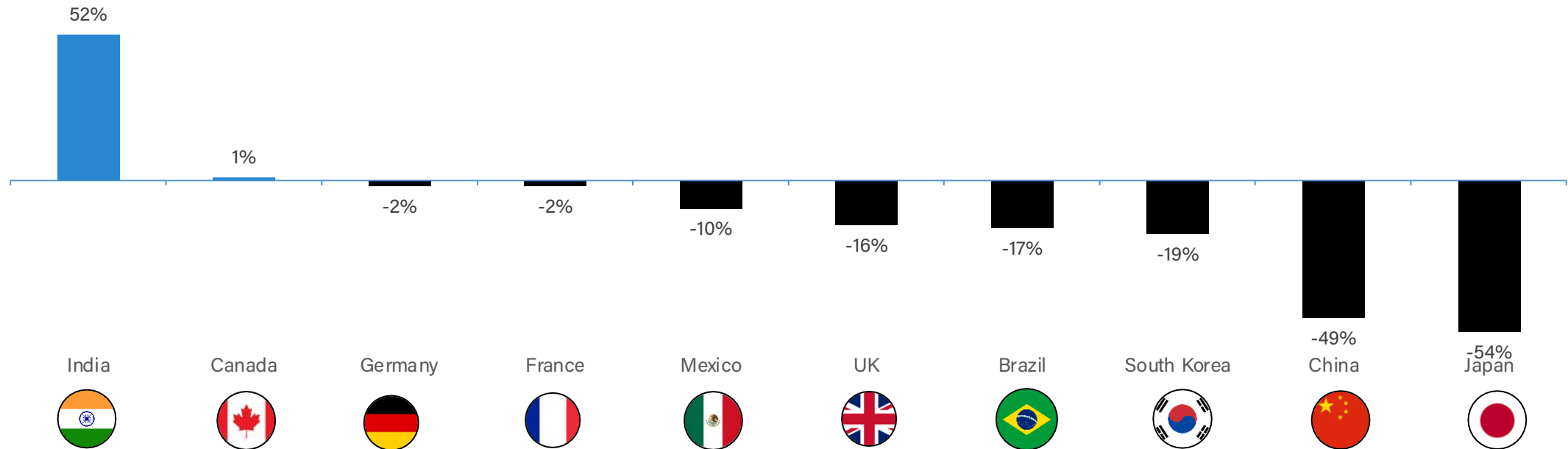
YTD Apr 2024, 2023, 2019 (in '000s)



India Leads Growth in Visitor Arrivals to the U.S.

Only 2 of the top 10 largest source markets for the U.S. in 2019 are witnessing growth in visitor arrivals in the first quarter of 2024. India leads this growth, with arrivals 52% higher than those in 2019.

Top 10 Origin Countries for U.S. Inbound Travel
Growth in Jan-Apr 2024 Relative to Jan-Apr 2019





4

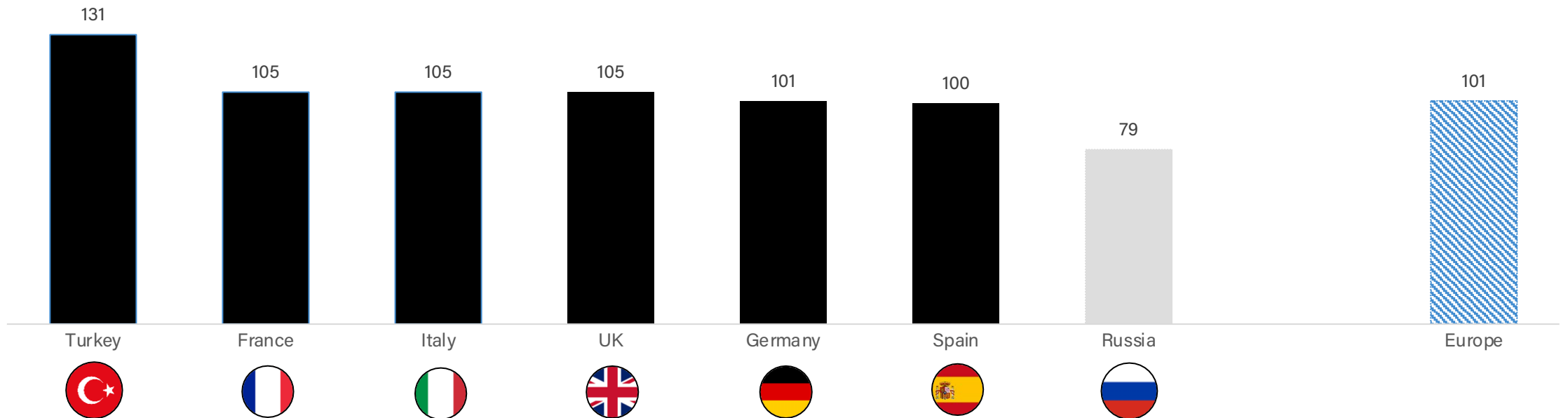
EUROPE

Travel in Most European Countries Is Back to Pre-Pandemic Levels

Except for Russia, where the travel industry is struggling due to geopolitical challenges, Europe has recovered to pre-pandemic levels, with most countries outpacing 2019 levels.

2019=100

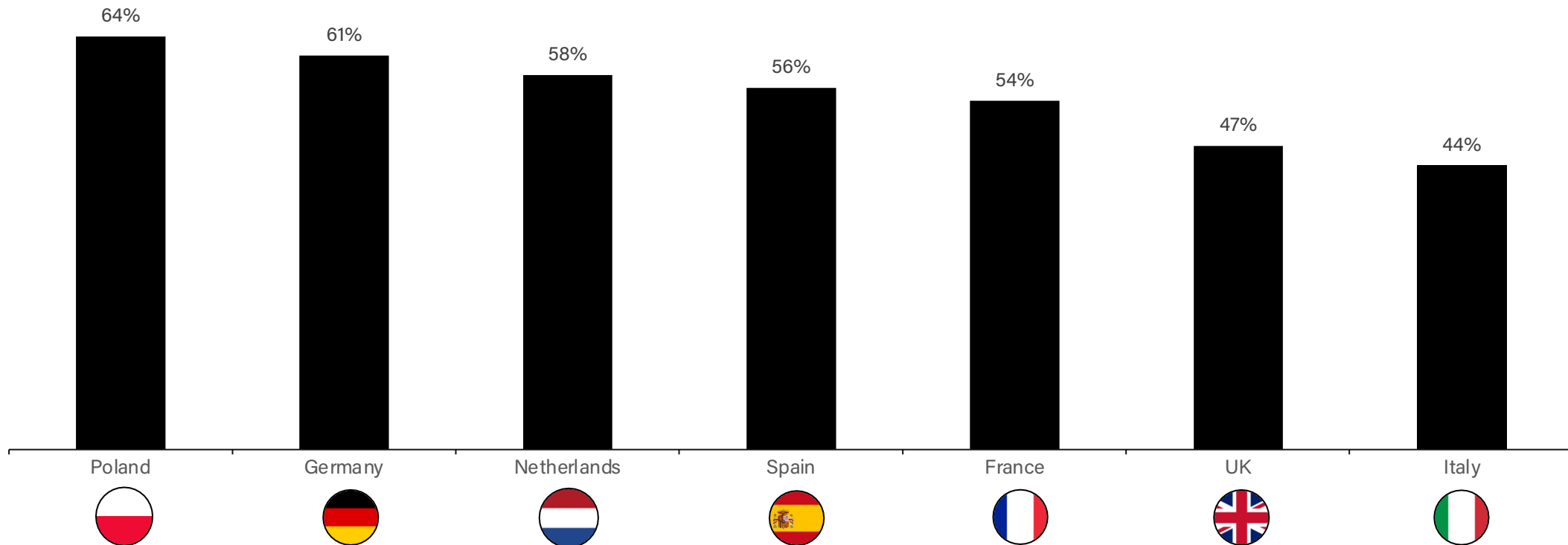
Europe Travel Health Index by Country
June 2024



Europeans Are Eager to Spend on Travel

Despite the cost-of-living crisis across the continent, Europeans are confident about their travel spending power in 2024, with most expecting travel budget increases over last year.

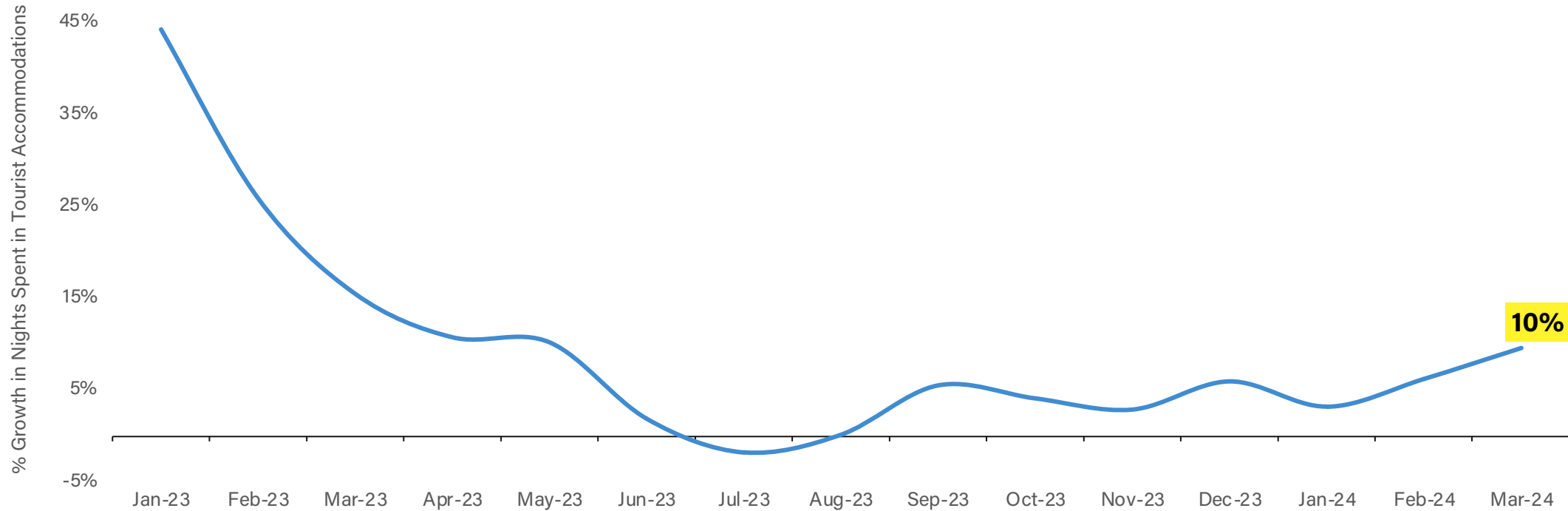
% of European Travelers Who Expect Their Travel Budget to Increase in 2024



Travel in Europe Continues to Grow in 2024

The number of nights spent by tourists in tourist accommodations in Europe has grown year-on-year. As of March 2024, they were 10% above those recorded in March 2023.

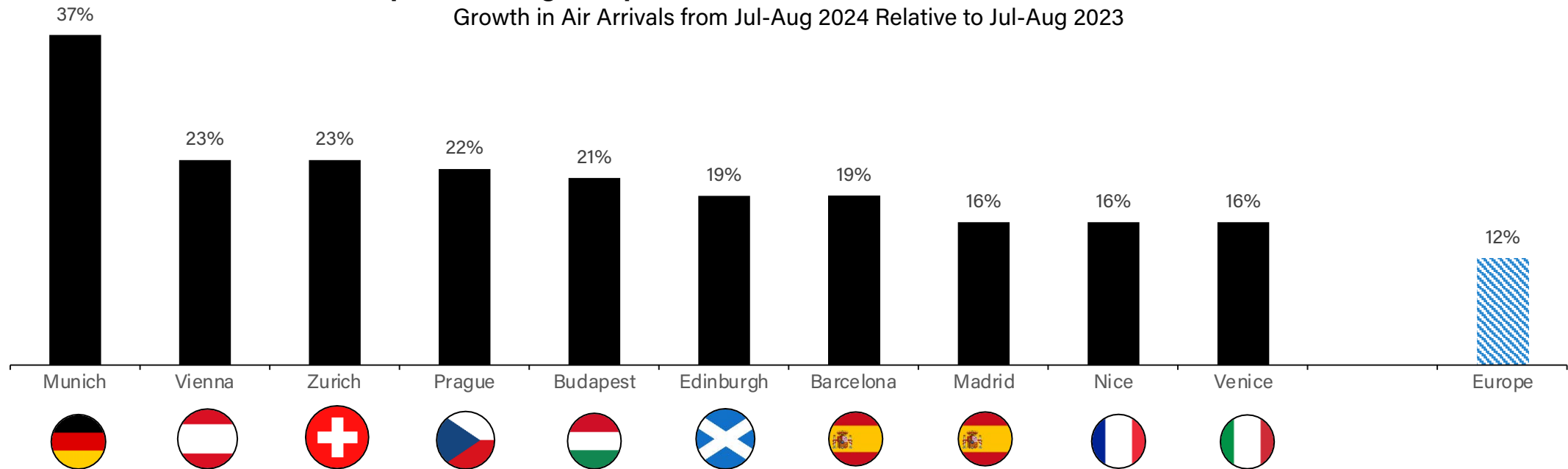
Growth in Nights Spent in Tourist Accommodations in European Union - 27 Countries
Year-on-Year Growth



European Destinations Trending for Summer Travel

Urban city destinations in Europe are trending this summer, outpacing traditional sun and beach holidays. Key sporting events held in Europe this year are boosting regional growth.

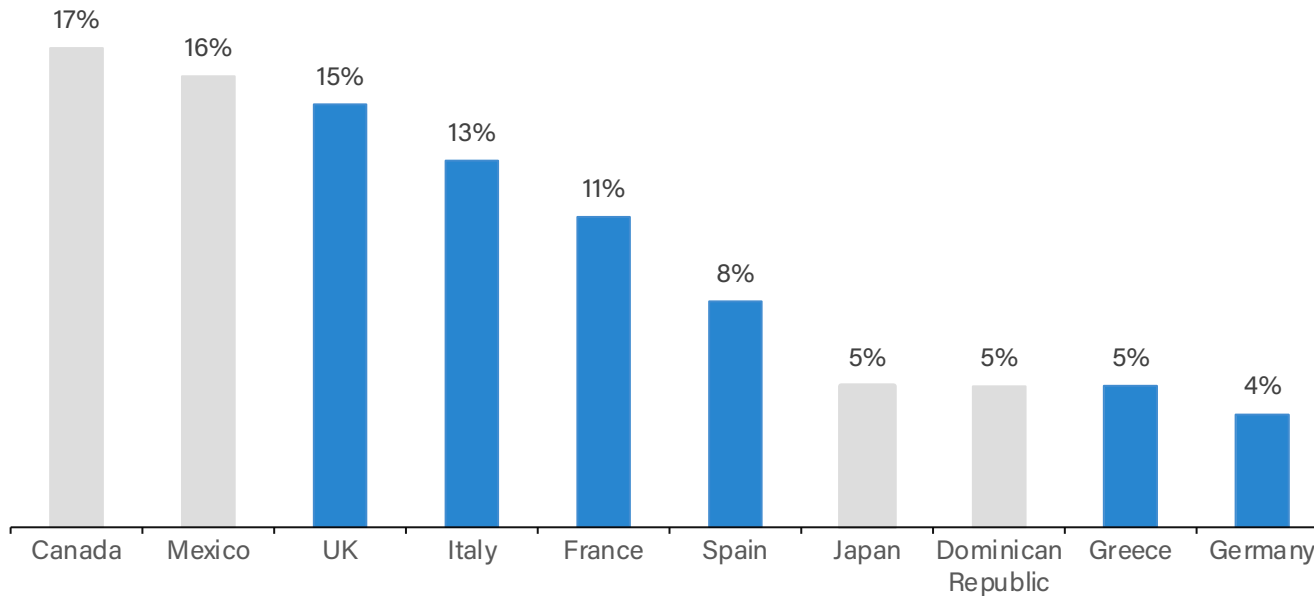
Top Performing European Cities for Growth in International Arrivals
Growth in Air Arrivals from Jul-Aug 2024 Relative to Jul-Aug 2023



European Destinations Are Popular Among American Travelers This Summer

Of the top destinations Americans intend to travel to this summer, majority are urban destinations in Europe. 7 out of the top 10 cities (highlighted in yellow) are in Europe.

Top 10 Destinations for American Outbound Travel
Based on Share of Hotel Bookings in Summer 2024 (Jun-Aug 2024)



Top Cities Based on Hotel Bookings

RANK	CITY
1	London
2	Paris
3	Rome
4	Vancouver
5	Amsterdam
6	Barcelona
7	Montreal
8	Calgary
9	Edinburgh
10	Munich



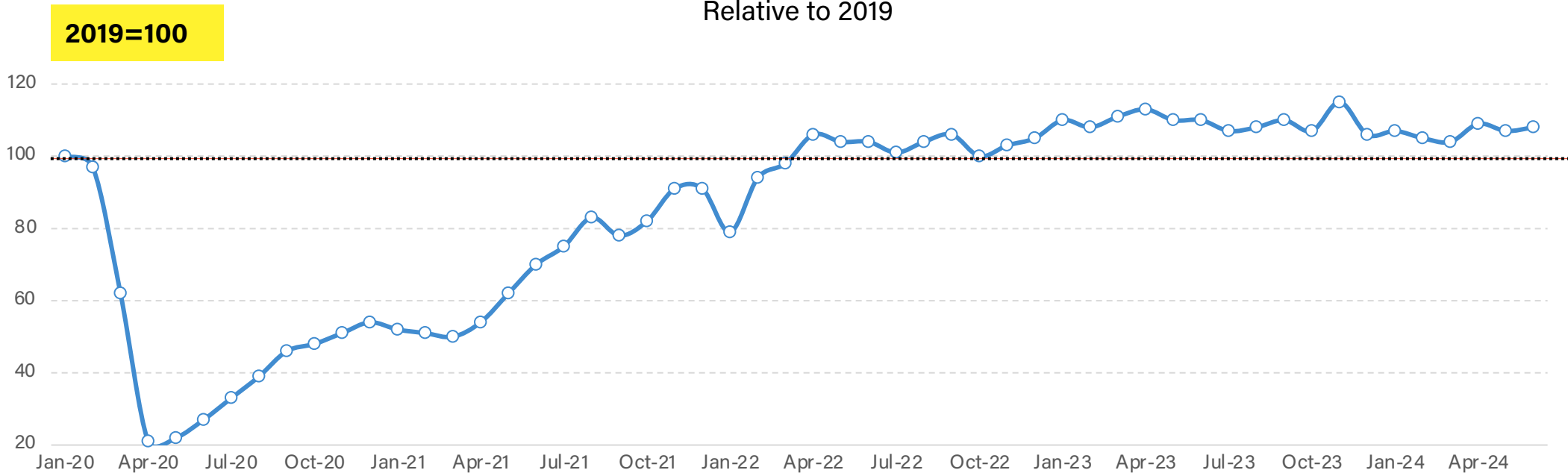
5

**LATIN AMERICA
AND THE
CARIBBEAN**

Latin America Surpassed Pre-Pandemic Levels in Early 2022

Latin America's travel industry thrived through the pandemic, overtaking 2019 levels in early 2022. The growth trajectory has continued – the region's performance is on average, 6% above 2019 levels this year.

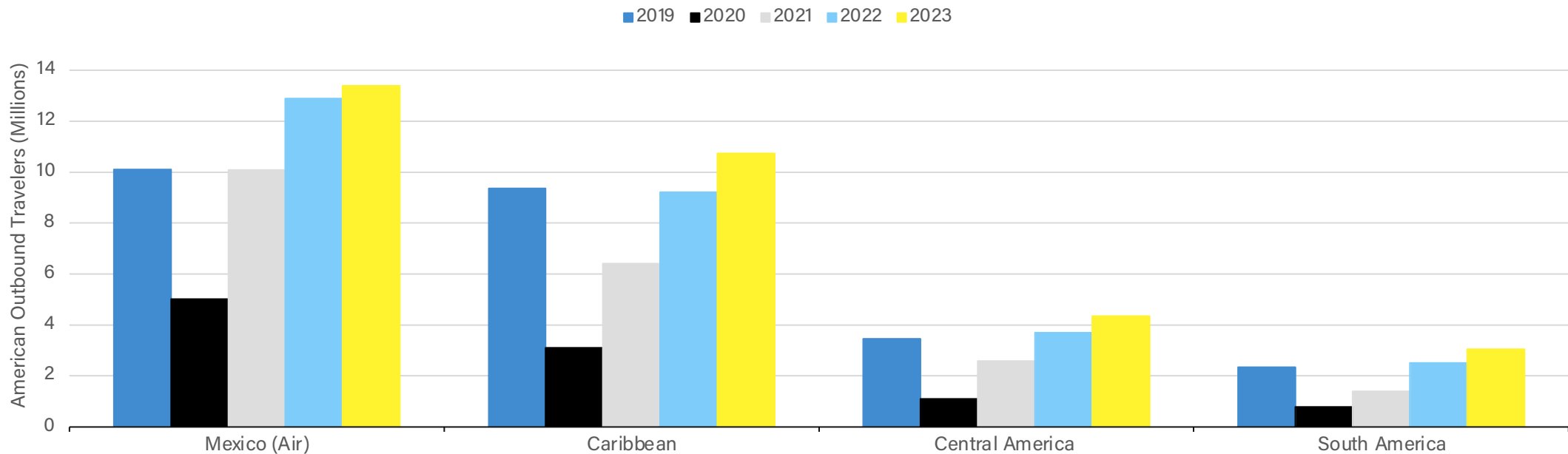
Latin America Travel Health Index Score
Relative to 2019



Americans Have Flocked Back to Latin America and the Caribbean

U.S. outbound travel to Latin America and the Caribbean is thriving. The number of Americans traveling to these regions has already surpassed pre-pandemic levels, indicating a strong preference for these popular destinations.

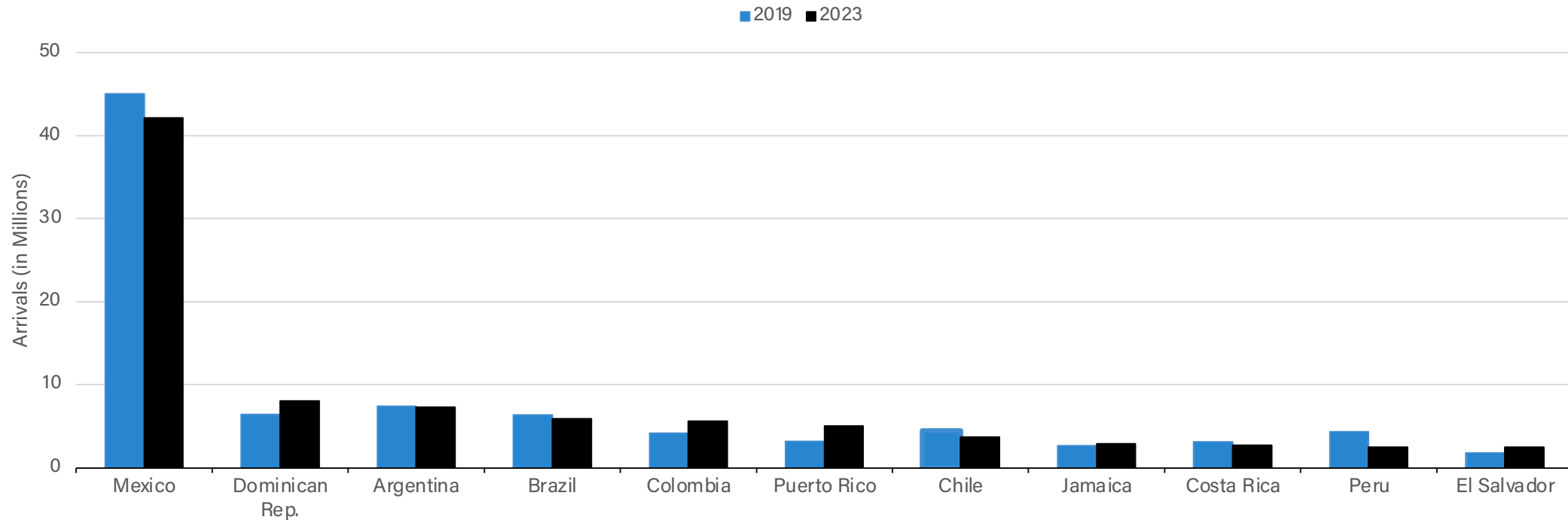
American Outbound Travelers to Latin America and the Caribbean



Mexico Continues to Lead Inbound Arrivals

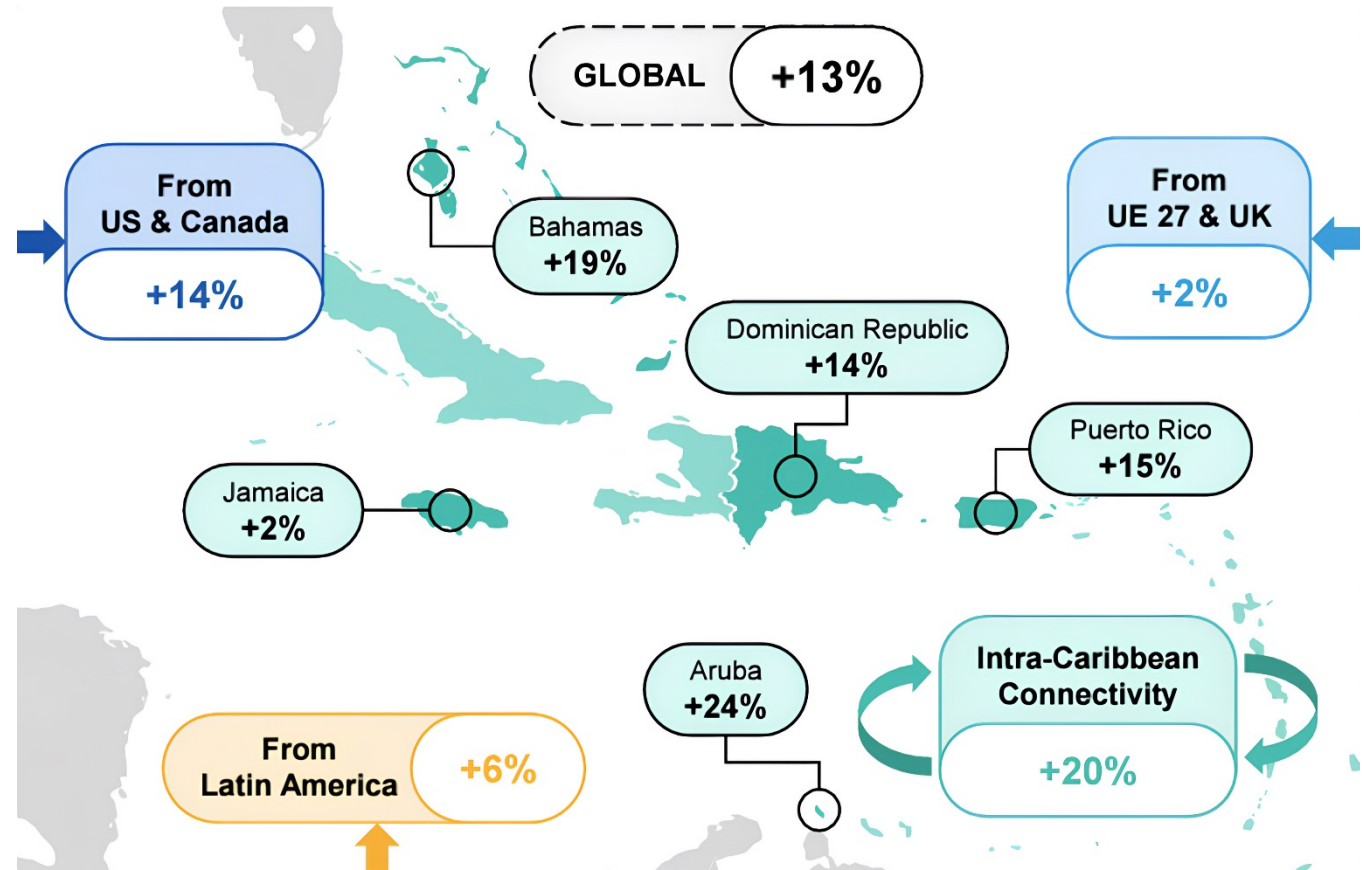
While Mexico continues to be the leader in terms of inbound arrivals, other countries are rapidly gaining traction. Travel volumes to Puerto Rico, El Salvador, Colombia, the Dominican Republic, and Jamaica have all surpassed pre-pandemic levels. Puerto Rico leads this surge with a remarkable 59% increase in inbound arrivals in 2023 compared to 2019.

Inbound Arrivals to Latin America by Destination (in Millions)



Airline Seat Capacity to the Caribbean Has Improved

Seat capacity in overseas flights to the Caribbean region by destination, H1 2024 vs 2023 →



Overseas Tourist Arrivals to the Caribbean Are on a Rise

International arrivals to the Caribbean show a +10% year-on-year increase for the first half of 2024 – and overall growth of +13% compared to 2019. This highlights how the COVID-19 period propelled destinations in the region to a competitive position.

DESTINATIONS (TOURIST ARRIVALS IN H1 2024)	GROWTH OVER 2023
Belize	+30%
Curacao	+24%
Aruba	+20%
St. Marteen	+19%
Grenada	+19%
Puerto Rico	+18%
US Virgin Islands	+18%
Turks and Caicos	+16%
Barbados	+14%
Dominican Republic	+12%
Cayman Islands	+11%
St. Lucia	+11%
Guyana	+11%
Cancun (Mexico)	+7%
Bahamas	+6%
Jamaica	+2%



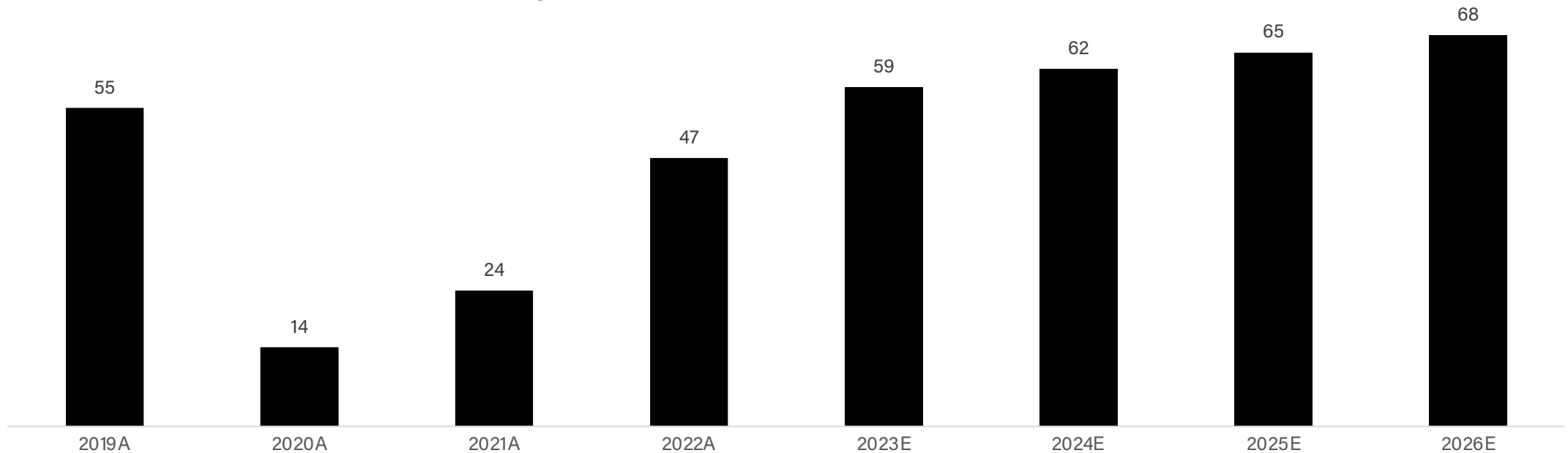
6

**MIDDLE EAST
AND AFRICA**

Outbound Travel Volumes From the Middle East and Africa Have Recovered

The Middle East and Africa are the only regions to have surpassed pre-pandemic levels of international departure volumes. Although travel from Israel has been impacted and will take longer to recover, international travel growth from the region is being driven by Saudi Arabia.

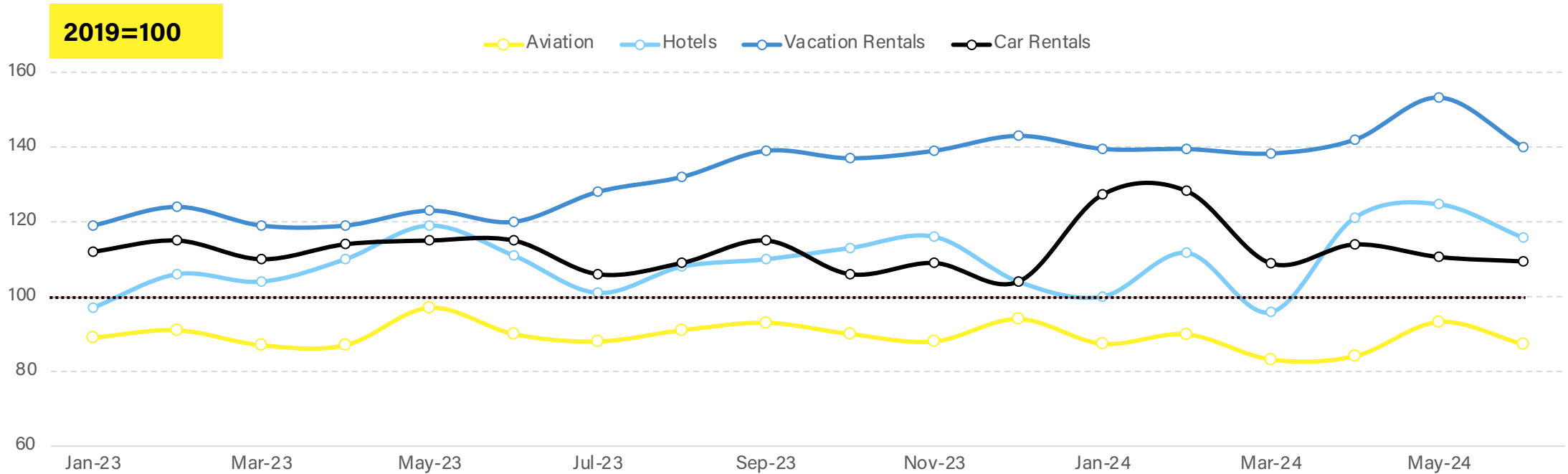
Outbound Departures from Middle East and Africa (in millions)



Aviation Lags But Other Sectors Have Surpassed Pre-Pandemic Levels

Aviation was the hardest hit sector by the pandemic and has struggled to recover. All other sectors in the region have surpassed pre-pandemic levels in 2023.

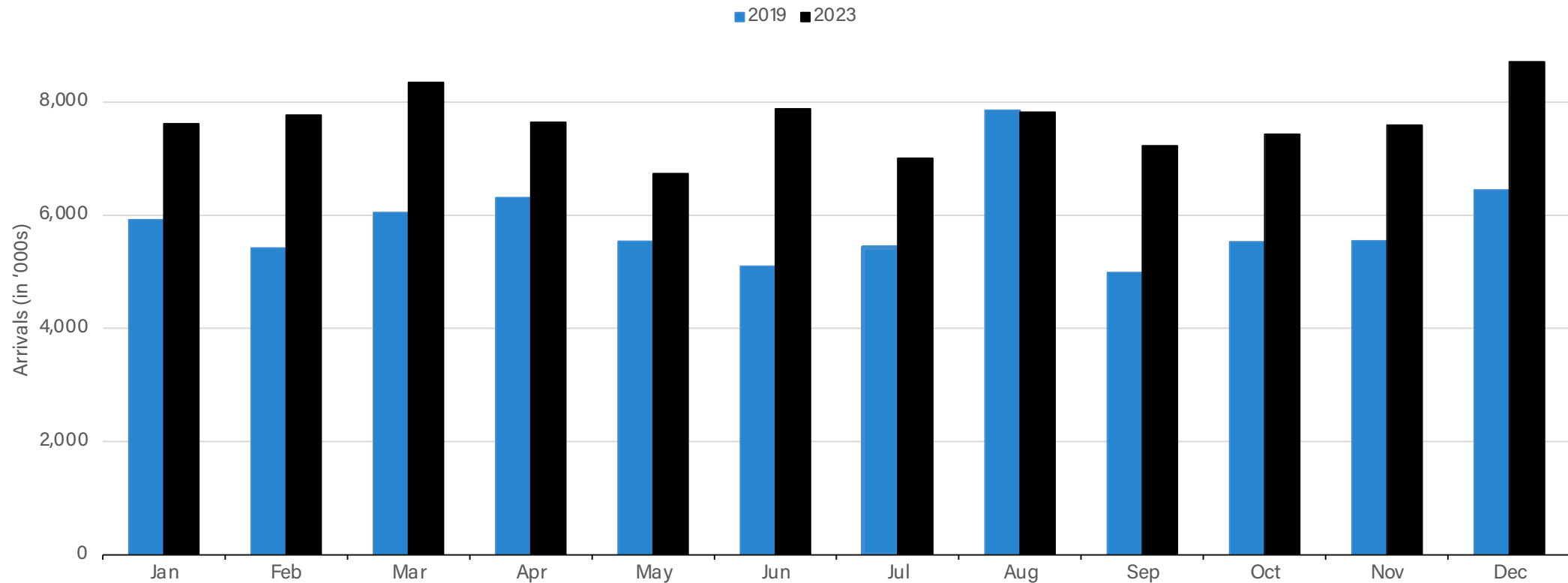
Middle East and Africa Travel Health Index Score



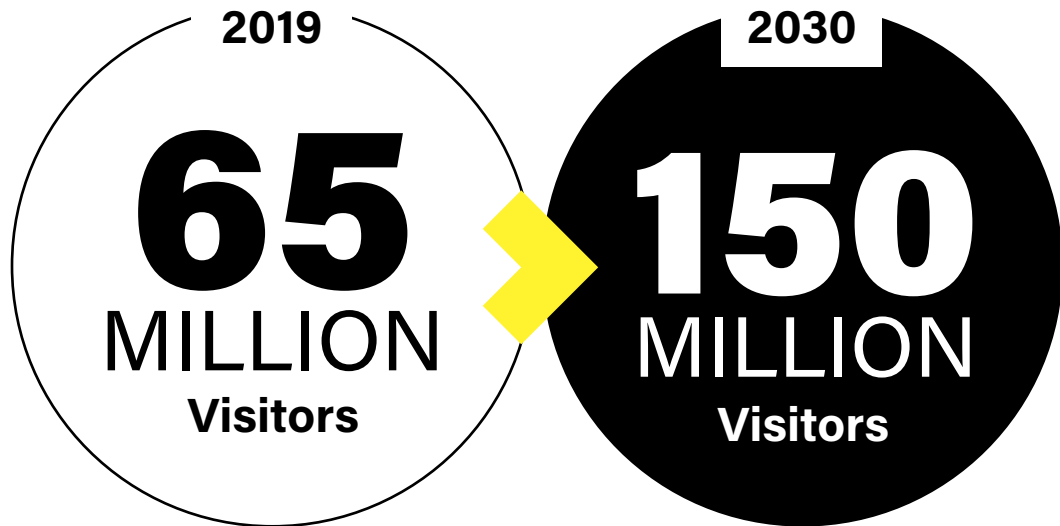
Inbound Travel to the Middle East Is Surging

Travel volumes to the Middle East are significantly higher than 2019 levels.

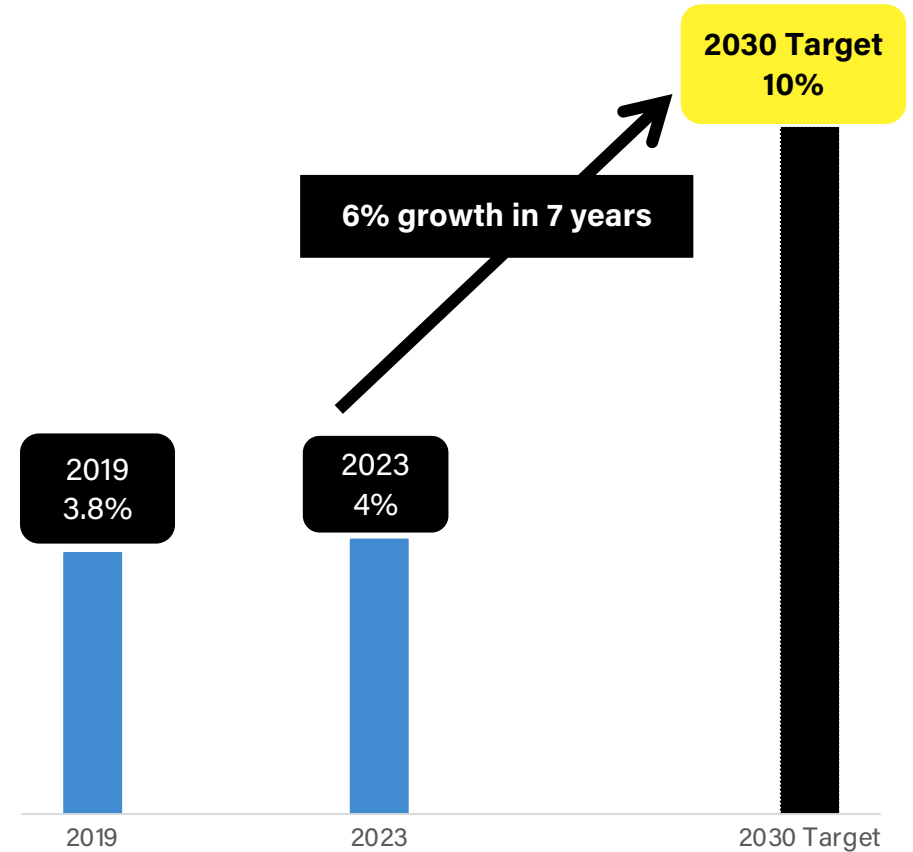
Middle East International Tourist Arrivals (in '000s)



Saudi Arabia's Vision 2030



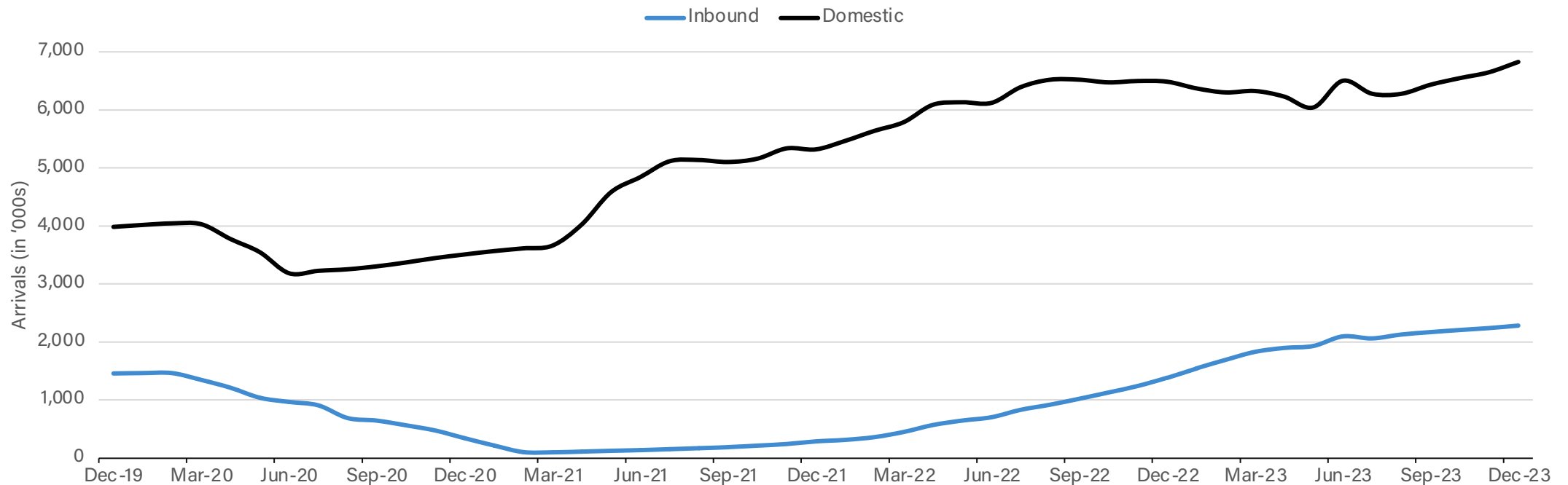
Saudi Arabia Tourism Contribution to GDP



Saudi Arabia's Tourism Strategy Is Seeing Early Signs of Success

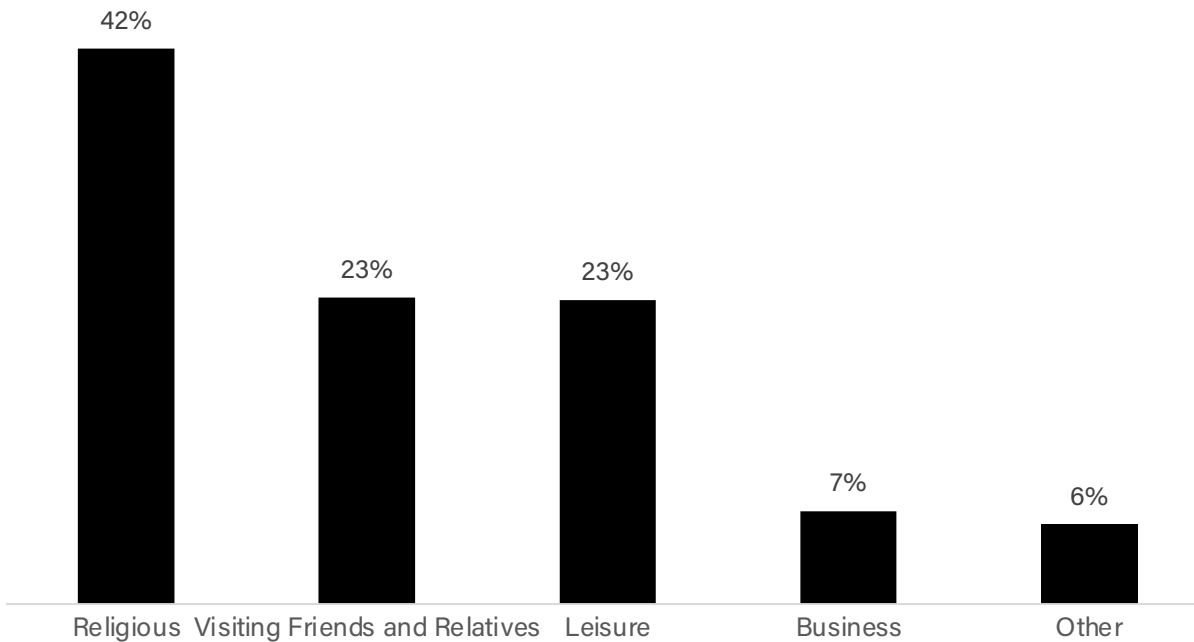
In 2023, Saudi Arabia witnessed a 56% increase in inbound visitor arrivals and a 71% rise in domestic arrivals compared to 2019.

Saudi Arabia Tourist Arrivals Trailing 12M (in '000s)



Religious Tourism Is the Top International Tourism Driver

Purpose of Travel of Inbound Tourists to Saudi Arabia in 2023



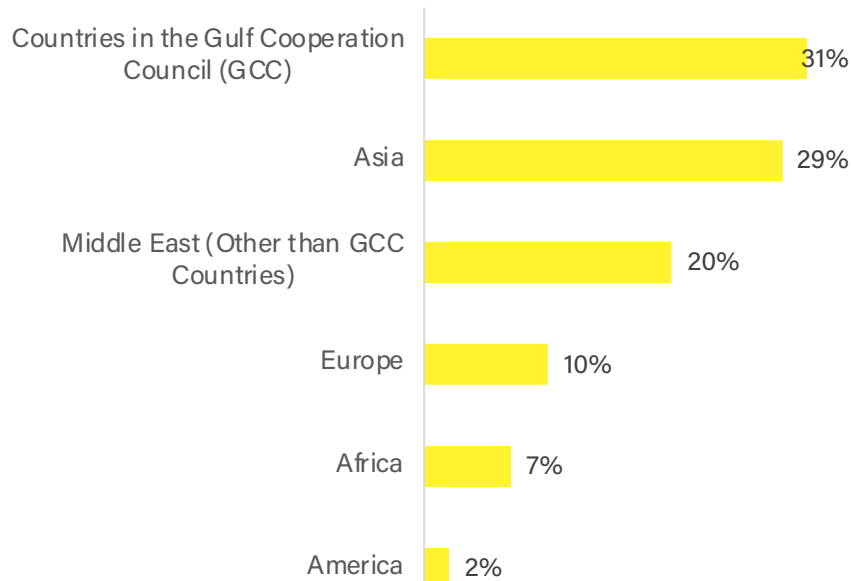
Top Destinations in the MEA during Ramadan 2024



Top Source Markets for Saudi Arabia and UAE

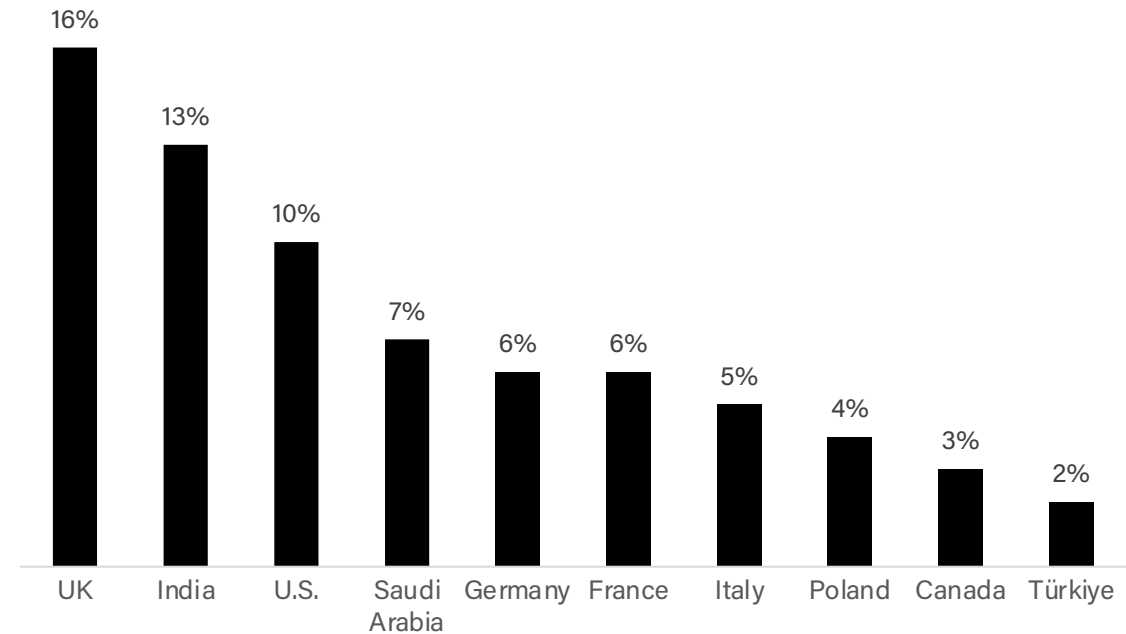
Saudi Arabia witnessed a 50% increase in Indian visitors in 2023. Now, it is ramping up its efforts to meet its ambitious target of 7.5 million Indian visitors over the next seven years.

Source Markets of Inbound Tourists to Saudi Arabia in 2023



Note: GCC countries include Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman

% of Hotel Bookings from International Origins in UAE During Ramadan (Mar-Apr 2024)



The #1 identity resolution partner for travel

Amperity & 

[Watch the demo](#)



The State of Travel According to Amperity



CHRIS JONES, Interim CEO at Amperity, shared his perspective on the state of the travel industry in a conversation with Skift.

Presented by **Amperity** &

SkiftX: How would you describe the current state of the travel industry?

Chris Jones: The travel industry is in a state of post-pandemic adaptation, innovation, and slight recovery. While growth has slowed since the initial boom of people returning to the skies and roads, the industry is trending upwards and looking to set records. Air travel bookings remain high as companies ramp up business meetings and consumers continue to lean into the “working vacations” trend that has proliferated alongside remote or hybrid work policies.

SkiftX: What are the biggest industry opportunities in the coming year?

Jones: Contactless technologies, digital health passports, and advanced online booking platforms are becoming the new standard that brands should shift their focus toward. They should also align marketing efforts with the growing emphasis on sustainability. And, of course, AI is emerging to enhance browsing, shopping, and buying experiences while helping brands optimize advertising strategy and content marketing efforts.

The State of Travel According to Amperity

SkiftX: What are the biggest challenges or watch-outs?

Jones: Fluctuations in the global economy and inflation weigh heavily on consumers' minds as they plan their travel. Equally pressing are staffing shortages in the aviation and hospitality industries, which have increased operational strain that makes it harder to meet quality service demands. But perhaps the biggest watch out is shifting traveler preferences. Everything from the expectation of AI during their purchasing journey to the need for remote work accommodations means brands must constantly ensure their offerings keep pace with the latest demands.

SkiftX: What is one travel trend the industry isn't talking about enough?

Jones: The World Travel & Tourism Council predicts that travel will reach unprecedented levels in 2024. This prediction is both widely discussed and often overlooked, as many brands aim to capitalize on this uptick in travel. However, the industry must also consider how to effectively engage these travelers. Record-setting numbers of travelers means record-setting amounts of data. Brands need to concentrate on collecting and integrating this data to power more personalized, detailed campaigns that set them apart in the competition for travelers' dollars.

SkiftX: What is one industry trend you think is overhyped?

Jones: Traveling during peak season is one long-standing trend that appears to be overhyped. Factors like the economy, inflation, and the flexibility to work from anywhere mean that bookings from March to May and September to November are increasing at much greater rates than in summer months in the Northern Hemisphere. This trend will likely continue, so brands should extend their focus beyond June, July, and August and plan for the rest of the year.

SkiftX: How will Amperity push the industry forward in the coming year?

Jones: Amperity powers travel and hospitality brands to unlock historically inaccessible customer data using industry-leading generative AI. Aggregating data from bookings and loyalty programs to ancillary products and co-branded credit cards, Amperity is able to create a comprehensive view of any consumer. In doing so, Amperity helps travel brands better anticipate customer needs, offer more personalized experiences, deliver superior service, and boost loyalty — ultimately enhancing customer lifetime value.



ECONOMIC LANDSCAPE



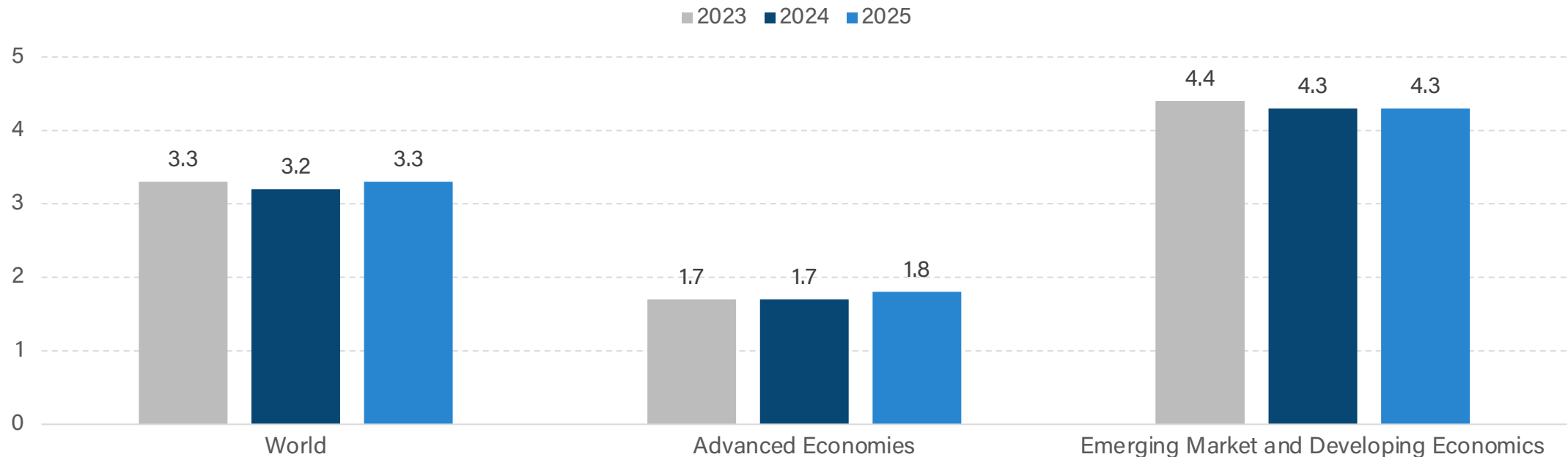
1

**SHORT-TERM
WORRIES**

Global Economy Remains Slow and Steady

The global economy is choppy but expanding. Despite some isolated signs of weakness, the international monetary fund still expects gross domestic product to grow in 2024 and into 2025. Emerging and developing economies are set outpace advanced ones but in both cases, economic expansion should support continued tourism growth.

World Economic Outlook
Real GDP Growth Projections

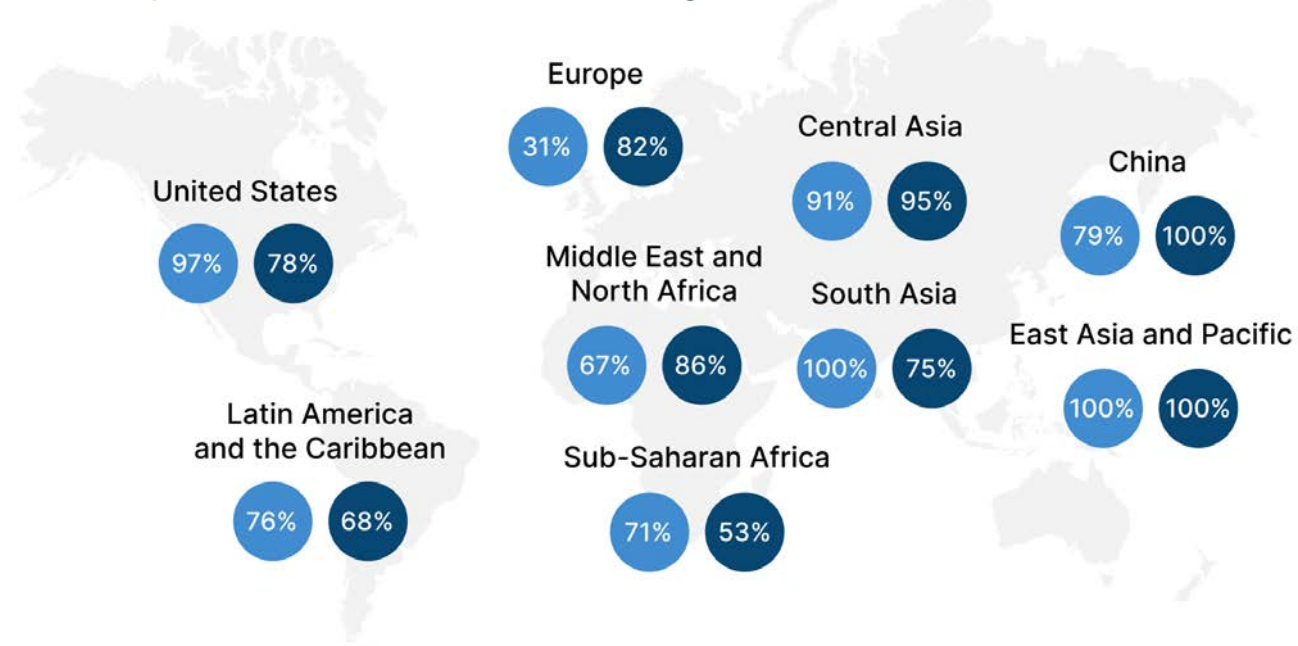


Economists Broadly Predict Moderate Growth and Tame Inflation

Countries have been facing the challenge how to tame high inflation without killing economic growth at the same time. Inflation seems to be in retreat across the world but not all may pull a “soft landing” that maintains growth as well. The U.S. and East Asia are bright spots where economists widely expect moderate to strong growth while Europe stands out as an area of concern.

What Do Chief Economists Expect for Growth and Inflation in 2024?

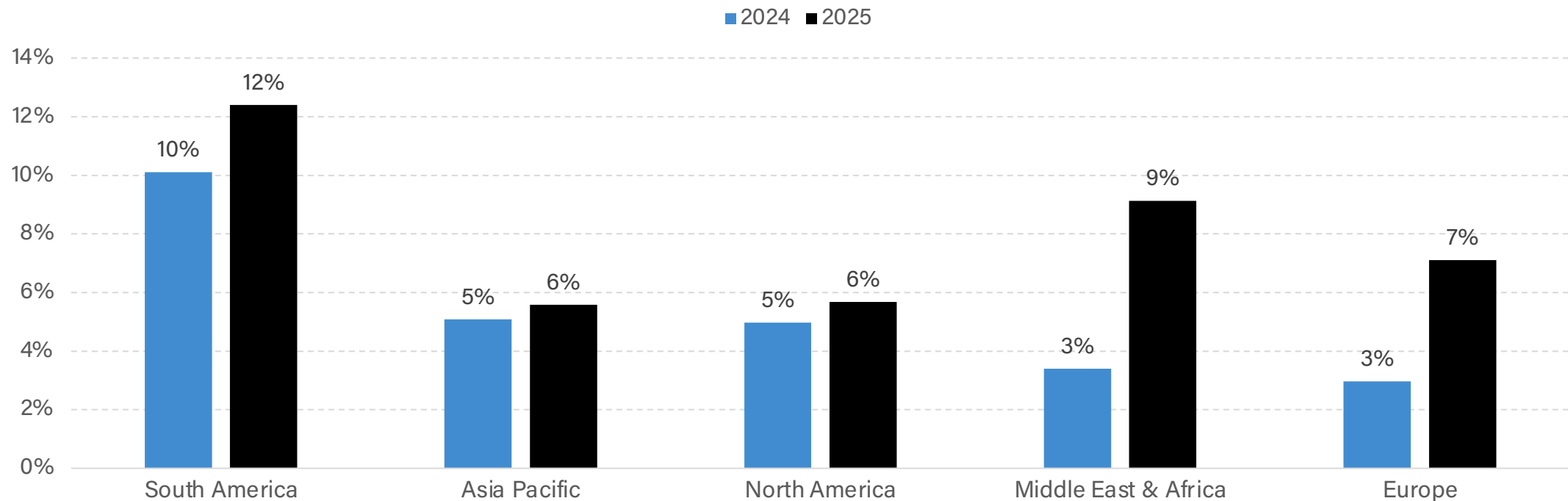
● Expect moderate or stronger growth ● Expect moderate or lower inflation



Regional Growth Rates Are Decoupling

While during the pandemic all travel moved in tandem, different economic conditions and re-opening strategies are leading to a wide dispersion of growth rates in 2024 and 2025. South America is set to see the highest growth. Europe saw growth slow in 2023 but is expected to reaccelerate. Asia and North America are consistent growers.

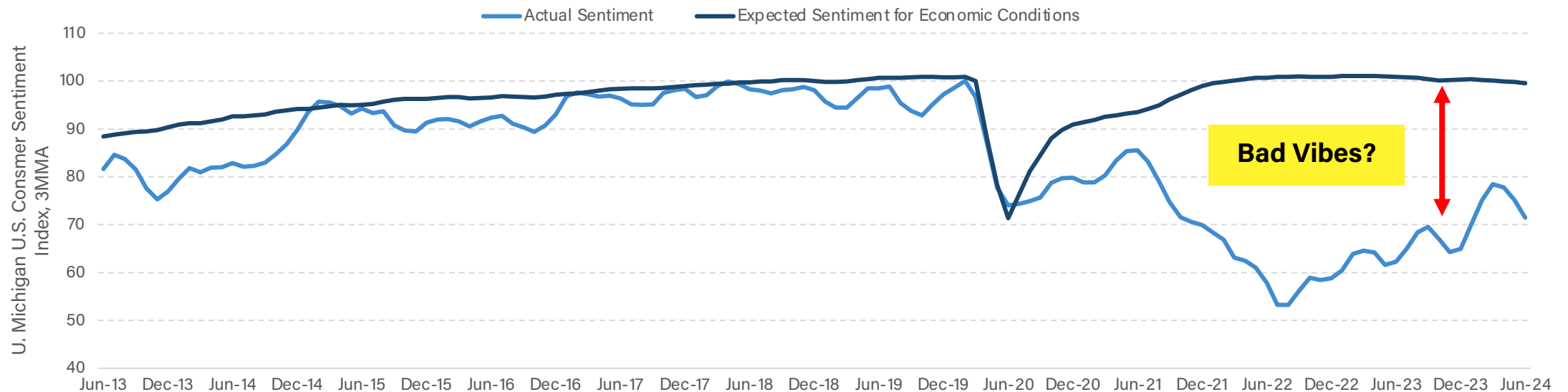
Travel Public Companies' Revenue Forecast by Region



Are We Facing a Recession or a “Vibe”-cession?

Coming out of the pandemic, consumer sentiment has been plumbing decade lows. However, this is not matched by the hard economic data which shows both employment and inflation improving. The historical relationship between these data suggests that sentiment should be 35 points higher than is being reported today. To us, this suggests that although “the vibes are off,” the actual economic picture is strong enough to support continued travel spend in 2024 and beyond.

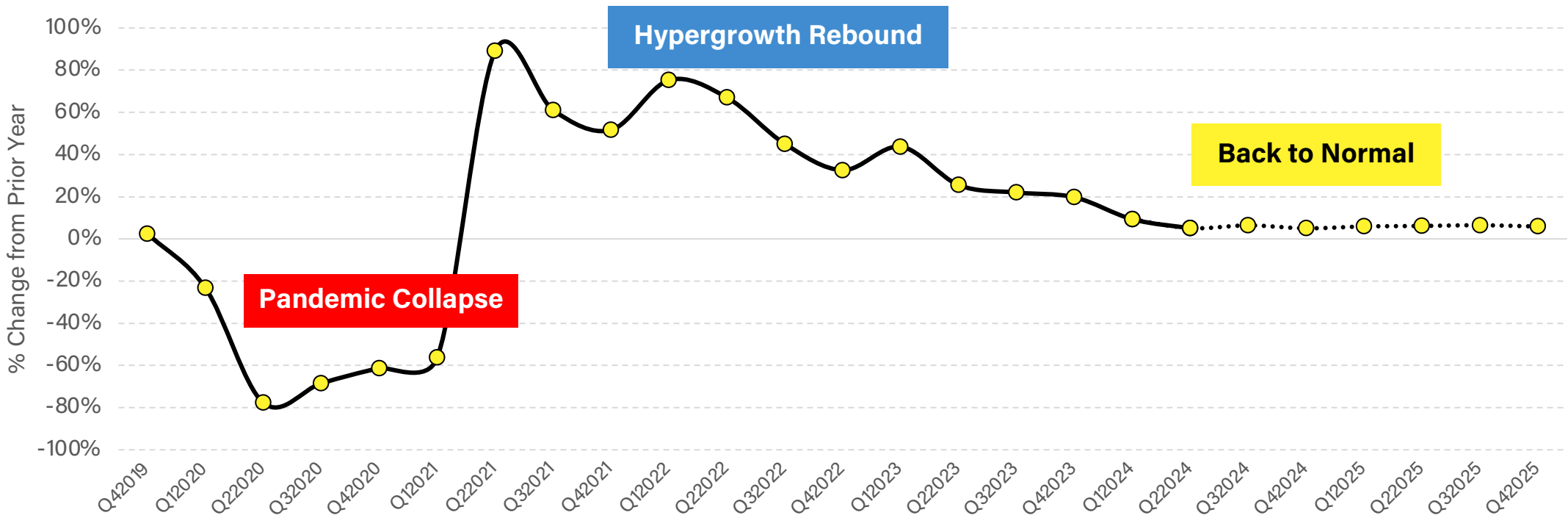
U.S. Consumer Sentiment Worse Than Economic Picture Would Suggest



The “New Normal” Gives Way to Normal

The recent pace of travel industry growth is not sustainable, and we should expect high single-digit growth rates overall in 2024 and beyond. This is not a sign of weakness, but one of strength, as the industry normalizes and moves past the wild swings of the COVID era

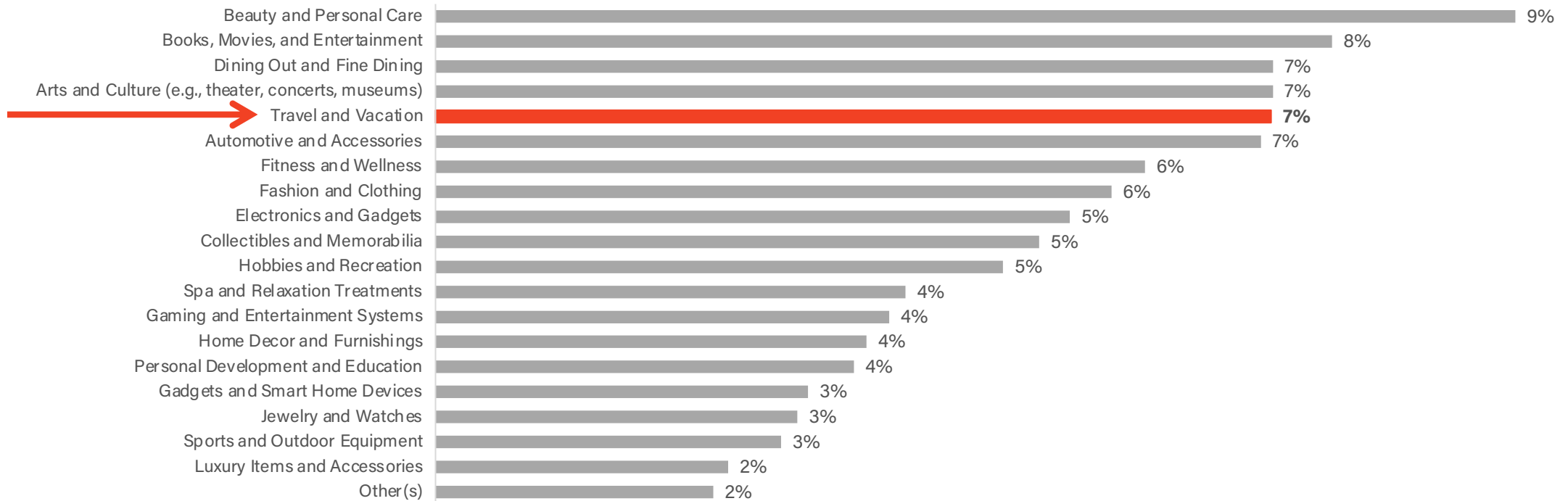
Travel Industry Public Companies’ Revenue Growth



Travel Is a Top “Splurge” Category

Travel is a priority for young people which can help insulate it from the cyclical nature inherent to a discretionary sector. Travel is a top splurge category for Millennials and Gen Zs in the U.S. and Europe. This will support growth in our category as long as the economic climate remains benign.

Categories Millennials and Gen Z Intend to Increase Spending on in the Next 12 Months



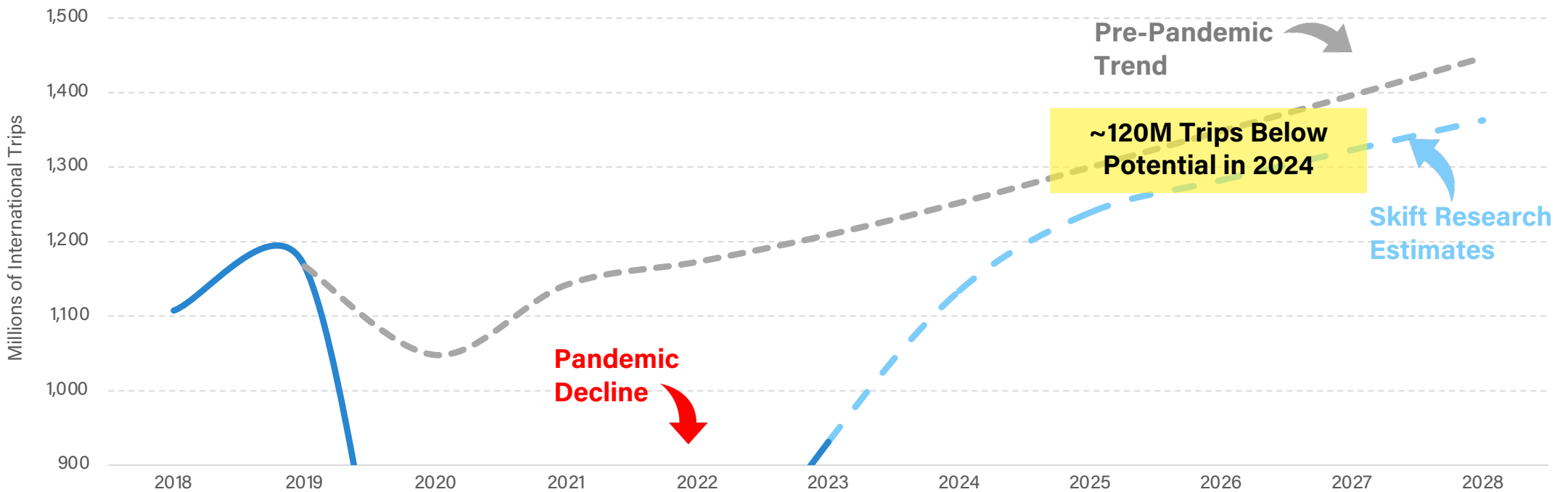
Source: Skift Research Millennial and Gen Z Survey. Data as of December 2023.

Data covers Millennial and Gen Z Respondents in the UK (n=470), U.S. (n=523), and Germany (n=511)

Travel *Still* Has Catch-up Potential

The primary area where travel still needs to 'catch up' with pre-COVID levels is international travel, especially to/from Asia. Skift Research is forecasting 1.1B international trips in 2024, 3% below 2019 levels. Relative to where we would have been without a pandemic, we estimate that the travel industry remains 120M international trips below potential in 2024.

International Travel is Rapidly Recovering but Below Pre-Pandemic Trend



Travel CEOs Maintain a Mostly Positive Outlook



Our addressable market is growing, and we are attracting more customers into our vacation ecosystem. New-to-cruise customers are up double digits versus last year, and at the same time, we are seeing stronger repeat rates.

- Jason T. Liberty



The reason I use 'normalization' is not to be cute, for the full year, we will globally see growth in all segments. It will be very, very low in leisure transient, but positive; a little bit higher on business transient, and then very, very strong for meetings and events.

- Christopher J. Nassetta



From a regional perspective, we observed a mild moderation of travel market growth in Europe. However, we believe we're continuing to perform well relative to the market in Europe. Looking at our other regions, **we continue to see high growth levels in Asia and a slight improvement in growth in the U.S.**

- Glen D. Fogel



The solid start of the year has allowed us to upgrade our RevPAR guidance. **We expect strong momentum in the Middle East, Southeast Asia, and continued robust demand in Europe, bolstered by the Paris Olympics.**

- Sebastien Bazin



On a global basis, in the second quarter, we saw RevPAR growth across all 3 of our customer segments, group, leisure transient and business transient, with each segment experiencing increases in both room nights and average daily rate.

- Anthony G. Capuano



Travel remains a top purchase priority and Delta's core customers are in a healthy position. The secular shift in consumer spend to prioritize experiences align perfectly with Delta's strategy and premium focus across our global network.

- Edward H. Bastian



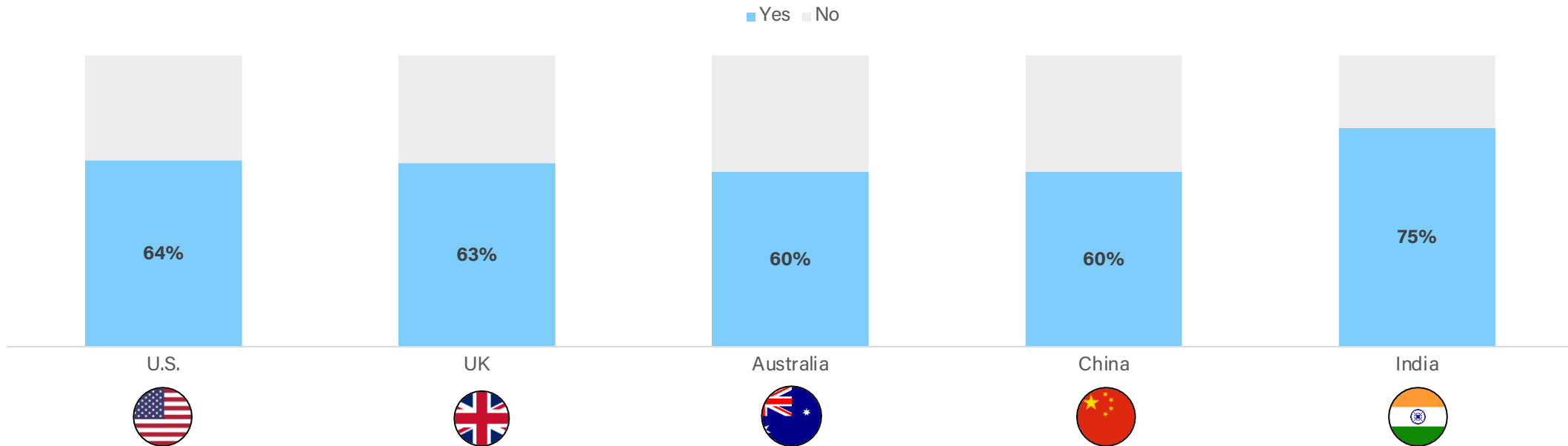
2

**LONG-TERM
OPPORTUNITIES**

Preference for Travel Is a Global Phenomenon

There is a global generational shift in favor of spending money on travel rather than things. This is just as true in the U.S. and Europe as it is in Asia. Millennials are aging into peak purchasing power while Gen Zs are entering the workforce therefore generating their own income for the first time. More recent survey continues to support this trend which should provide long-term growth for travel.

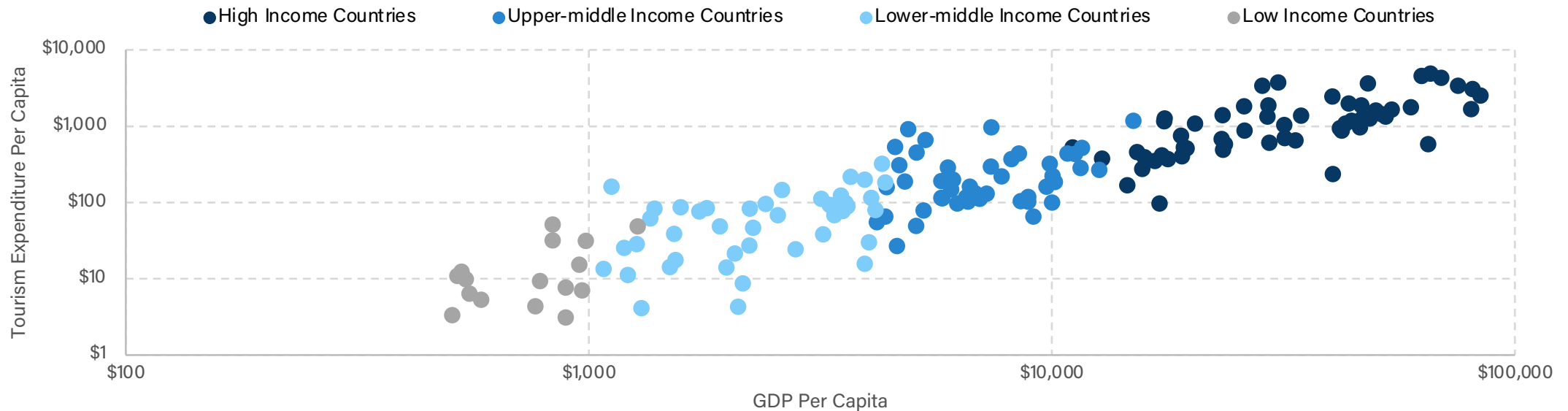
Millennial / Gen Z Survey:
I'd Rather Spend Money on Travel Than on Things



Across the Globe When People Are Wealthier, They Travel More

There is a strong linkage between economic output and travel expenditure. Across almost all cultures, languages, religions, and geographies when people are wealthier, they travel more. If you believe that the world is getting richer – as we do – then you must also believe that travel will grow.

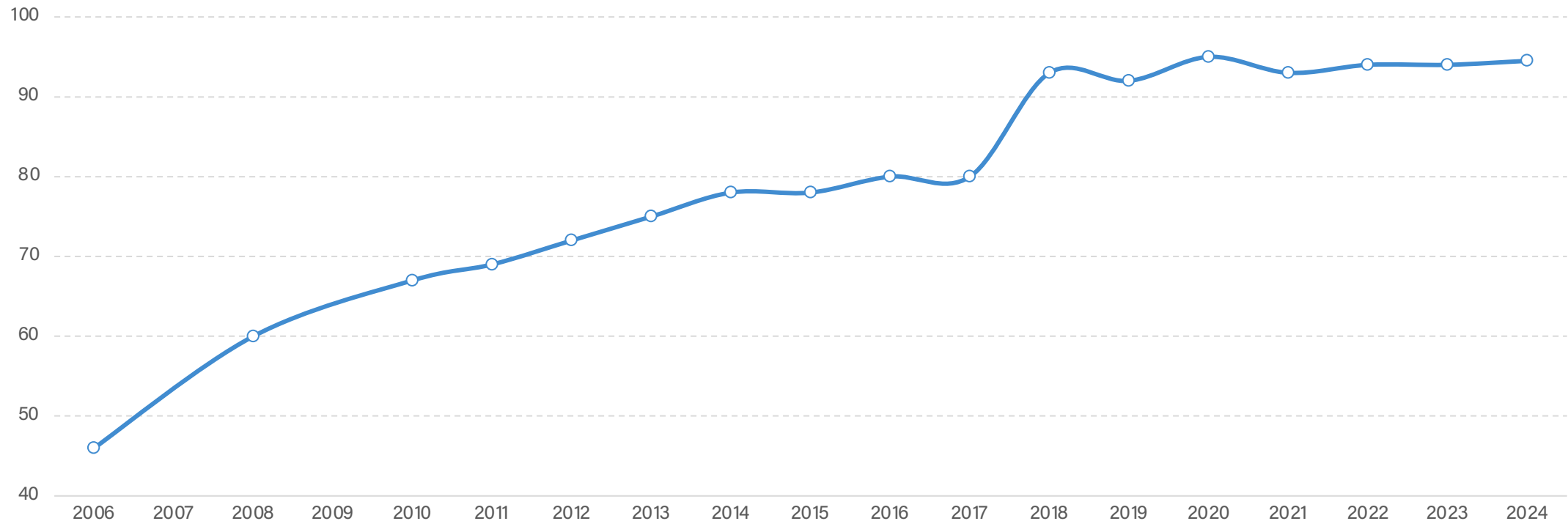
Tourism Set to Grow as Global Incomes Rise
(Log Scale)



International Travel Has Become Easier

Today the average passport holder can travel visa-free travel to 90+ countries. That's up from only entitled travel to <50 in 2006. This unprecedented rise in global mobility powered the travel sector for 20 years.

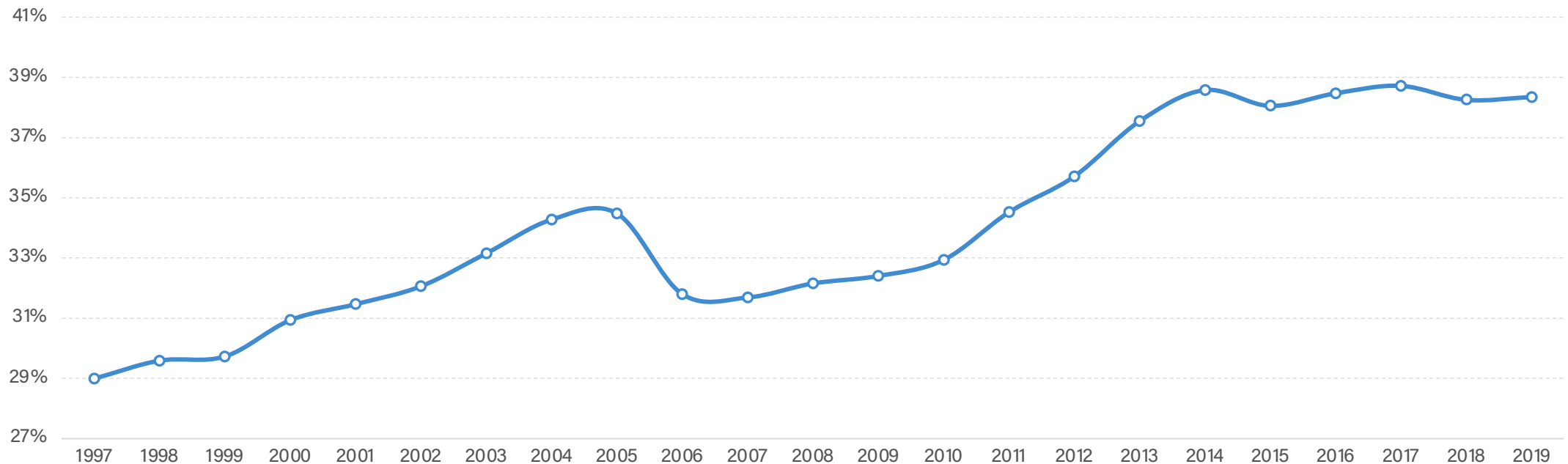
Median Country Visa Free Score



Travel Has Undergone Dramatic Globalization Over The Last 20 Years

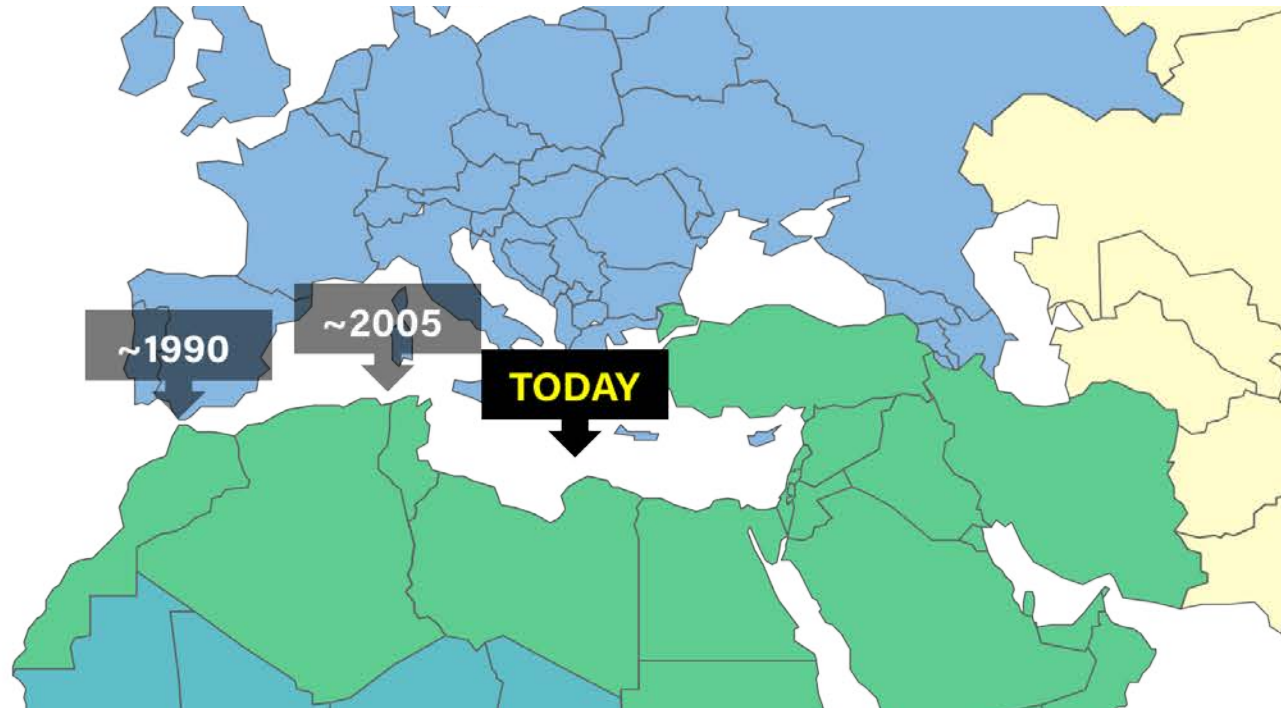
Taken together – a global preference for experiences over things, a wealthier world, and increased global mobility – these secular trends are creating a new class of international travel and shifting the industry's center of gravity eastward and southward.

Low and Middle Income Countries as a Share of International Travel



Travel's Shifting Center of Gravity

The rise of Middle Eastern and Asian travelers is shifting travel's "center of gravity" to the eastern hemisphere. Imagine placing a pin on the map for each destination visited by every traveler and then average those points out so that there is an overall weighted "center of gravity" for where on a map the mean traveler visited. In 1990 those pins would center around southern Spain. Today that center of gravity is south of Greece. Expect further shifts eastward and southward over time.



Transform Your Strategy: Travel Media Can Unlock Growth and New Revenue

Retail media has unlocked massive revenue opportunities for retailers through targeted advertising and optimized content on their websites and apps. With a predominantly digital audience, valuable data from loyalty programs, and rich content, travel media is now set to become the next retail media, providing high-margin revenues for travel brands.

Travel's digital advantage

80% of travelers want to book their trip entirely online
< 20% of retail sales are online

Sources: Hilton/Ipsos, US Census Bureau

How Travel Brands Can Win

1

Focus on Traveler Value

The best offerings provide clear value to travelers in addition to economic value to partners. Intrusive advertising or irrelevant content negatively impacts travelers. As with retail media, travel media needs to enhance the experience.

2

Choose the Right Partners

Travel media can benefit from related purchases, like dining, local activities, or entertainment. Many brands will already have strategic partners that should be their first advertisers.

3

Keep Testing and Learning

Successful brands will continuously innovate, adapt to changing market conditions, and stay ahead of evolving traveler preferences. Expert teams that can test, learn, optimize, refactor, and continue to expand functionality are vital.

Established in 2013, Koddi is the technology empowering the world's leading travel media networks. To learn how we can help build and grow your media business, visit [koddi.com](https://www.koddi.com).

The State of Travel According to Koddi



DEEP KOHLI, vice president of client services at Koddi, spoke with Skift about his perspective on the state of the travel industry.

Presented by **Koddi**

SkiftX: How would you describe the current state of the travel industry?

Deep Kohli: The industry has largely rebounded to pre-pandemic levels, but the makeup of that demand is unique: The budget and economy segments are seeing softer year-over-year growth, while upscale and luxury segments are seeing healthy increases in demand. In both cases, travel brands are compelled to find new ways to monetize and improve their profitability.

SkiftX: What are the biggest industry opportunities in the coming year?

Kohli: With robust loyalty programs, rich market data, and unique supply inventory, travel brands have a largely untapped opportunity to deliver targeted advertising within highly personalized content, generating new revenue while also improving traveler experiences. These form the building blocks for travel and hospitality companies to create what are known as travel media networks.

During the travel planning phase, brands can engage travelers with relevant content and offers when they are most receptive. AI plays a crucial role here by analyzing behavior and predicting preferences, making the booking process seamless and personalized.

Enhancing in-app experiences with comprehensive planning tools further engages travelers and improves their overall journey. Even in-room media can enhance the guest experience by providing tailored recommendations and exclusive offers during their stay.

The State of Travel According to Koddi

SkiftX: What are the biggest challenges or watch-outs?

Kohli: Higher travel demand does not necessarily mean higher profits. One of the primary challenges right now is rising costs, which are leading to higher prices for travelers and squeezing profit margins for brands, forcing them to find other sources of revenue.

Given that the majority of travel purchases happen online, digital advertising becomes a primary lever for travel brands to control their own success. The imminent decline of third-party cookies and evolving regulatory requirements are compelling the industry to find alternative methods for tracking and targeting travelers. This transition necessitates an adjustment in strategy — brands must adopt new approaches to comply with regulations and maintain effective traveler engagement. These changes pose significant challenges for long-standing marketing funding models and media performance.

SkiftX: What is one travel trend the industry isn't talking about enough?

Kohli: Travel media networks offer private, first-party advertising opportunities — both inventory and data — to an exclusive set of advertisers within and outside the travel industry.

While we are starting to see the emergence of travel media networks, we are some ways off from the sophistication observed in the retail media

industry, where revenues are becoming core to many companies' strategies. For example, some retail brands drive over two-thirds of their profitability through their media network. Brands that capitalize on these opportunities will drive incremental revenue growth and profitability.

Organizations must work to understand these dynamics and ensure they have the right staffing and structures in place to integrate these capabilities into their broader business strategy.

SkiftX: What is one industry trend you think is overhyped?

Kohli: While AI has improved customer service and operational efficiency, its potential impact on completely transforming the travel experience is currently overstated. Working with experts to find the right time and place to deploy AI is critical.

SkiftX: How will Koddi push the industry forward in the coming year?

Kohli: Koddi will continue championing travel media and delivering the technology that makes it possible. Collaboration across the sector, coupled with world-class technology and the unique data travel companies possess, will drive incremental revenues and higher margins for all. We're on a mission to solve this because the travel industry is behind where it should be and leaving money on the table.



CONSUMER TRENDS



1

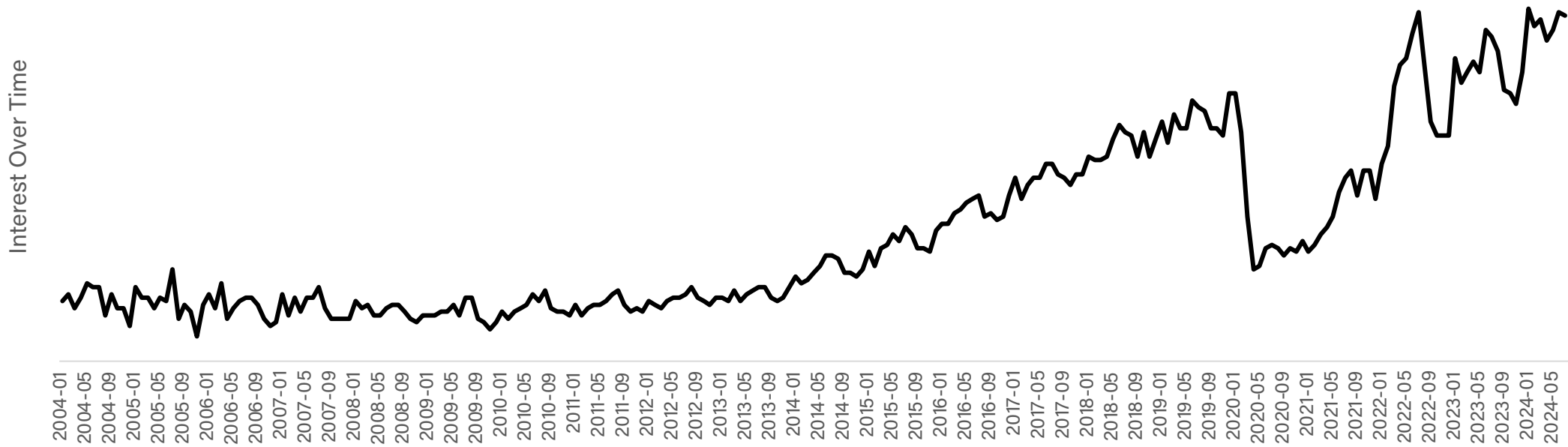
**SOLO TRAVEL:
A TREND
THAT'S HERE
TO STAY**

Interest in Solo Travel Surges

The popularity of solo travel has surged, with Google searches for 'Solo Travel' doubling in 2023 compared to 2018. Additionally, #solotravel has seen a tenfold increase on TikTok over the past three years and has amassed over 7.9 million posts on Instagram.

Google Searches for 'Solo Travel' Have Doubled Since 2018

Search Interest in 'Solo Travel' since 2004



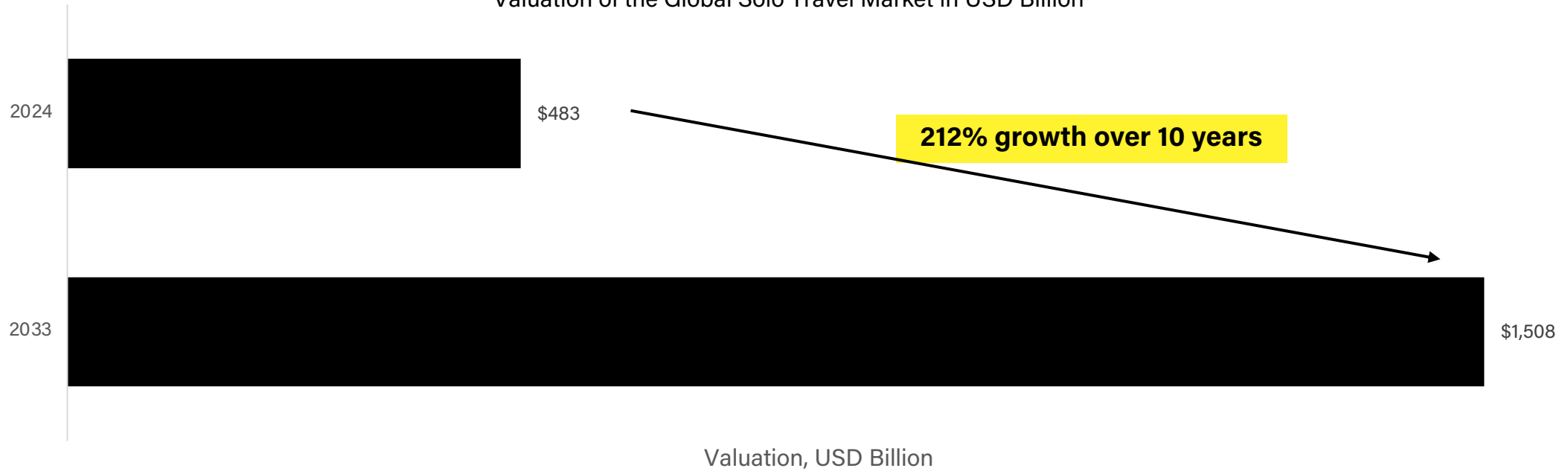
Note: Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means that there was not enough data for this term. Source: Google Trends, Data as of July 2024

Global Solo Travel Market to Expand, Confirming it Is a Trend With Staying Power

The global solo travel market size is likely to expand at a CAGR of 13.5% By 2033 to reach a valuation of \$1,508 Billion, reflecting a strong and sustained demand for independent travel experiences worldwide.

The Global Solo Travel Market Is Set for Significant Growth

Valuation of the Global Solo Travel Market in USD Billion

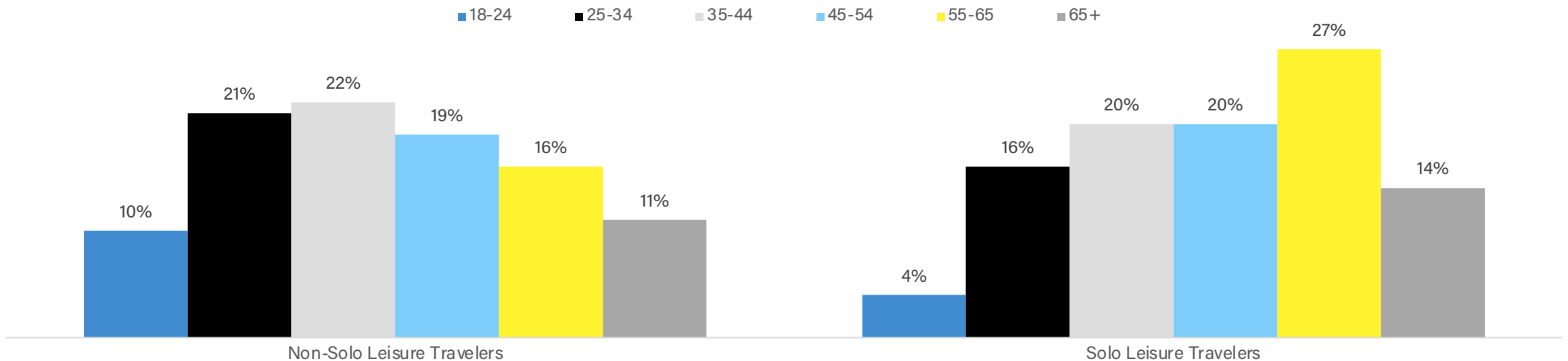


Solo Travel Thrives Among Older Demographics: Challenges Stereotype

Contrary to the stereotype of younger solo travelers, solo leisure travelers, notably prevalent among older demographics, now comprise 27% of travelers aged 55-65. This presents a strategic opportunity for travel providers to cater to their independent preferences and capture this growing segment of the market.

Solo Travel Is Increasingly Popular Among Older Demographics

Share of Solo and Non-Solo Travelers, By Age

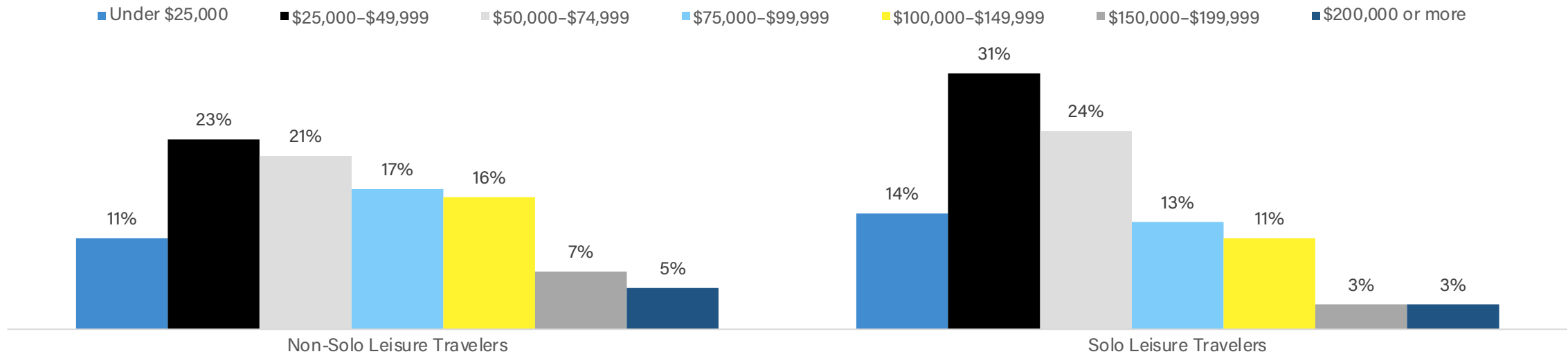


Solo Travelers Embrace Budget-Conscious Travel Approaches

Solo leisure travelers are a notable segment among U.S. travelers, our survey data shows they typically have lower incomes than non-solo leisure travelers. This highlights opportunities for budget-friendly travel options and personalized experiences that cater to their preferences and spending habits.

Solo Leisure Travelers Often Have Lower Incomes Than Their Non-Solo Counterparts

Share of Solo and Non-Solo Travelers, By Income

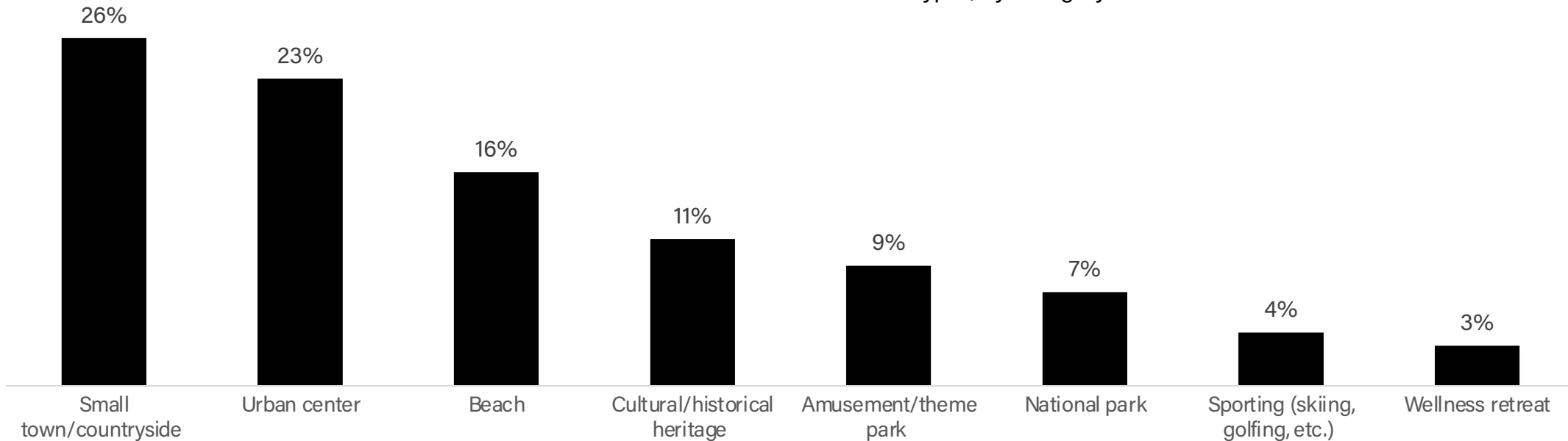


Solo Travelers Favor Small Towns and Cities Over Natural Attractions

Solo travelers show a strong preference for both small towns and large urban centers, often choosing these over natural or attraction-based destinations.

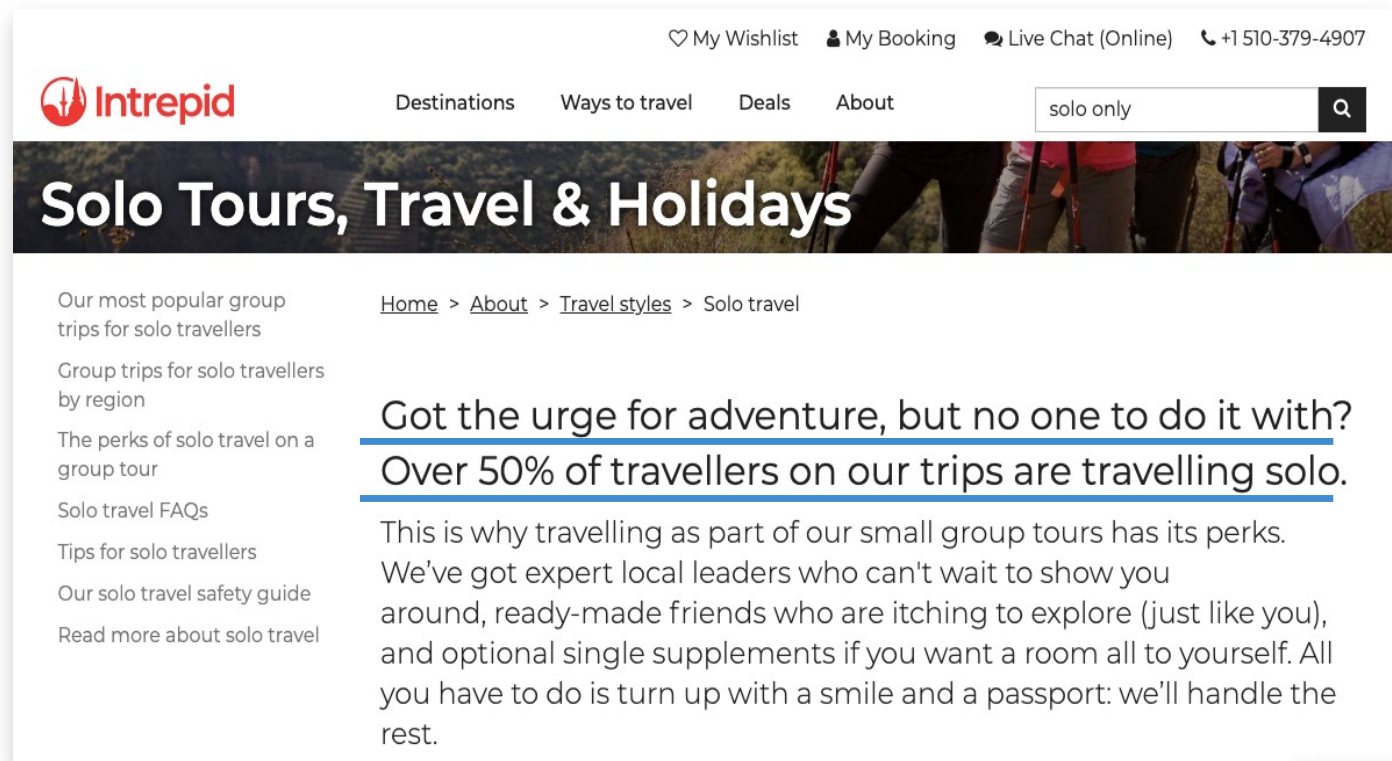
Solo Travelers Lean Towards Small Towns and City Based Experiences

Share of Solo Travelers to Destination Types, by Category



Solo Travel Surge Inspires New Offerings From Travel Companies

Travel companies are increasingly developing specialized products to cater to and celebrate solo travelers. Intrepid Travel witnessed a 42% surge in solo passengers on group trips over the last five years; it responded by launching its inaugural range of solo-only tours, reflecting a growing demand for independent travel experiences.



The screenshot shows the Intrepid website's 'Solo Tours, Travel & Holidays' page. The navigation bar includes 'My Wishlist', 'My Booking', 'Live Chat (Online)', and a phone number '+1 510-379-4907'. The main navigation menu has 'Destinations', 'Ways to travel', 'Deals', and 'About'. A search bar contains the text 'solo only'. The page features a large banner with the text 'Solo Tours, Travel & Holidays' and a list of links: 'Our most popular group trips for solo travellers', 'Group trips for solo travellers by region', 'The perks of solo travel on a group tour', 'Solo travel FAQs', 'Tips for solo travellers', 'Our solo travel safety guide', and 'Read more about solo travel'. The main content area has a breadcrumb trail 'Home > About > Travel styles > Solo travel' and a headline: 'Got the urge for adventure, but no one to do it with? Over 50% of travellers on our trips are travelling solo.' Below the headline, the text reads: 'This is why travelling as part of our small group tours has its perks. We've got expert local leaders who can't wait to show you around, ready-made friends who are itching to explore (just like you), and optional single supplements if you want a room all to yourself. All you have to do is turn up with a smile and a passport: we'll handle the rest.'



2

**FAMILY TRAVEL:
A CRUCIAL
AND EXPANDING
SECTOR**

Family Travel: A Growing and Vital Segment in the Travel Industry

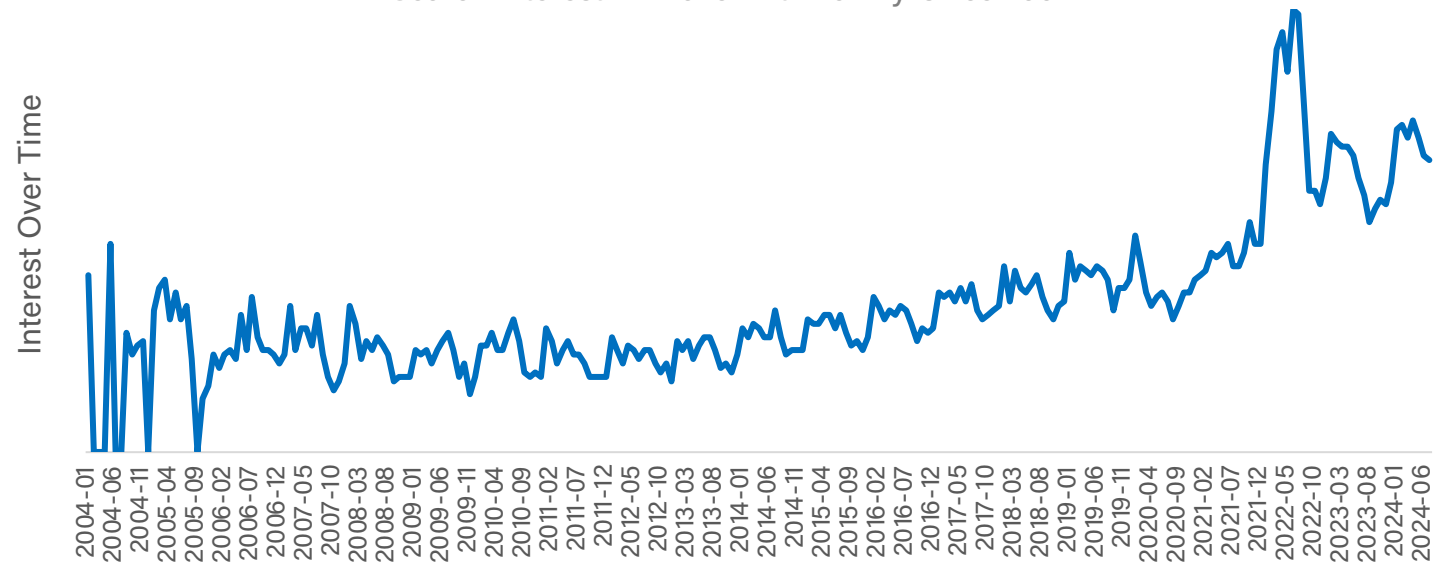
Post-COVID, family travel surged in 2022, highlighting its critical role in tourism recovery. Families now prioritize spending time together through travel, making it essential to focus on this market.

"With the global Covid pandemic now mostly behind us in 2022, we have seen that family and multigenerational travel has been an important force in the tourism industry's recovery. This speaks volumes to the priority families are now placing on spending time together and traveling. Now is the time to double down on family travel."

RAINER JENSS
Founder, Family Travel Association

Family Travel Peaked Post-covid in 2022 and Has Remained Elevated Since

Search Interest in 'Travel with Family' since 2004



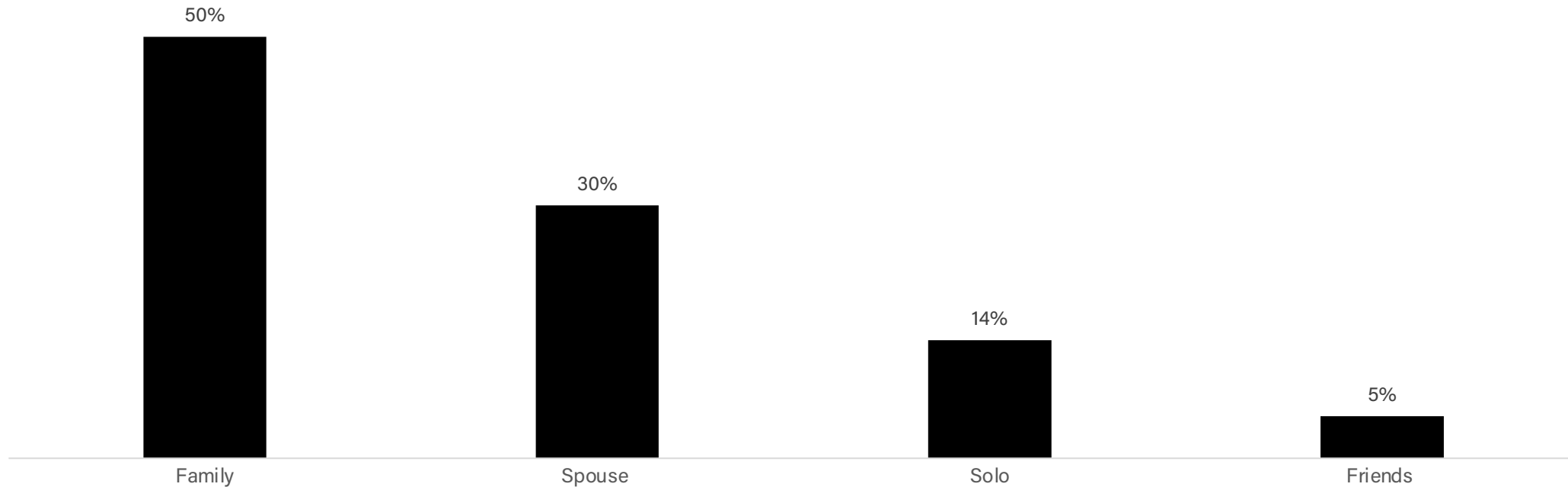
Note: Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means that there was not enough data for this term. Source: US Family Travel Survey 2022. Google Trends, Data as of July 2024

Family Travel Dominates the Market

Family travel is the most popular, with 50% of travelers choosing to travel with family. This is followed by travel with a spouse at 30%, solo travel at 14%, and traveling with friends at 5%.

Family Travel Leads With 50% Preference Among Travelers

Travel Companions for Trips Taken in 2023, Share of Travelers

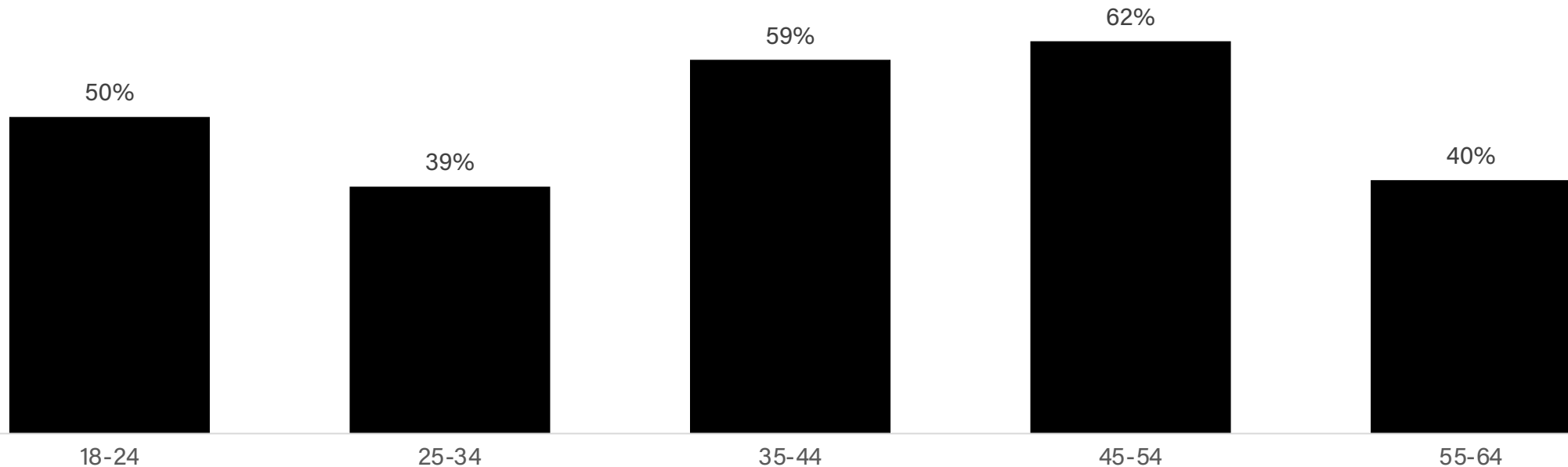


Mid-Aged Adults Are the Primary Family Travelers

Family activities are most popular among the 35-54 age groups, peaking at 62% in the 45-54 range, and least popular among the 25-34 and 55-64 age groups, likely due to active family responsibilities in mid-life and differing priorities in younger and older age groups.

Family Travel Is Most Valued by Those Aged 35-54 and Less So by Younger and Older Individuals

Family Trips By Age Group, Share of Travelers

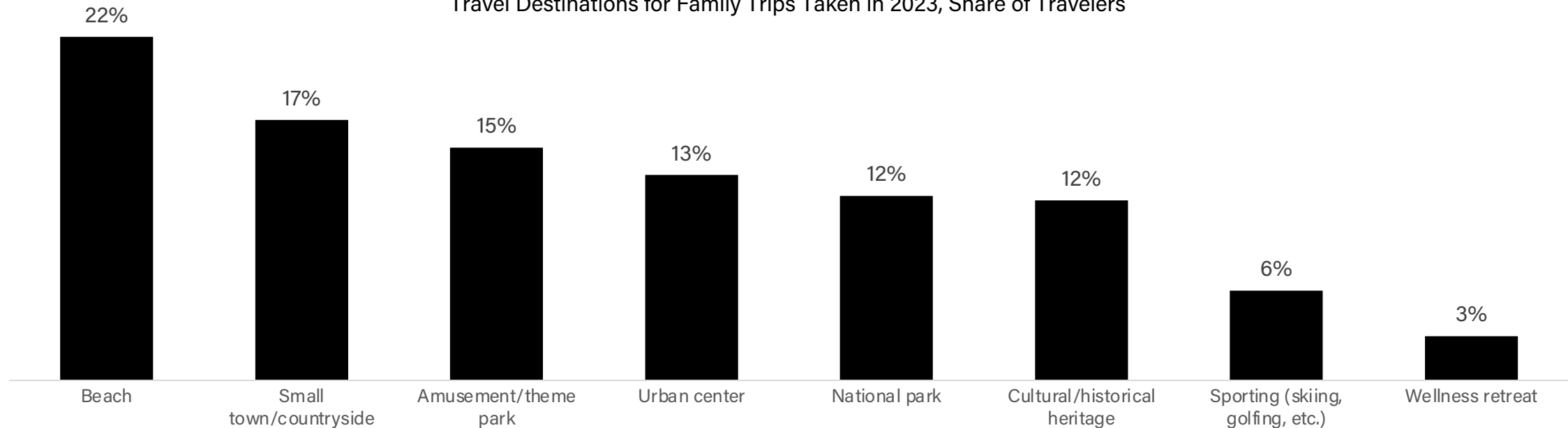


Families Embrace Scenic Retreats Over Urban Adventures

Family leisure travelers generally prefer relaxed and scenic destinations, with beaches and small towns or countryside being the top choices indicating a preference for more laid-back and family-friendly environments.

Families Favor Relaxed and Scenic Spots Over Urban Areas

Travel Destinations for Family Trips Taken in 2023, Share of Travelers

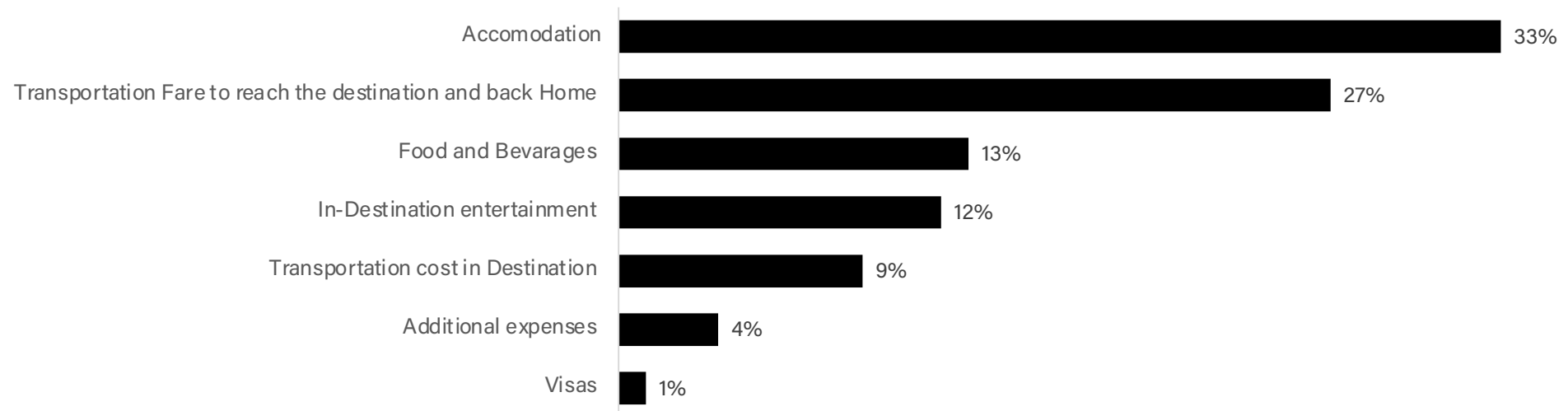


Key Family Spending Areas: Accommodation, Transportation and Entertainment

Family travelers spend the most on accommodation and transportation fares. Food and beverages account for 13%, with 12% going to in-destination entertainment and 9% to local transportation. The notable spend on entertainment highlights families' emphasis on enjoyable experiences, suggesting that providers should focus on promoting engaging activities.

While Accommodation and Transportation Are Primary Costs, Families Also Invest Significantly in Enjoyable Experiences

Average Travel Spend, By Category

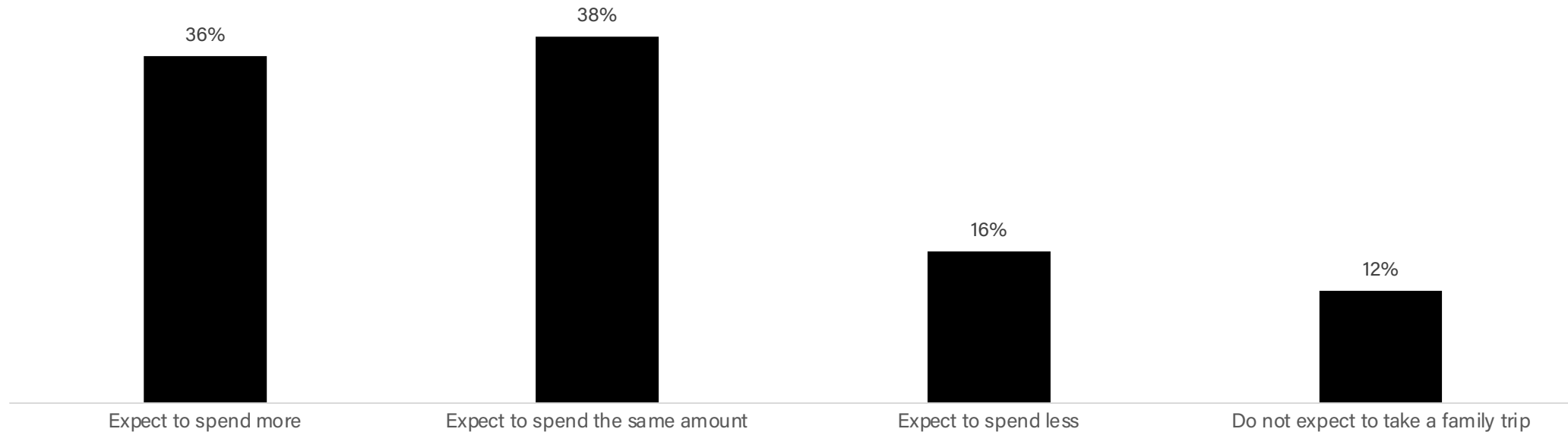


Majority Families Plan to Increase or Maintain Travel Budgets

A significant portion of people are planning to either increase or maintain their spending on family travel in the coming year. However, a smaller percentage are looking to cut back on expenses or skip family trips altogether

Most Families Plan to Increase or Sustain Their Travel Budgets

Expectations for Family Travel Budgets, Share of Travelers

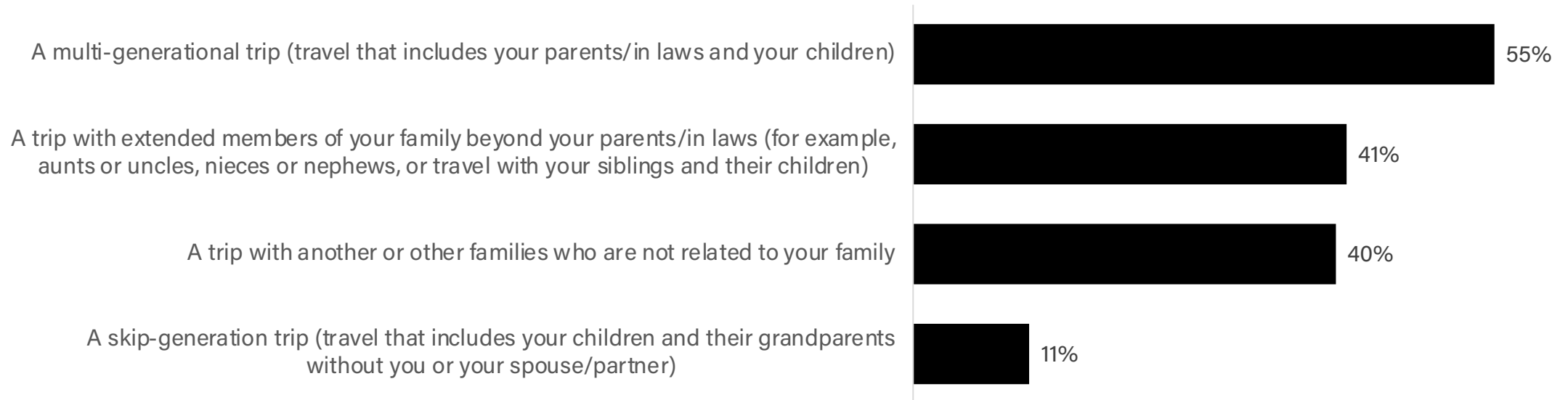


Multi-Generational Trips Expected to Be Most Popular

Multi-generational trips, including both parents/in-laws and children, are the most popular, with 55% of respondents planning such travel, followed by trips with extended family (41%) and unrelated families (40%). Skip-generation trips are less common at 11%, reflecting a strong preference for inclusive family travel experiences.

More Than Half Family Trips Expected to be Multi-generational Trips in the Coming 12 Months

Family Trip Plans in the Next 12 Months, By Type of Trip, Share of Travelers





3

**LUXURY TRAVEL
DYNAMICS**

High Earners Prioritize Travel

Luxury travel demand surged in 2023 and continues to grow, with affluent individuals prioritizing travel as their top activity. Income shapes travel significance, as 78% of those earning \$500,000 or more consider travel extremely important, compared to 60% of those earning \$200,000-\$299,999.



“The strong demand [for luxury travel] we saw in 2023 continues unabated. It’s even stronger than last year. People absolutely want to travel and travel well. For the affluent, travel is their No. 1 priority right now.



IGNACIO MAZA
Senior advisor, Signature Travel Network

Affluent Individuals Place A Much Higher Priority On Travel

Share of Travelers who Consider Travel Extremely/Very Important in their Lives, by Income

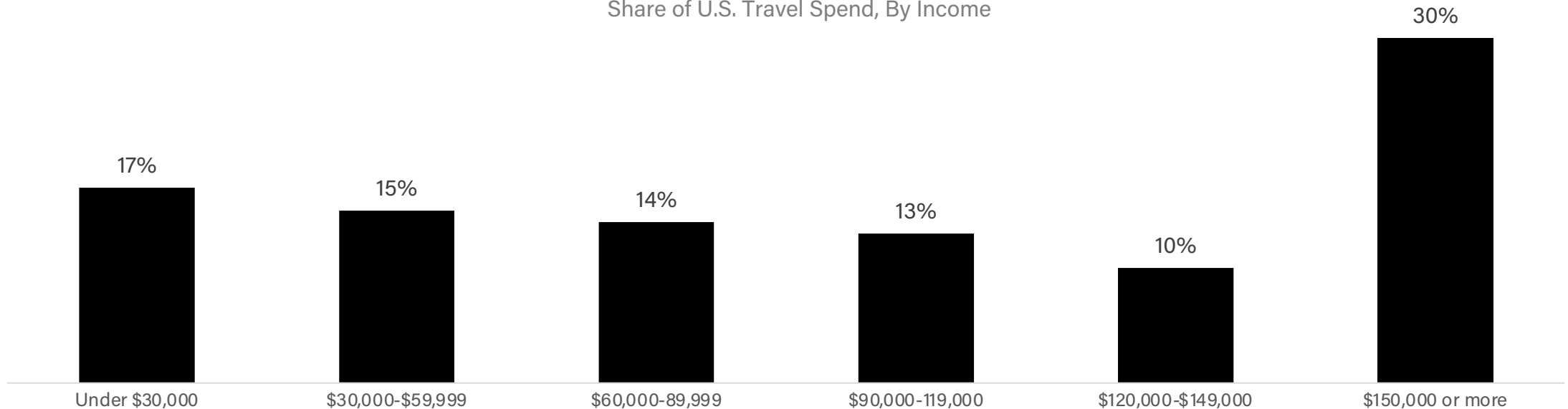


Outsized Travel Spending by Affluent Households

Higher income households significantly impact the U.S. travel market, with those earning \$150,000 or more contributing 30% of the total travel spend. In contrast, households earning under \$30,000 account for only 17% of the spend, highlighting the strong correlation between income and travel expenditure

Share of U.S. Travel Spend By Household Income

Share of U.S. Travel Spend, By Income

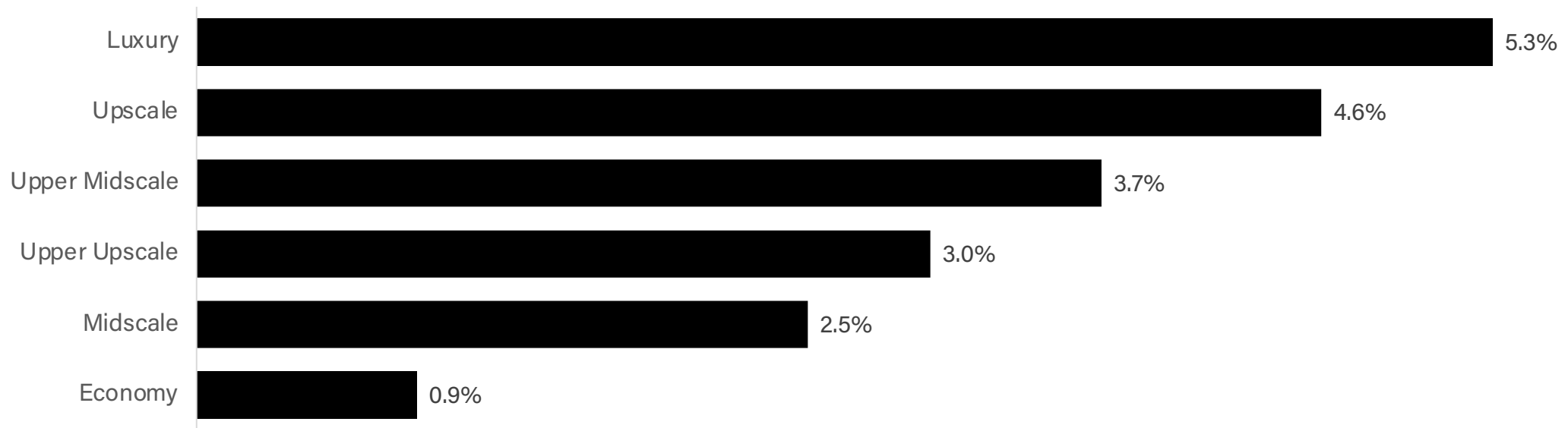


Investors Bet on Luxury: Surge in High-End Hotel Construction Signals Confidence

Data from STR reveals a notable surge in the construction of luxury hotels, outpacing other chain scales. This indicates robust investor confidence and long-term growth prospects in the luxury market.

U.S. Room Supply: Future Pipeline Under Construction as a % of Existing Supply

U.S. Room Supply: Future Pipeline as % of Existing Inventory

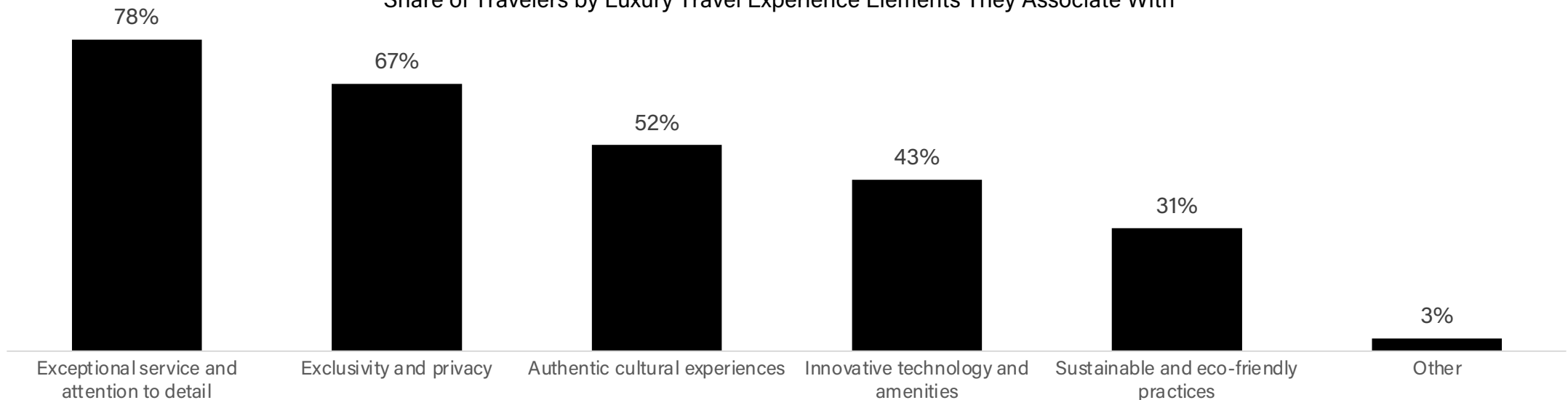


The Luxe Formula: Exceptional Service and Exclusivity Reign Supreme

Skift Research survey reveals that exceptional service (78%) and exclusivity (67%) are the top factors in luxury travel, highlighting the importance of personalized attention and intimate settings. Authentic cultural experiences (52%) are still valued but less central, while innovative technology (43%) and sustainability (31%) play a smaller role in defining luxury travel.

Exceptional Service and Exclusivity are the Top Factors Defining Luxury Experiences

Share of Travelers by Luxury Travel Experience Elements They Associate With

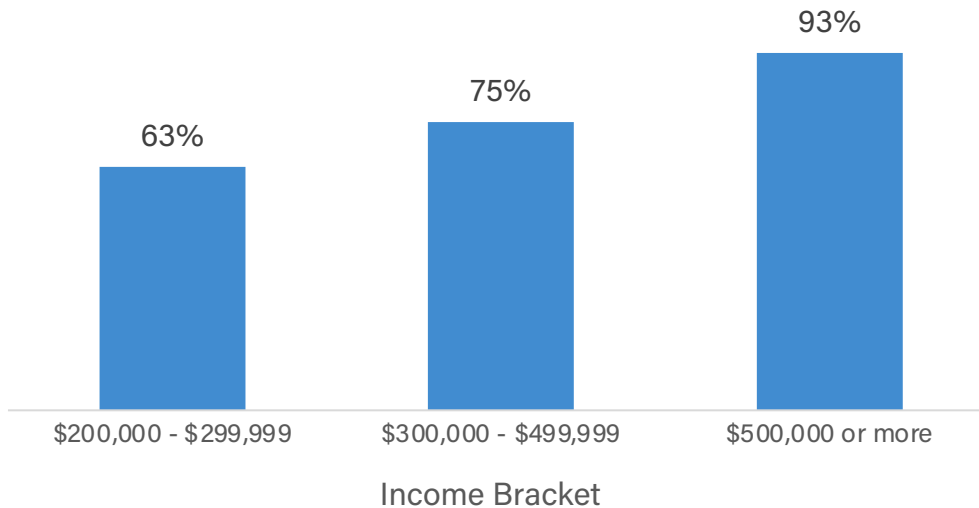


Age and Income: Key Factors in Defining Luxury Travel

Younger travelers (18-34) are most likely to view their trips as luxury experiences (81%), followed by those aged 35-54 (77%). The 55+ age group trails at 60%. Higher income levels also correlate with luxury travel perceptions, peaking at 93% among those earning \$500,000 or more, compared to 63% for the \$200,000-\$299,999 bracket.

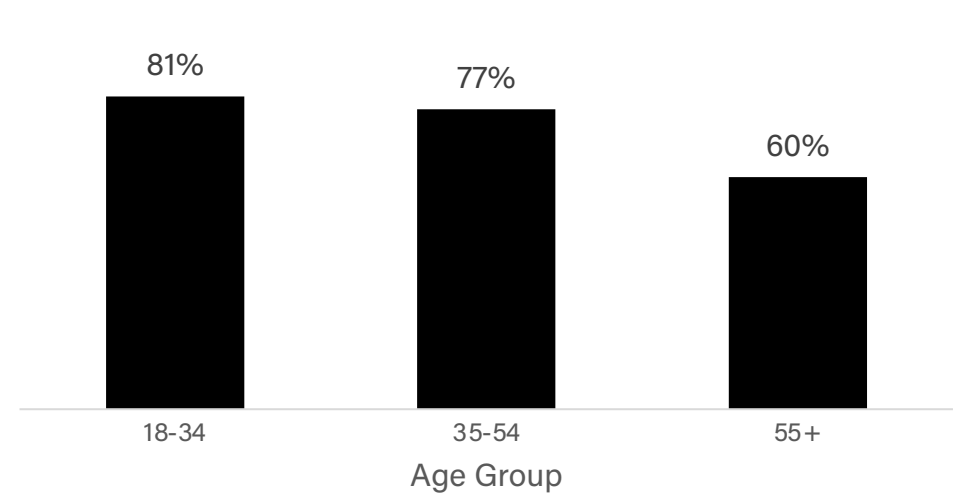
Higher Income Levels Significantly Influence Luxury Travel Perceptions

Share Of Travelers Who Took A Luxury Trip, By Income



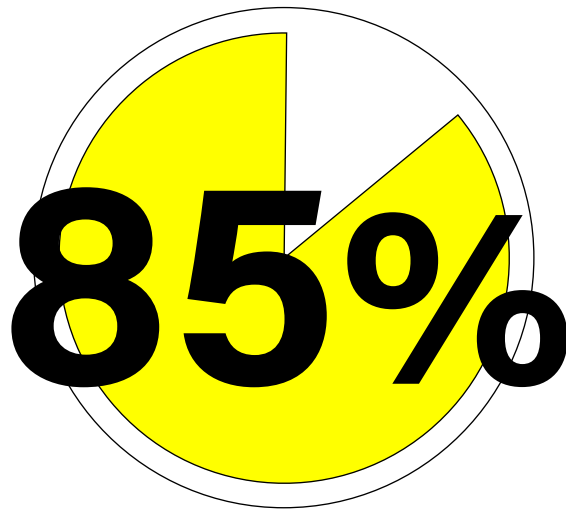
Younger Travelers Are More Likely To Take Luxury Trips

Share Of Travelers Who Took A Luxury Trip, By Age



The Personal Touch: Majority Luxury Travelers Prefer Travel Advisers

A significant 85% of luxury travelers consider travel advisers crucial for securing personalized luxury experiences. Today's luxury travel is highly individualized, reflecting unique preferences and desires. Travelers seek not only exclusive experiences but also intellectually stimulating and engaging journeys.



of luxury travelers view travel advisers as the best way to book personalized luxury travel



“In the past, you had a world-class GM with a great Rolodex filled with everything about guests. Now, the depth of personalization is far greater. Luxury is truly personal. What’s luxury to me is not necessarily luxury for you. You can’t paint the luxury traveler with a single brush. But they are often intellectually curious, and they want to be challenged. And they’re out exploring, contributing and experiencing.”

SHANNON KNAPP

President and CEO of Leading Hotels of the World



.4

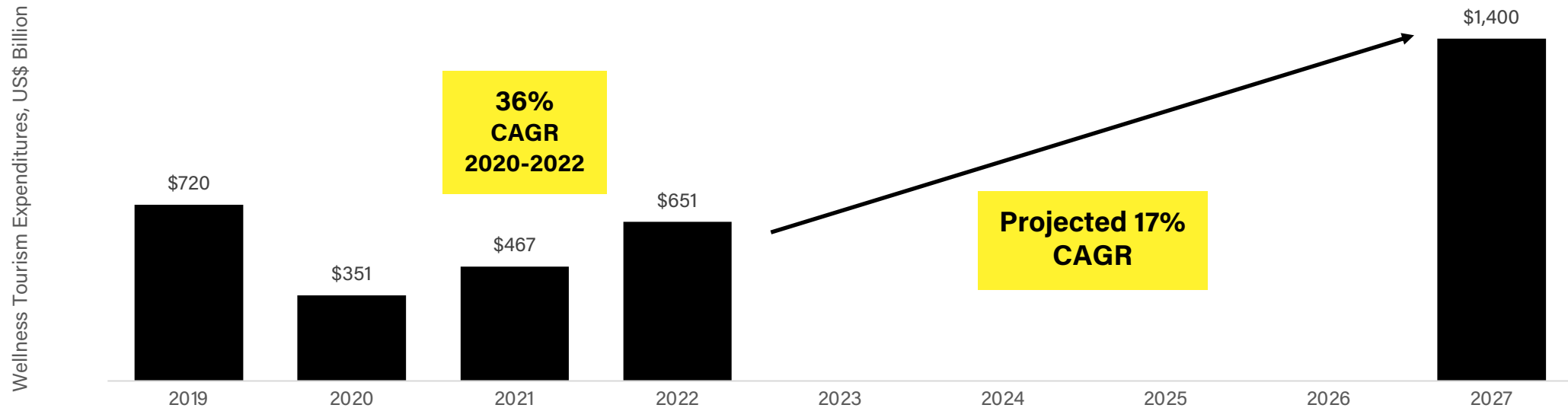
**WELLNESS TOURISM:
GROWTH, TRENDS,
AND SPENDING
INSIGHTS**

Wellness Tourism Poised for Remarkable Growth

Wellness tourism is expected to experience robust growth, with a CAGR of 36.2% from 2020 to 2022, reflecting a strong recovery post-pandemic. Projections indicate continued expansion with a CAGR of 16.6% from 2022 to 2027, reaching \$1,400, highlighting the sector's significant potential and resilience.

Wellness Tourism is Set to Quadruple by 2027

Wellness Tourism Growth Projections, 2019-2027

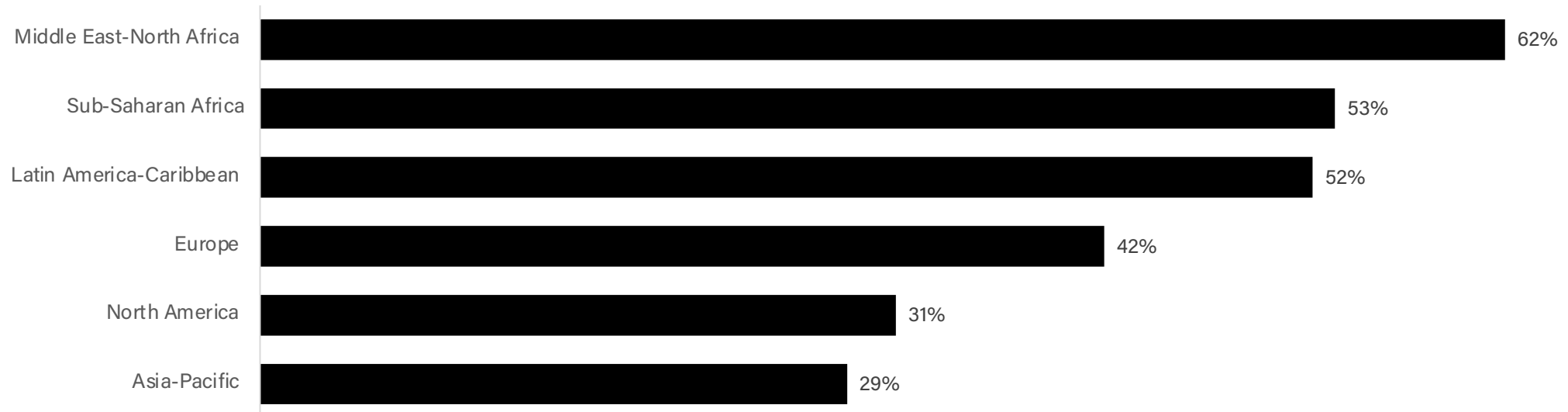


Africa and the Middle East at the Forefront of Wellness Tourism Growth

From 2020 to 2022, Sub-Saharan Africa and the Middle East-North Africa region saw the highest average annual growth rates in wellness tourism expenditures, with 53% and 62% respectively. This indicates that these regions are leading in the expansion of wellness tourism. Europe and Latin America-Caribbean also experienced notable increases at 42% and 52%.

Middle East and Africa Lead Growth Surge, 2020-2022

Regional Growth in Wellness Tourism Expenditures, 2020-2022

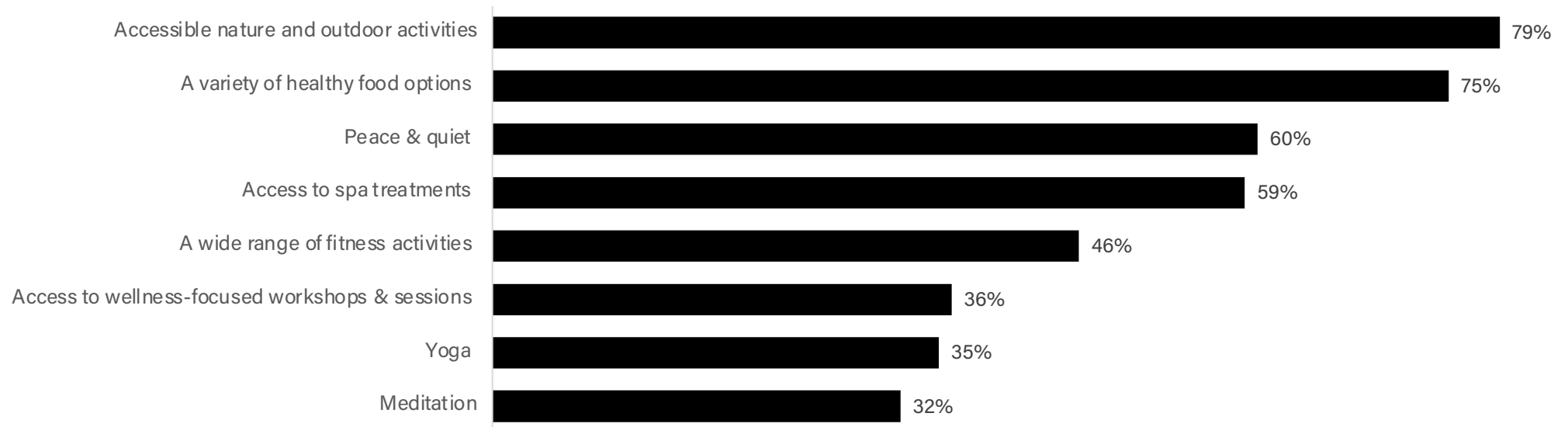


Green Gets the Gold: Nature Tops the List for Wellness Vacation Must-Haves

When planning a wellness vacation, 79% of people prioritize accessible nature and outdoor activities, while 75% value a variety of healthy food options. Other must-haves include peace and quiet at 60% and access to spa treatments at 59%.

Top Must-Haves for a Personal Wellness Vacation

Consumer Preferences for Wellness Vacation Essentials, Share of Respondents

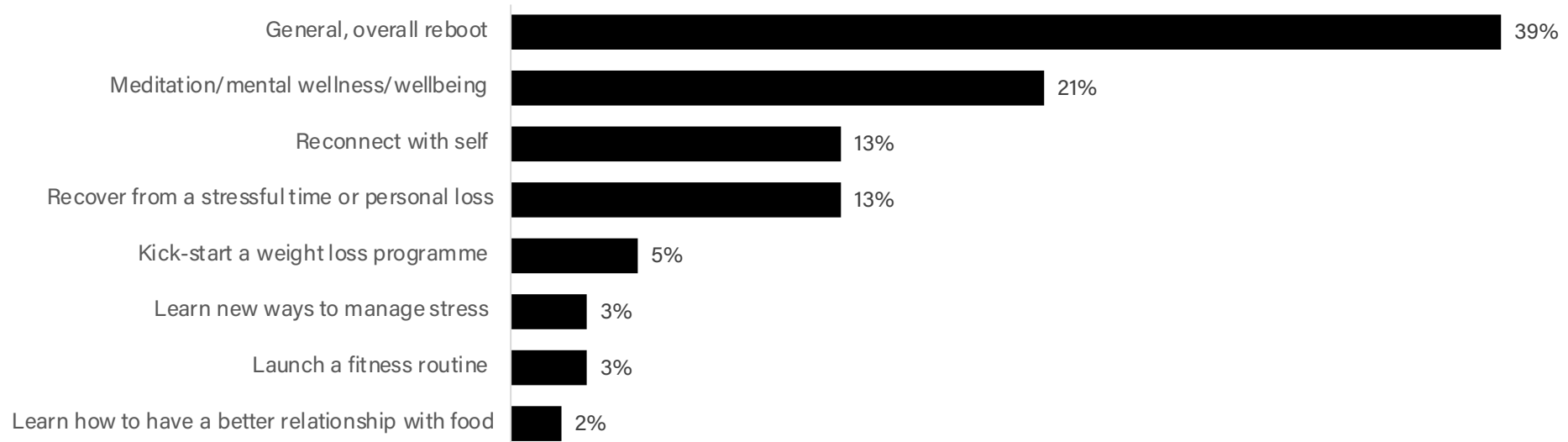


Rebooting Well-Being: Top Goal for Wellness Vacations

Most travelers (39%) aim for a general, overall reboot during their wellness vacation, emphasizing a holistic approach to rejuvenation, while meditation and mental wellness also play a significant role for 21% of respondents.

Overall Reboot is the Primary Goal of a Wellness Vacation

Primary Goals for Wellness Vacations, Share of Respondents

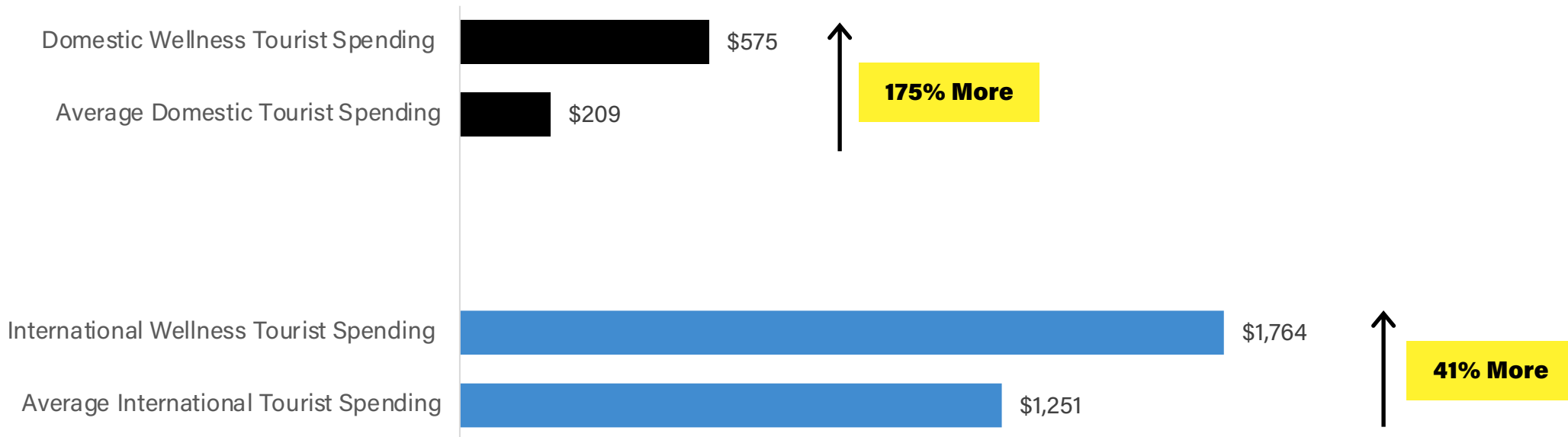


Wellness Tourists: Spending Big on Self-Care

Wellness tourists significantly outspend their non-wellness counterparts, with international wellness tourists spending 41% more and domestic wellness tourists spending 175% more, reflecting a strong investment in health and well-being during travel.

Wellness Tourists: Spending 41% More Internationally, 175% More Domestically

Wellness Tourism Spending vs Average Tourism Spending per Trip, 2022

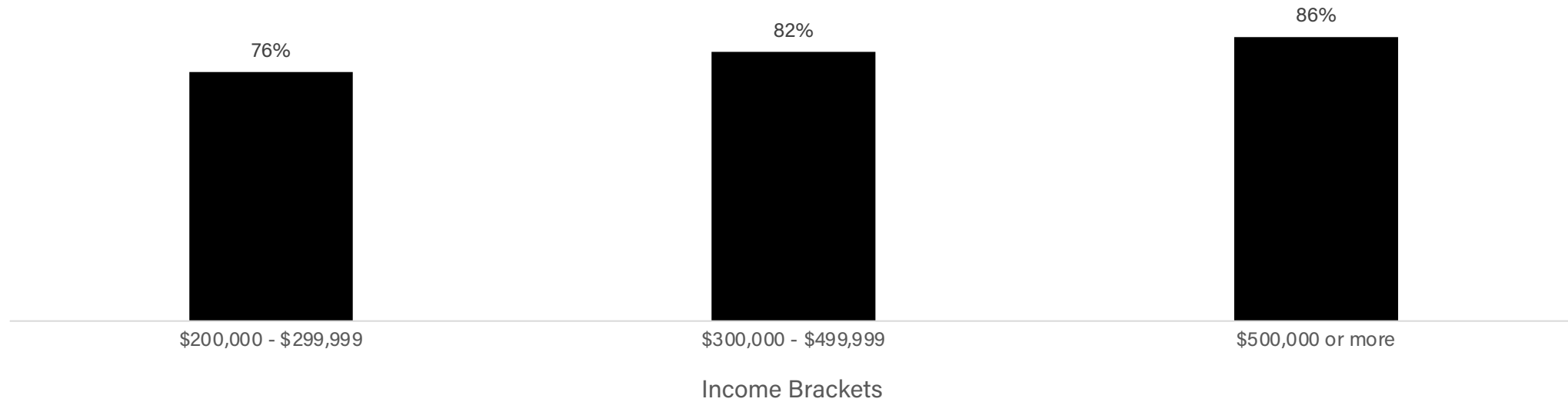


Income Drives Focus on Well-Being in Travel Choices

Higher income earners are increasingly likely to prioritize their physical and mental well-being when making travel decisions, with agreement rising from 76% among those earning \$200,000-\$299,999 to 86% among those earning \$500,000 or more.

Well-Being Becomes a Higher Priority As Incomes Rise

Percentage of Respondents who 'Agree' to the Statement "Enhancing my physical and/or mental well-being significantly influences my travel decisions.", by Income





5

**EXPERIENCES:
TRANSFORMING
TRAVEL AND
CONSUMER SPENDING**

Experiences: The Next \$100 Billion Idea

Experiences are set to become an integral part of the travel industry, reshaping how travelers engage with destinations. As the focus shifts from traditional sightseeing to immersive and personalized activities, the demand for unique and memorable experiences will drive significant growth and innovation in the sector.



"Can I give you an analogy? Do you remember the term 'chatbot'? How it was like a phrase and just everything was gonna be a chatbot?

And then it like never happened for six, five years. Never heard about chatbots. And then last November ChatGPT came out - that is a chatbot. And now, everybody knows this stuff. You're not calling it a chatbot - you're calling it AI. But it's a chatbot.

And so, I feel like experiences is a little bit like that. It is going to have this Cambrian explosion within travel. But we're in the chatbot phase, not the chatGPT phase of experiences.

I think there's a \$100 billion company that can be launched just doing experiences."

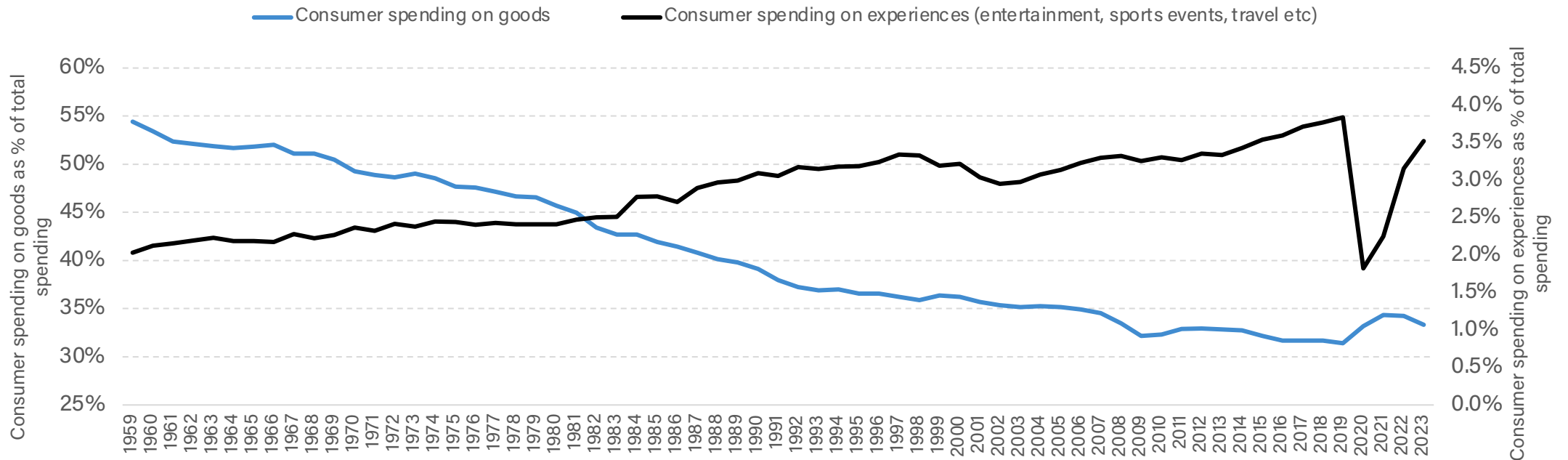
BRIAN CHESKY

CEO, Airbnb

Consumer Investment in Experiences Has Increased Over Time

Seeking unique travel experiences will continue to be a strong trend in the growing global tourism market in 2024. As travelers prioritize memorable experiences, the industry must adapt to meet this evolving demand.

U.S. Consumer Spending on 'Experiences' vs 'Things'

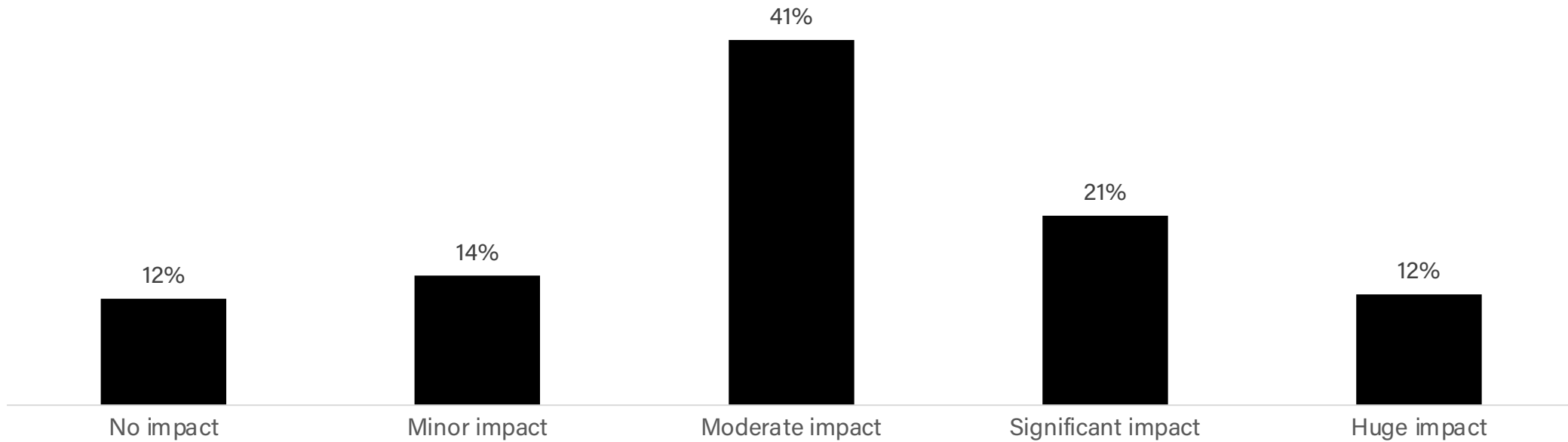


Experiences Matter: The Heartbeat of Modern Travel

As per a Skift Research survey, majority of travelers (74%) report that experiences have a moderate to huge impact on shaping their trips, highlighting the growing importance of meaningful and immersive activities in travel planning.

Experiences Play a Crucial Role in Travel

Impact of Experiential Travel on Trip Satisfaction, Share of Travelers

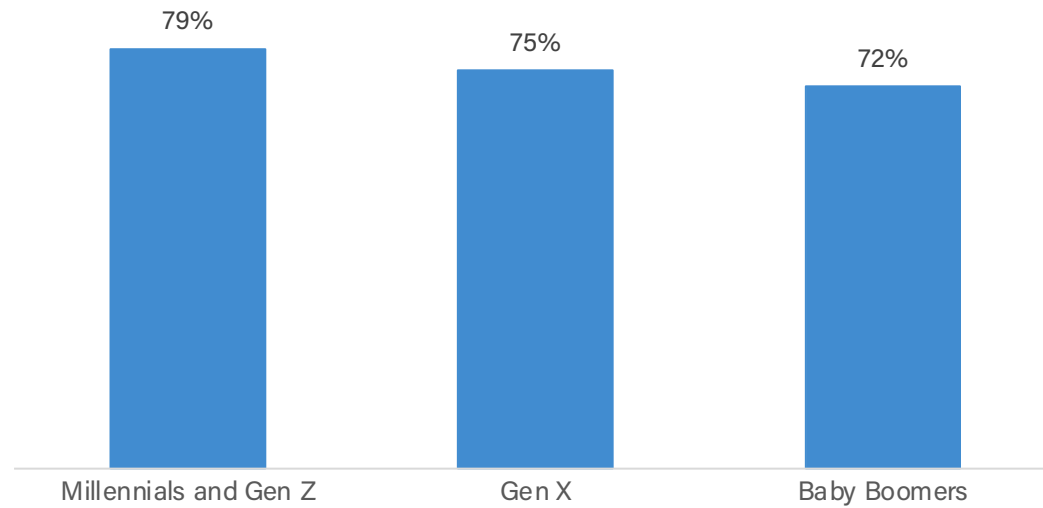


Younger Generations Prioritize Experiential Travel Over Daily Luxuries, Despite High Cost

Younger generations, particularly Millennials and Gen Z, are leading the trend in prioritizing meaningful travel experiences, even at the expense of daily conveniences. This underscores the growing value placed on experiential travel across all age groups.

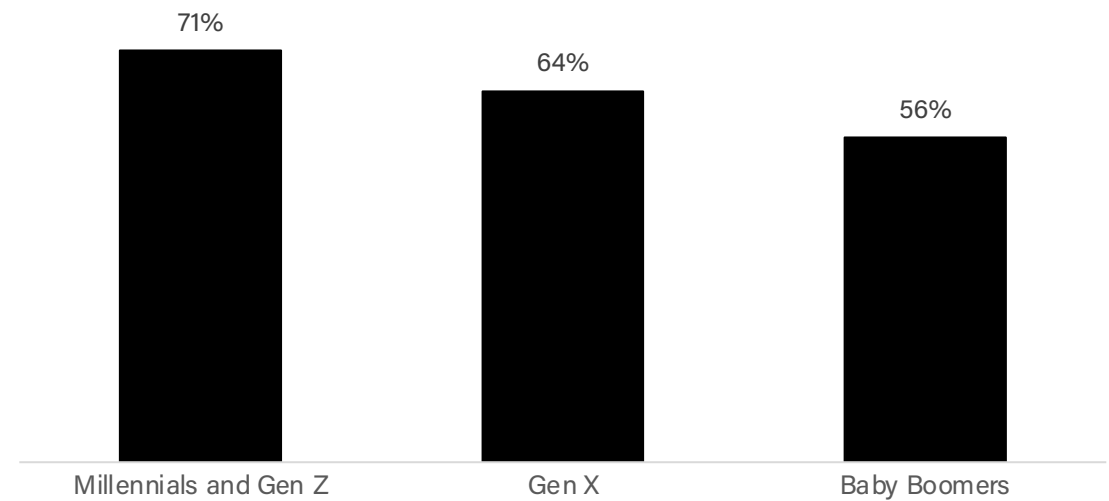
Younger Travelers Prioritize Memorable Experiences Over Daily Expenses, Even at a Higher Cost

Percentage Of Travelers Who Prioritize The Quality Of Their Travel Experience Over The Cost



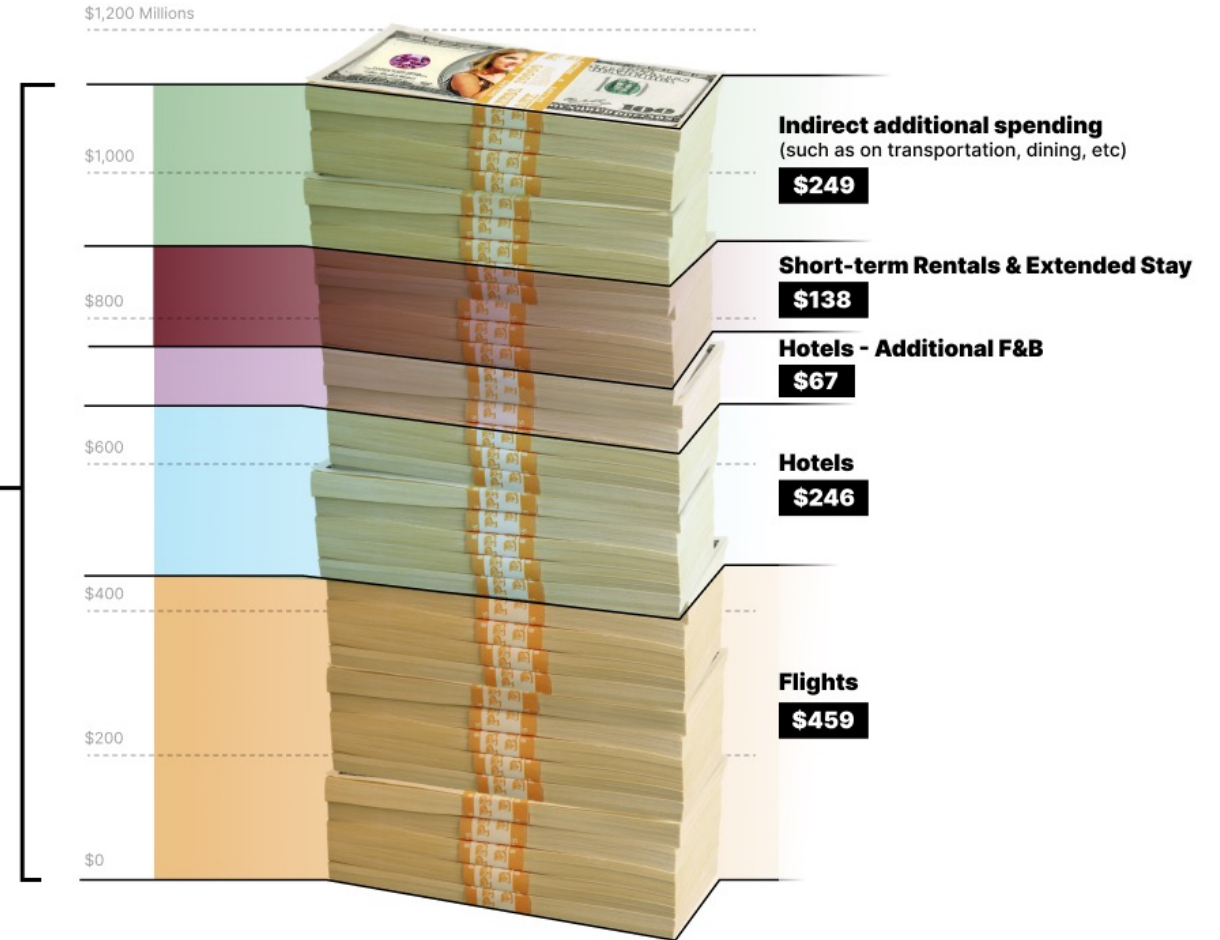
Younger Travelers Are More Willing to Sacrifice Daily Luxuries to Fund Their Travel Experiences

Percentage of Travelers Who Are Willing to Give Up Daily Expenses, Like Coffee and Food Delivery, to Save Money for Travel



Paradigm Shift in Consumer Spending

Taylor Swift's Eras Tour exemplifies a significant shift in consumer spending towards experiential investments, with each concert contributing millions to local economies and prompting substantial travel expenditures. This trend underscores a growing preference for meaningful experiences over mere consumption, shaping both consumer happiness and global economic trajectories.



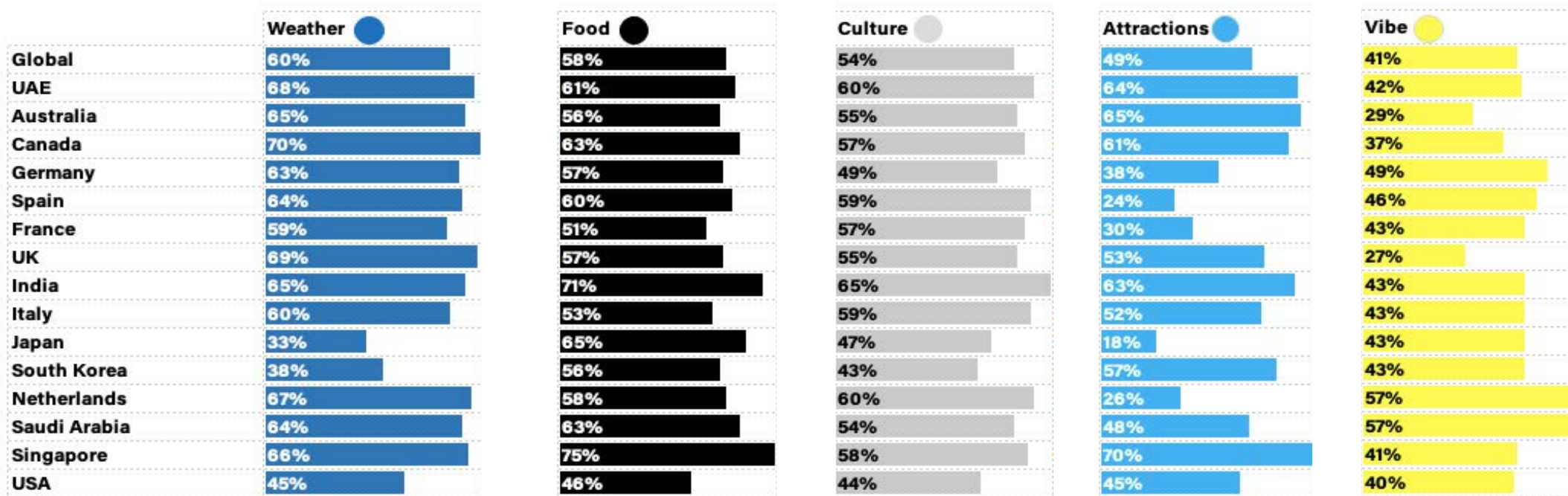
Taylor swift's impact on U.S. Travel Industry in 2023 →

We No Longer Live in a 'One Size Fits All' World

Travelers prioritize different factors when choosing vacation destinations. For instance, Indian travelers prioritize food, while Canadians and Australians place high importance on weather and attractions.

Preferences for Vacation Destinations Vary by Country, With Weather, Food, and Culture Being the Top Factors Globally

























Share Of Travelers Who Consider Various Factors Important When Picking A Vacation Destination, Segmented By Country



The Billion-Dollar Experiential Travel Boom

Travel experiences are a booming market, projected to exceed \$3.1 trillion by 2025. Paid and structured experiences alone will contribute over a quarter of this, highlighting significant opportunities for growth and investment.

Travel Experiences Account for More Than 1 Trillion in Addressable Market, and Paid and Structured Make Up ¼ of That

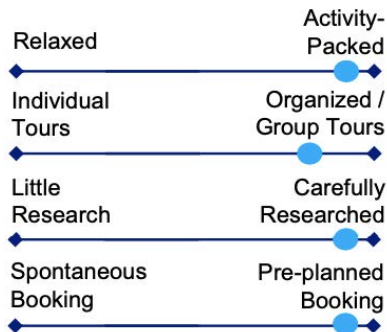
		Level 1: Total market size by experience type, 2025E, \$US	Level 2: Share of Tourist Spend, \$USB	Level 3: Paid & structured, \$USB	Paid & structured as % of tourist spend, \$USB
A	Live Events and Cultural Engagement	 ~1.1-1.3T	 ~430-530B	 ~80-100B	 ~20
B	Nature, Adventure, and Active Travel	 ~1.0-1.3T	 ~250-410B	 ~25-30B	 ~10
C	Gambling, Gaming, and Theme Parks	 ~390-530B	 ~80-120B	 ~40-60B	 ~50
D	Health and Wellness (Spas)	 ~150-250B	 ~40-60B	 ~40-60B	 ~100
E	Iconic Sites and Museums	 ~250-300B	 ~160-200B	 ~50-70B	 ~35
=	Total spend	 ~3.1-3.7T	 ~1.1-1.3T	 ~250-310B	 ~25

Tailoring Experiential Travel: Unveiling the Five Key Traveler Archetypes

Travel consumers are diverse, each with unique needs and preferences. McKinsey with the help of a Skift Research survey identified five key traveler segments based on their travel behaviors and values.

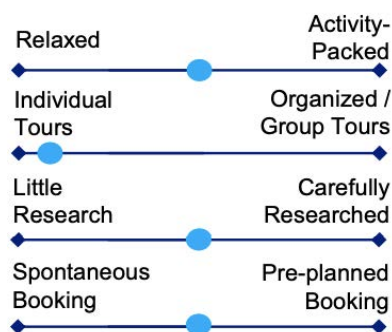
Social Adventurers (25%)

Love **activity-packed** trips and meticulously research ahead. Prefer organized, prebooked tours inspired by **social media** and are willing to pay for high-quality guided experiences.



Independent Explorers (24%)

Enjoy moderately active trips and **self-organize** their experiences. Prefer individual tours, use local agents, and **seek well-reviewed** activities inspired by search engines and review sites.



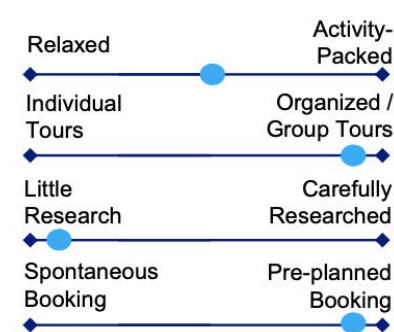
Relaxed Researchers (22%)

Favor **relaxed trips** with few activities. Prefer self-organized, **spontaneous experiences after careful pre-trip research**, mainly inspired by travel shows. Opt for free over paid activities.



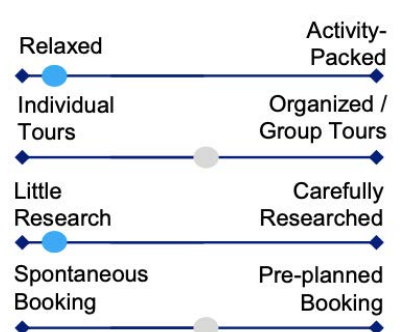
Guided Tourists (10%)

Prefer **moderately active** trips with **organized group tours**. **Minimal pre-trip research** but like pre-booked activities, using international agents and opting for paid tours.



Relaxation seekers (19%)

Prefer **relaxed trips** with minimal activities. **Do not research or pay for tours**, focusing solely on relaxation.



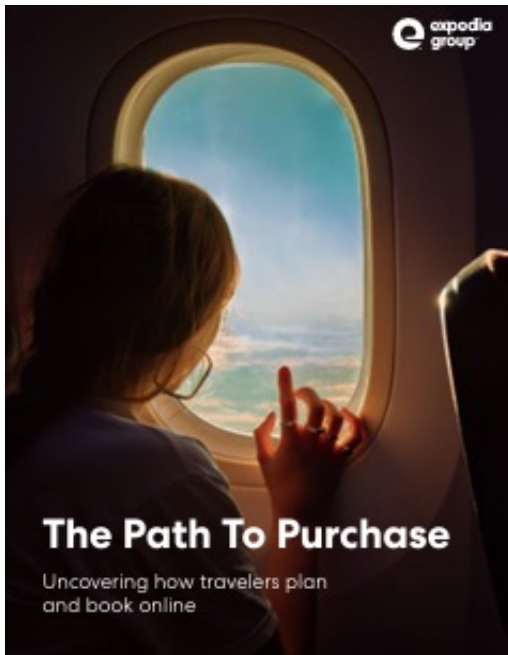


6

**DIGITAL DOMINANCE
IN TRAVEL: SOCIAL
MEDIA FOCUS**

Capturing Online Travel Content Consumption: A Prime Opportunity

Travelers' engagement with travel content peaks at 25 page views on the day of booking, providing a prime opportunity for targeted marketing. They view an average of 141 pages over 45 days, with a significant increase in research activity as the booking date approaches.



On average across the seven countries, travelers view **141 pages** of travel content in the 45 days prior to booking a trip. When looking at the aggregate, in the early stages of planning, research is more spread out and inconsistent, with approximately **2.5 page views per day**. As travelers near their purchase date, page views increase slightly and then increase exponentially in the few days prior to a booking, ending with **25 page views** on the day of purchase.

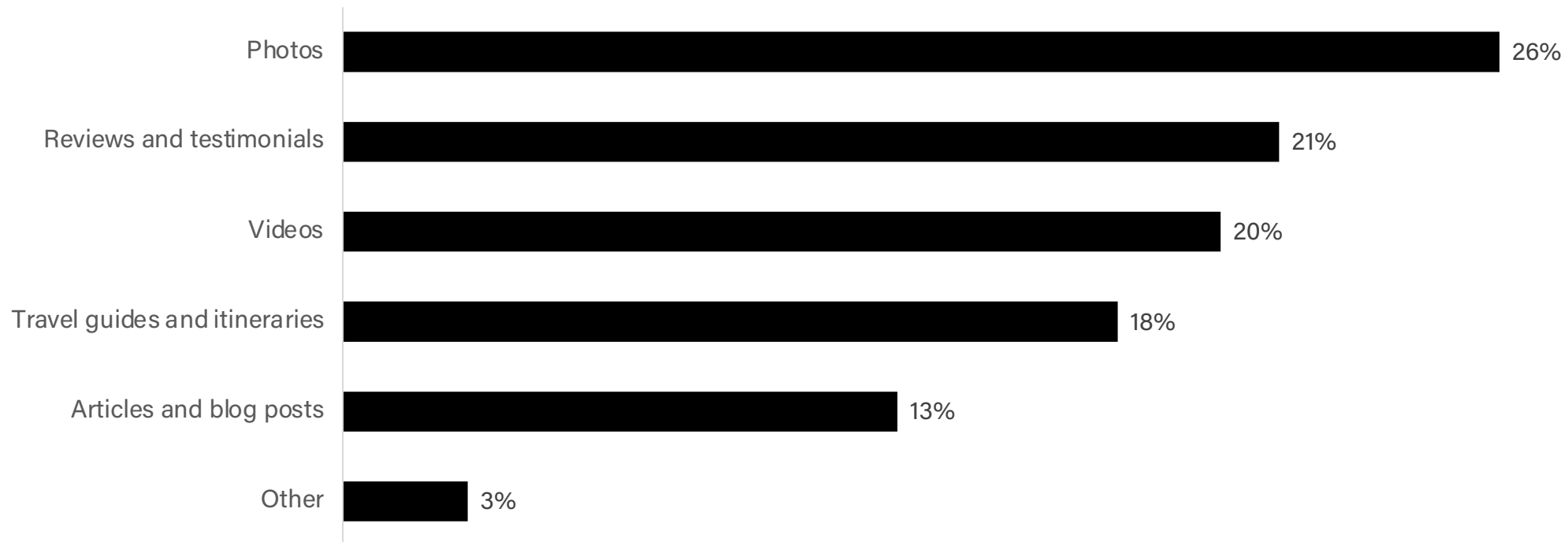
THE PATH TO PURCHASE
Expedia Group

Visual Content Drives Travel Inspiration

Visual content like photos (26%) and videos (20%) plays a crucial role in online travel content consumption, with reviews and testimonials (21%) also significantly influencing travel decisions.

Visual Content Plays a Crucial Role in Inspiring Travel Decisions

Content Inspiring Travel, Share of Travelers

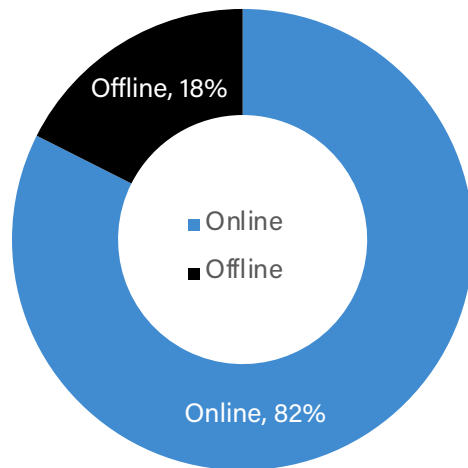


Digital Dominance in Trip Planning, Social Media Outshines

Based on Skift Research's survey data, online sources dominate trip planning (82%), with social media channels (32%) and official platforms (20%) playing significant roles in influencing travel decisions.

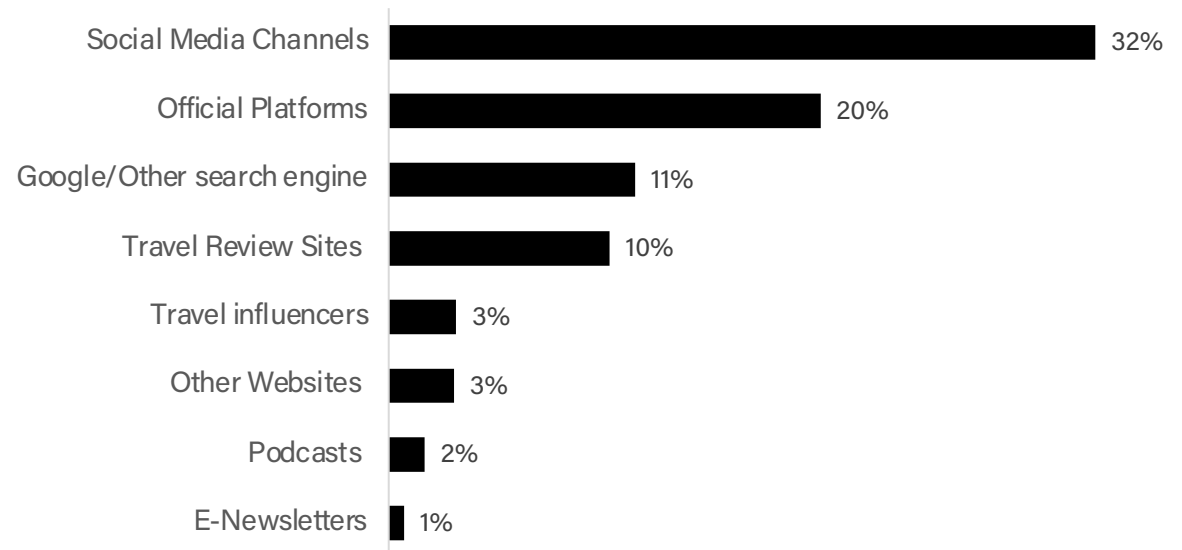
Online Sources Are Overwhelmingly Preferred for Trip Planning

Planning Sources Used by Travelers, Share of Travelers



Social Media Channels Are the Top Source for Trip Planning

Preferred Online Sources for Trip Planning, Share of Travelers

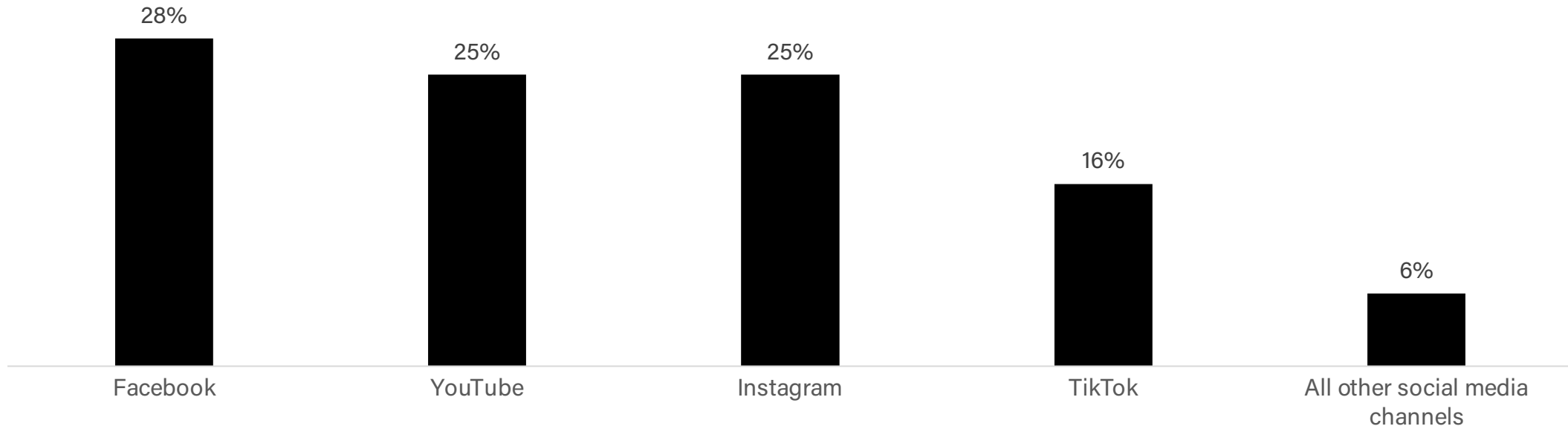


Facebook Dominates Trip Planning on Social Media

Facebook (28%), YouTube (25%), and Instagram (25%) leading as primary social media platforms for trip planning. TikTok (16%) and other social media channels (6%) also contribute, reflecting diverse digital influences in travel decision-making.

Facebook is the Most Used Social Media Channel for Trip Planning

Social Media Channels Used for Trip Planning, Share of Travelers

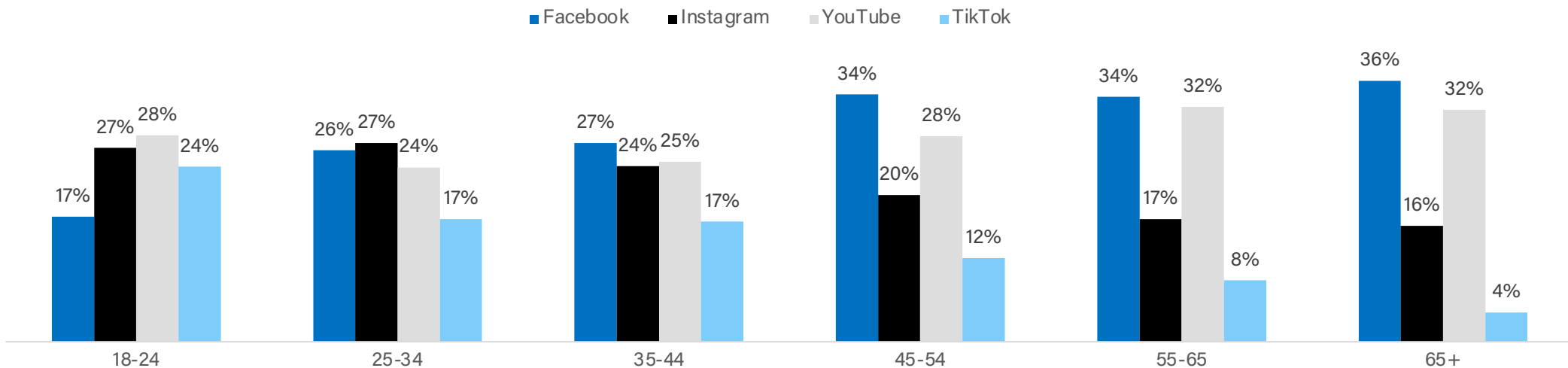


Facebook Leads Trip Planning; Youth Favor Instagram, YouTube, and TikTok

Social media usage for trip planning varies by age, with older demographics showing lower engagement. The 25-34 age group stands out as heavy users, especially on platforms like Instagram and TikTok, underscoring generational differences in digital behavior and the importance of multi-platform strategies for travel marketers.

Facebook Leads in Trip Planning Across All Ages, With Instagram, YouTube, and TikTok Favored by Younger Travelers.

Social Media Channels Used for Trip Planning, Share of Travelers, by Age

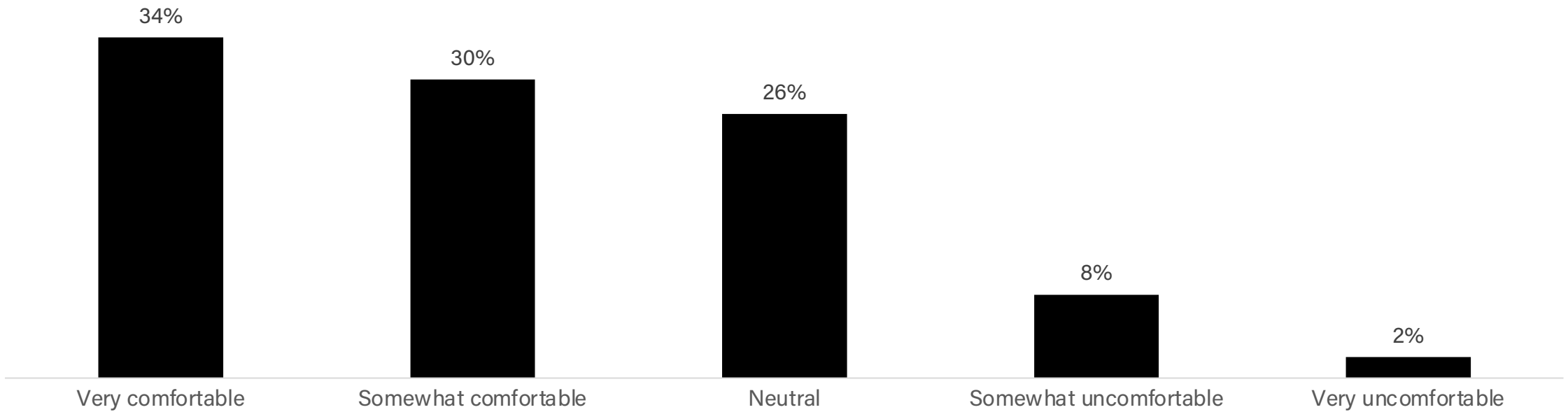


Social Media's Role Expands Beyond Inspiration to Direct Booking in Travel

The comfort levels reported in booking directly through social media platforms reflect a growing trend towards convenience and trust in digital travel solutions, underscoring the pivotal role of integrated platforms in shaping modern travel behavior.

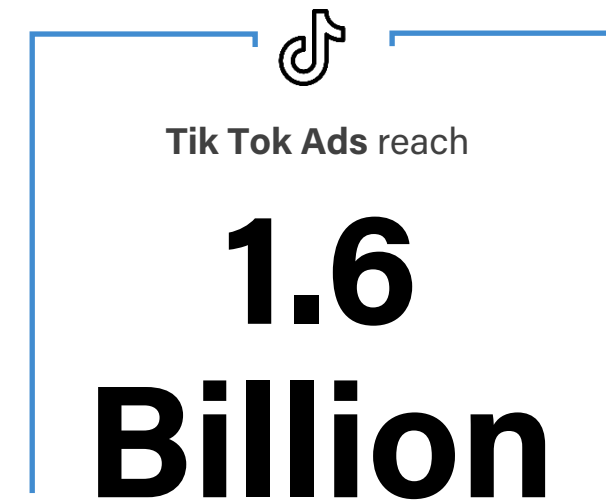
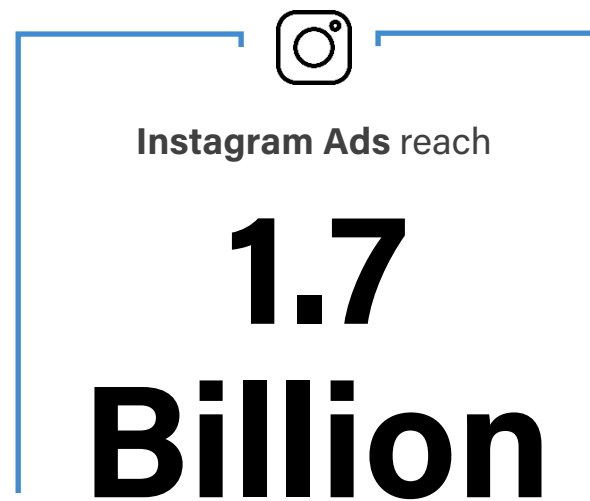
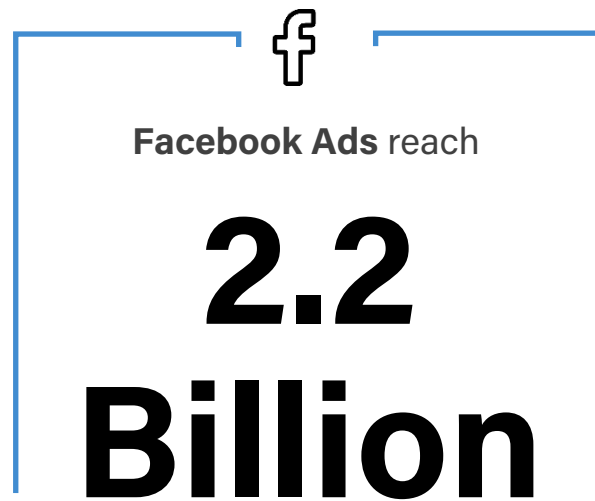
Over Half of Travelers Are Comfortable With Booking Travel Directly Through Social Media Platforms

Comfort Level with Booking Travel via Social Media Platforms, Share of Travelers



Social Media Platforms' Targeted Ads Reach Billions

Social media platforms like Instagram have transformed trip planning by integrating booking features and targeted advertising, reaching billions of active users monthly.

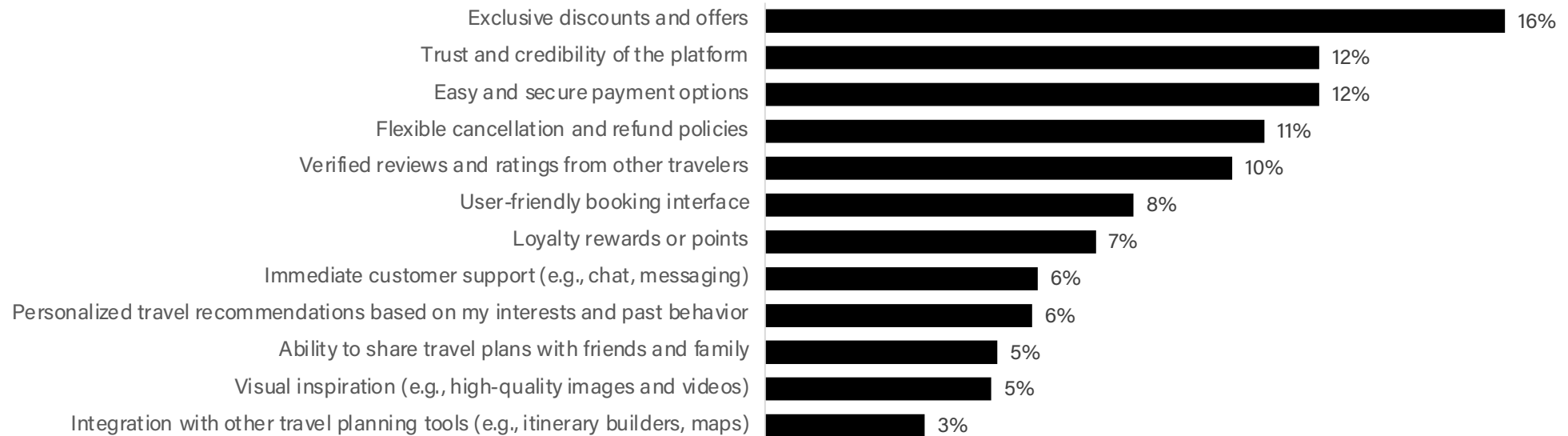


The Crucial Trio: Convenience, Trust, and Value in Travel Booking via Social Media

Skift Research survey data shows that factors encouraging travelers to book via social media include exclusive discounts, platform trust, user-friendly interfaces, personalized recommendations, and flexible cancellation policies, highlighting convenience, trust, and value in digital travel.

Exclusive Discounts, Platform Trust, and User-Friendly Features Drive Social Media Travel Bookings

Key Factors Encouraging Travel Bookings via Social Media Platforms, Share of Travelers





BUSINESS TRENDS



1

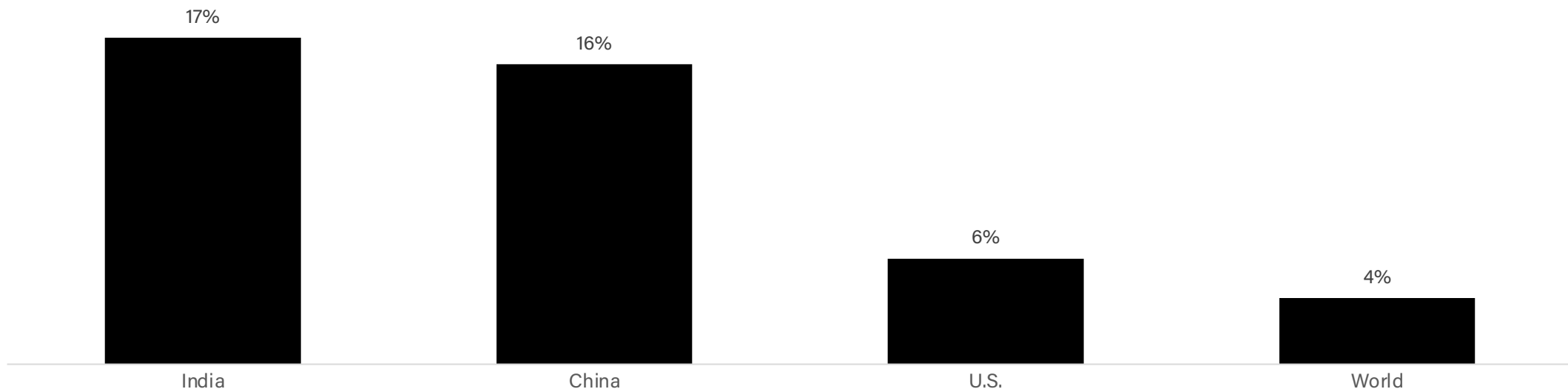
**EMERGING
OUTBOUND
TRAVEL TRENDS:
FOCUS ON INDIA
AND CHINA**

India and China Booming as Fastest-Growing Outbound Travel Destination

India and China are leading the surge in outbound travel spending, with India achieving an impressive 17% Compound Annual Growth Rate (CAGR) and China 16% from 2008 to 2019. This rapid growth has surpassed the U.S., underscoring their significant potential and emerging dominance in the global travel market.

India and China: The Fastest-Growing Outbound Travel Markets

Outbound Tourism Spend CAGR - Local Currency, 2008-2019

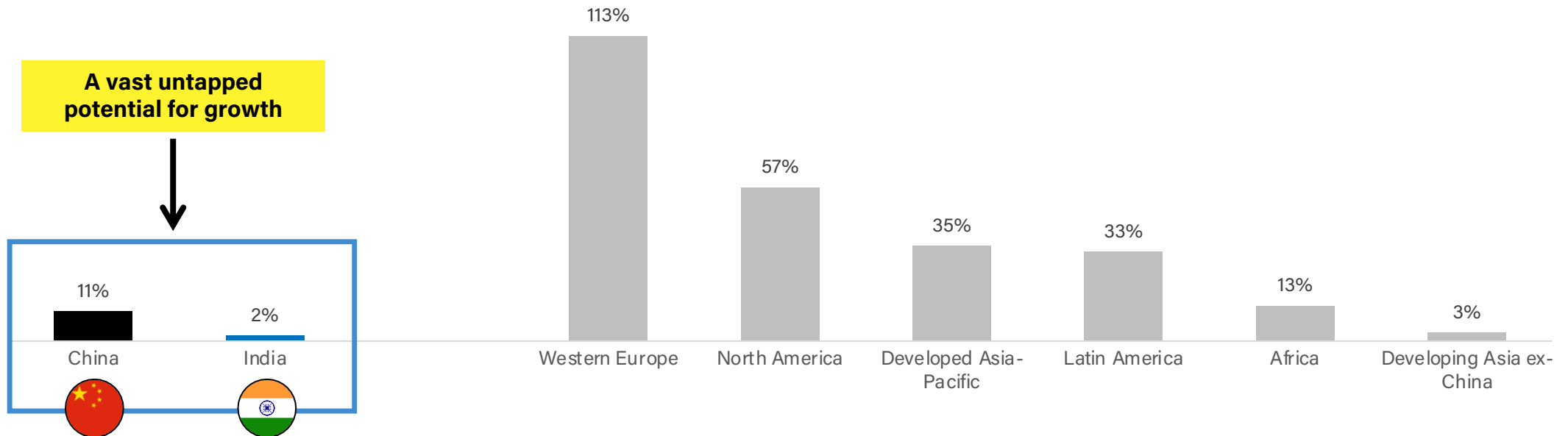


Unleashing India and China's Outbound Travel Potential: A Huge Opportunity

Outbound trips per capita are 2% for India and 11% for China, indicating substantial room for growth. In contrast, Western Europe and North America have much higher percentages, underscoring the potential for India to accelerate its outbound travel sector and capitalize on its demographic strengths.

India and China Have Substantial Growth Potential in Outbound Travel

Outbound Trips Per Population, 2019

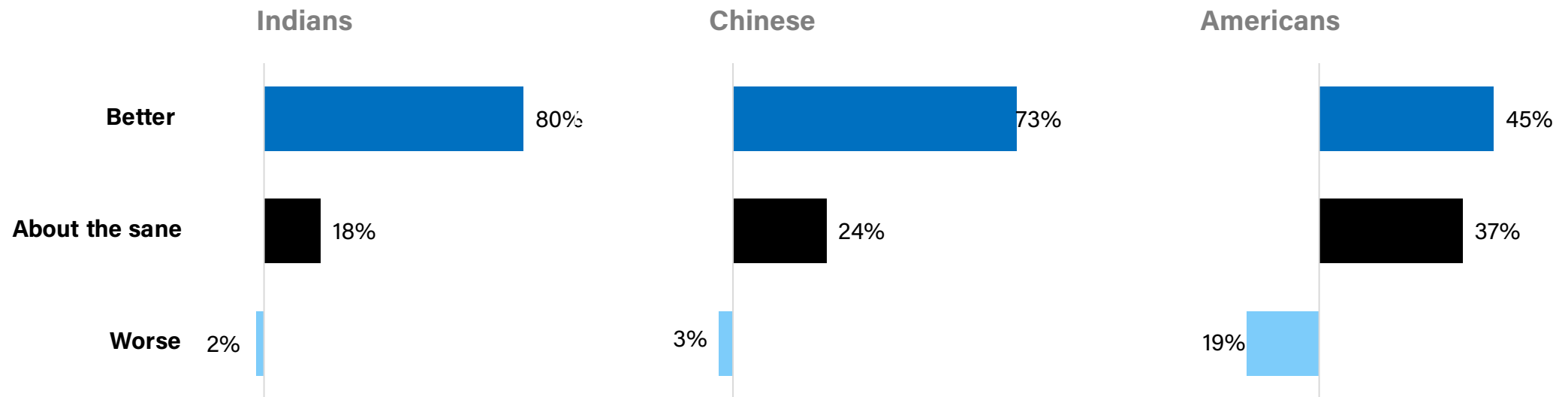


East Poised to Lead: Optimistic Financial Outlook Fuels Travel Surge

Survey data shows over 70% of Chinese and Indian respondents anticipate financial improvement in the next 12 months, compared to just 45% of Americans. This East-West optimism gap suggests a potential surge in travel demand from China and India, positioning the East to dominate future travel trends.

China and India's High Financial Optimism Suggests a Potential Surge in Travel Demand

View on personal financial status in the next 12 months, Share of Travelers



Maximizing Opportunities With Indian Travelers: How Stakeholders Can Adapt

Indian travelers prefer convenient, fully organized packages and family-friendly options. Suppliers and Destination Management Organizations can leverage this by offering bundled services, optimizing OTA presence, using strategic discounts, and providing user-friendly, contactless payment options to meet these preferences and enhance engagement.



HIGHLIGHT COMPREHENSIVE PACKAGES

45% of Indian travelers prefer fully organized packaged tours.



OPTIMIZE DESTINATION PRESENCE ON OTAs

24% of Indian travelers use OTAs for trip planning and 47% use it to make bookings.



WATCH OUT FOR EARLY BOOKINGS AND OFFER BUNDLED SERVICES

Indian travelers typically book international trips over 30 days in advance and domestic trips 8 to 30 days ahead, favoring bundled flight, hotel, and rental car bookings.



FAMILY-FRIENDLY EXPERIENCES

81% of Indian travelers prefer family trips.



DISCOUNTING STRATEGY

88% of Indian travelers are influenced by discounts when booking trips.



EASY BOOKING AND PAYMENT

Contactless payment methods are popular among Indian travelers.



EFFORTLESS EXPLORATION

Convenience is the most crucial factor for trip planning Indian travelers.



SPORTS PACKAGES

Over 90% of interested Indian respondents acknowledge increased travel costs during sports events but remain enthusiastic about attending.

Maximizing Opportunities With Chinese Travelers: How Stakeholders Can Adapt

Chinese travelers prioritize cultural experiences, safety, and convenience, using OTAs and social media for planning. Stakeholders should offer discounts, bundled services, and partner with retail outlets to attract these high-spending shoppers.



CREATE LOCAL EXPERIENCES

23% of Chinese travelers prioritize cultural exploration, including local cuisine and arts, when selecting dream destinations. Additionally, 28% want to experience local life and try local food during their visits.



OPTIMIZE DESTINATION PRESENCE ON OTAs & SOCIAL MEDIA

Use OTAs and Social Media OTAs and social media are the top sources used by Chinese to plan a trip with around 25% respondents using each of these two sources.



OFFER BUNDLED SERVICES

59% of Chinese travelers prefer booking flight tickets bundled with hotel and/or rental car while 55% of them prefer booking hotels bundled with flight and/or rental car.



COMMUNICATE

18% of Chinese travelers said that they don't want to travel abroad due to health concerns while 26% of them said that they are concerned about safety in destinations and are worried about hostility towards Chinese in destinations.



DISCOUNTING STRATEGY

72% of Chinese travelers booked/plan to book a trip in the next 12 months because travel companies were offering deeper discounts.



RETAIL TIE UPS

Partnering with retail outlets can strategically attract Chinese travelers, who prioritize shopping during trips. Survey data shows that shopping is the top travel spend category for Chinese travelers.



VISITOR INFORMATION & CUSTOMER SUPPORT

78% of Chinese travelers will be travelling to new destinations in the next 12 months.



WATCH OUT FOR EARLY BOOKINGS

Most Chinese travelers book their international trips 30 days in advance while they book their domestic trips 8 to 30 days in advance.

Same Same, But Different: Contrasting Indian and Chinese Travelers



GREATER TRAVEL ENTHUSIASM

While 56% Chinese plan to travel to their dream destination in the next 12 months, 83% Indians plan to travel to their dream destination in the same time period.



PREFERENCE FOR PACKAGED TOURS

While the majority of Chinese travelers prefer to plan their own itinerary, book each product individually and travel independently, most Indian travelers prefer comprehensive packaged tours.



VARIATION IN INTERNATIONAL AND DOMESTIC TRIP ACCOMMODATION CHOICES

While majority Indians prefer 5-star hotel accommodations for their international trips and 3-star hotels for their domestic trips, majority Chinese prefer 5-star accommodations irrespective of their travel destination.



THIRD-PARTY BOOKINGS ON PAR WITH DIRECT BOOKINGS

Unlike the Chinese, who prefer to book their flight and hotels using online third-party platforms, Indians use third-party and direct platforms equally to make their travel bookings.



CONVENIENCE IS PARAMOUNT

While Chinese travelers prioritize destination attractions such as natural beauty, Indians place the utmost importance on convenient accessibility and overall convenience as the decisive factors in choosing their travel destinations.



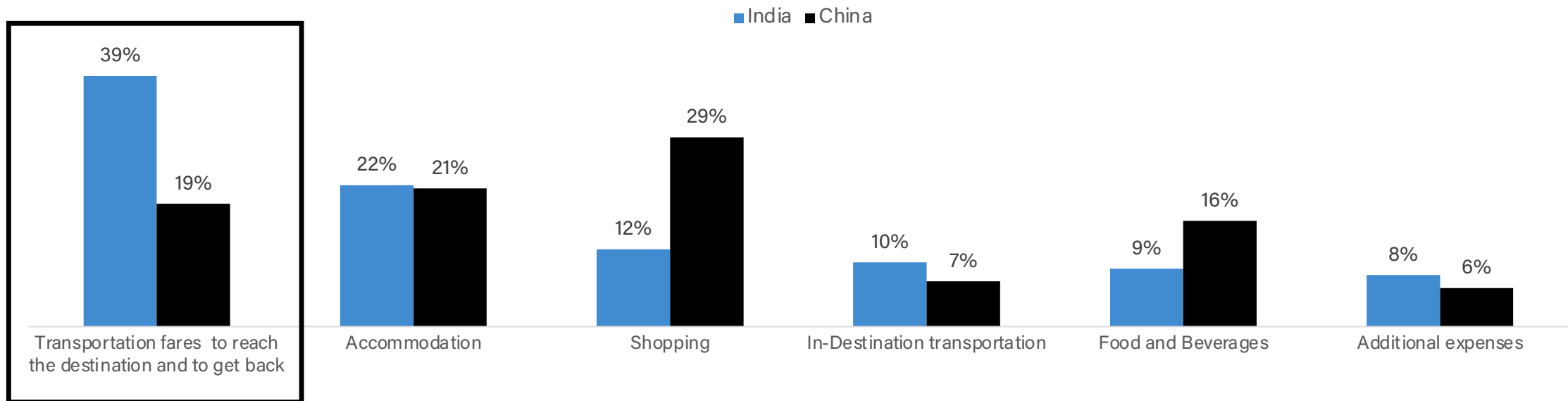
TRAVEL BUDGET ALLOCATION DIFFERS

Chinese travelers allocate around one-third of their total travel budget for shopping, whereas Indians primarily allocate the largest portion on transportation fares. This pattern could potentially suggest that Indians might face limited flight and transport choices, resulting in a relatively constrained travel budget available for in-destination expenditures.

Infrastructure Challenges: Addressing High Travel Costs for Indian Travelers

Indian travelers are expected to spend twice as much as their Chinese counterparts on transportation to and from destinations for international trips booked or planned in the next 12 months. This highlights the need for expanded international seat capacity and improved travel infrastructure, urging stakeholders to address this pain point.

India Lags China in Travel Cost Efficiency, Needing Better Infrastructure
Travel Spend by Category for International Trips Booked/Planned, Share of Travelers



An abstract business-themed graphic in shades of gray. On the left, a briefcase sits on a bar chart with an upward-pointing arrow. The background features various geometric shapes, including circles, gears, and lines, suggesting a complex business environment. The overall style is clean and modern.

2

**REVIVING
BUSINESS TRAVEL:
DYNAMICS,
CHALLENGES, AND
ADAPTATIONS**

2024 Outlook: Rising Costs, Sustainability, and the Evolving Business Travel

“Rising costs and pricing pressures will continue to be a significant factor in business travel as we head into 2024, with pricing fluctuations across industry verticals, business sectors and global regions. While business travel spend continues to rebound and grow globally to an estimated \$1.5 trillion by the end of 2024, there will be a delicate balancing act between demand, cost management, the distinct needs of the business traveler, and environmental, social, and governance concerns. Notably, ESG will play a pivotal role, driving a greater shift towards purposeful travel to minimize carbon impact. Companies are expected to prioritize sustainable travel programs, incorporating initiatives like multimodal travel and Sustainable Aviation Fuel, and at the same time balance the priorities of the business traveler as new working patterns continue to evolve.”



CATHERINE LOGAN

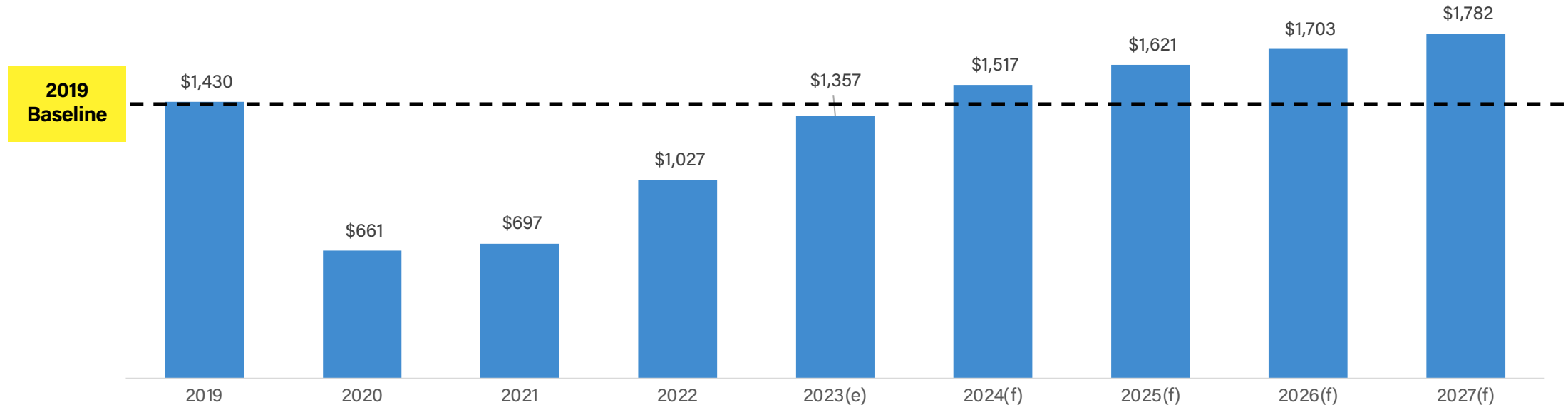
Regional Senior Vice President EMEA & APAC, GBTA

Global Business Travel Rebounds, Aims for Pre-Pandemic Levels by 2024

Global business travel spending surged 47% in 2022 to \$1.03 trillion, driven by pent-up demand and inflation. GBTA anticipates a recovery to pre-pandemic levels of \$1.4 trillion by 2024, with further growth to nearly \$1.8 trillion by 2027, two years ahead of previous forecasts due to improved economic conditions in 2022 and 2023.

Global Business Travel to Reach Pre-Pandemic Levels in 2024

Global Business Travel Spend (Billion US\$)



Business Travel Rebounds Even as Companies Cut Costs

As travel expenses rise, companies are making significant adjustments, such as cutting back on non-essential travel, and encouraging online meetings. These measures reflect a shift towards more cost-conscious travel management, with an emphasis on minimizing expenses while still meeting business needs.

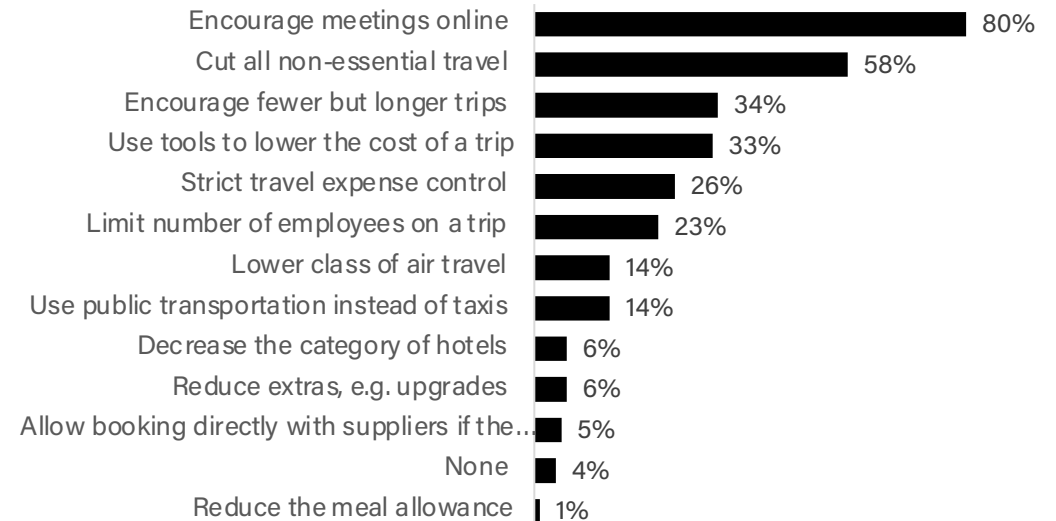


“Even just for the same amount of travel, the cost is going up so, companies potentially will trade down. You know, if they were staying at a four star to hit their travel budget, now, they maybe have to trade down to a three-star hit their budget.”

HENRY GILROY
Senior Vice President, Internova Travel Group

The Top Cost-Control Measures Include Cutting Non-essential Travel And Encouraging Online Meetings

Cost-Control Measures Implemented by Travel Buyers to Reduce Travel Budget

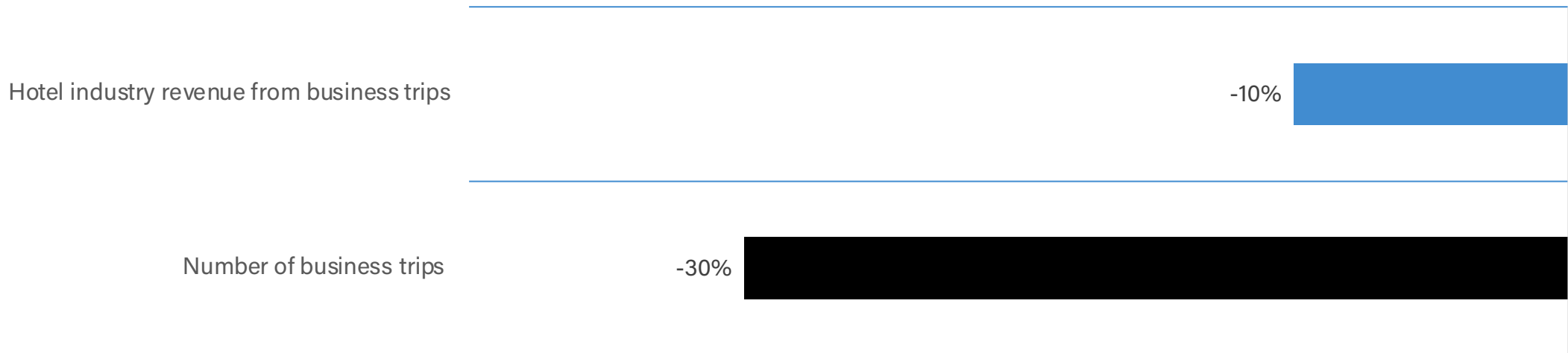


Fewer, Longer Business Trips Drive Revenue Amid Cost Control Focus

The hotel industry is adjusting post-pandemic to fewer, yet longer business trips. Despite a 30% decrease in trips, revenues have only fallen by 10%, driven by extended stays. Emphasizing cost control, businesses prioritize efficiency, anticipating a return to pre-pandemic spending levels before room nights recover, reflecting renewed confidence in business travel's future growth beyond 2024.

A New Dynamic: Fewer, Longer Trips To Maintain Budgets

Number of Business Trips and Hotel Industry Revenue from Business Trips, 2023 vs. 2019



Sustainability Driving Business Travel Changes

Sustainability concerns are prompting companies to reduce the number of business trips, but they are willing to invest more in eco-friendly options. In a recent Skift Research survey, 64% of respondents expect employers to reduce travel for sustainability, even if it means paying extra for greener alternatives.

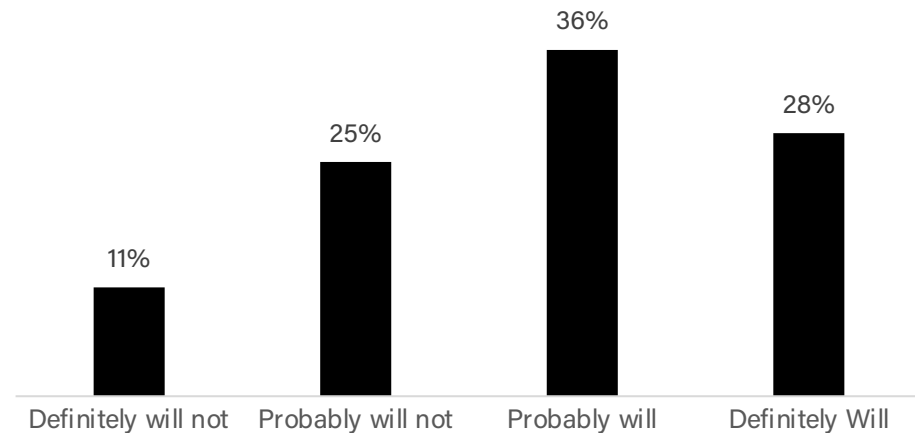
“You’re going to see a lot of the U.S. turning, ‘I actually care about how much emissions my corporate travelers are using’ rather than it being around and saying a ‘nice to know’. If you have to pay for it, people are going to care about it. I think **we’re finally going to see emissions not just being spoken about, but being acted on, and that’s super important.”**



JEREMY BOWEN
CEO, Cirium

Sustainability Concerns Are Leading Companies to Invest More in Eco-Friendly Options

Employee Expectations for Employer Implementation of Sustainability Measures in Business Travel, Share of Employees

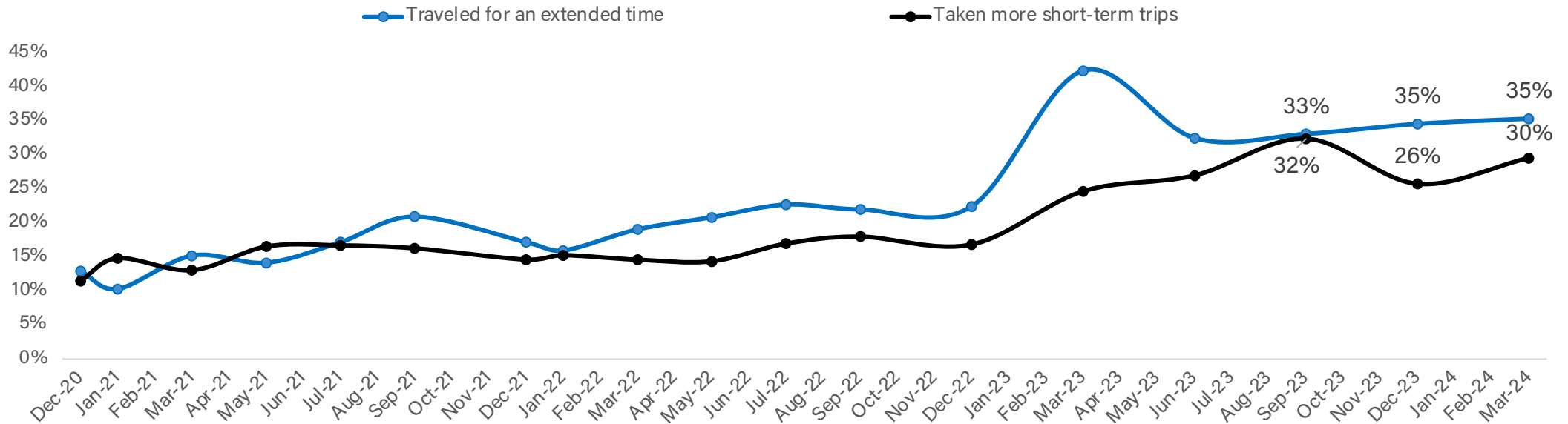


Remote Work Spurs New Travel Dynamics

Remote work has significantly influenced travel patterns, allowing employees to travel more frequently for leisure. As of March 2024, 65% of respondents have taken extended trips or more short-term trips due to their remote work status. This evolving trend highlights how flexible work arrangements are driving increased travel activity.

Remote Work Is Boosting Leisure Travel

Impact of Remote Work on Travel Plans, Dec 2020 – Mar 2024, Share of Travelers





3

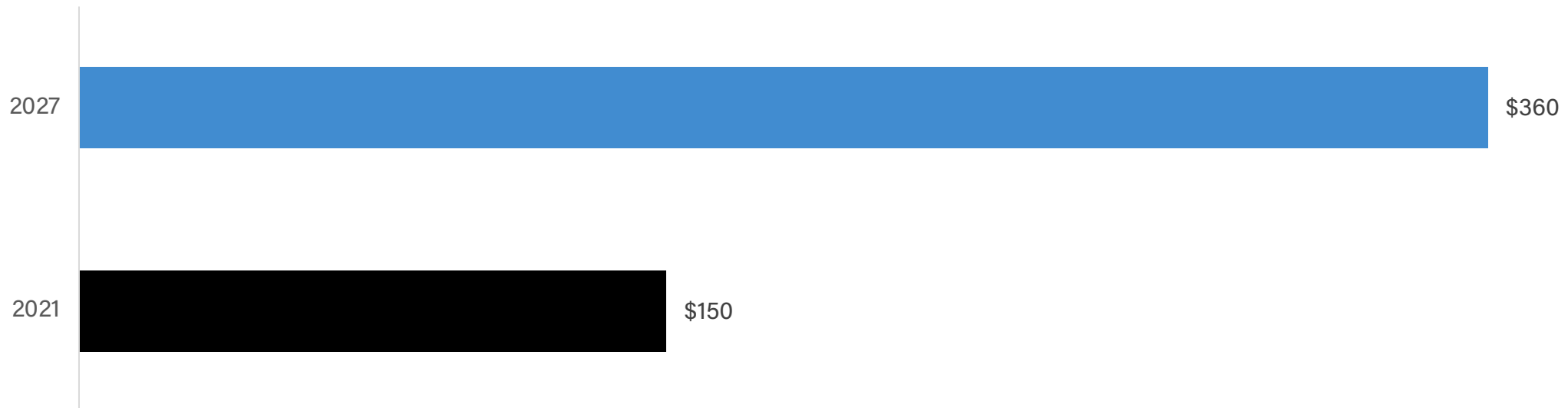
**BLENDED
TRAVEL: HERE
TO STAY**

Blended Travel Spending Set to Double by 2027

Euromonitor projects a significant surge in global spending by travelers combining business with leisure, expecting it to grow from US\$150 billion in 2021 to approximately US\$360 billion by 2027. This forecast highlights a robust trend towards blending work and leisure activities in travel, reflecting evolving traveler preferences and behaviors.

Blended Travel Will Be a Key Opportunity, With Spending Hitting \$360 Billion by 2027

Global Spending by Travelers Combining Business with Leisure, in US\$ Billion

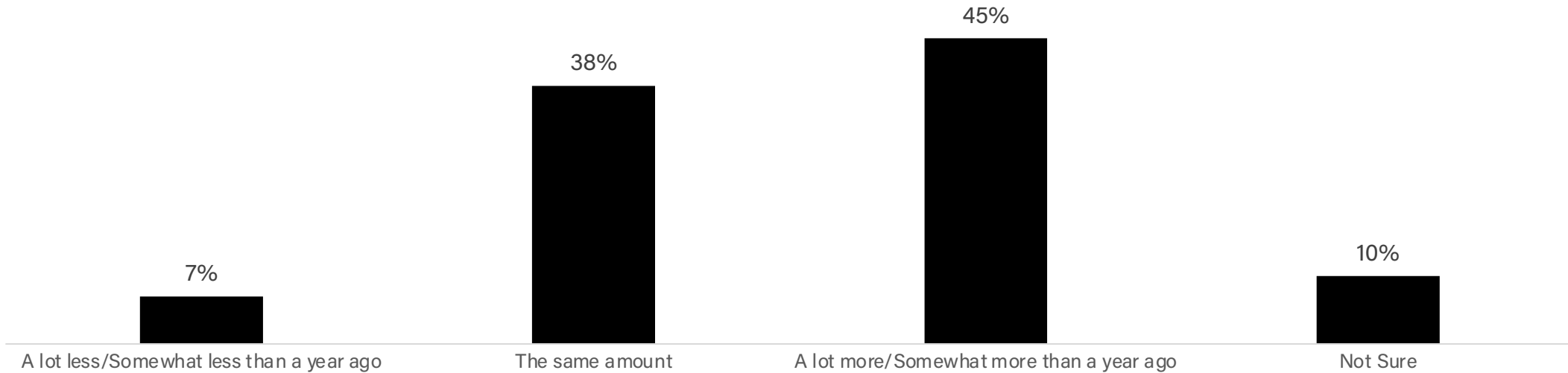


Blended Trip Is the New Business Trip

Blended travel, combining business and leisure, is showing strong staying power. Over the past year, 45% of companies have observed an increase in these travel patterns among their business travelers, while only 7% have seen a decrease.

Blended Travel Is on the Rise, With Most Companies Seeing More Frequent Integration of Business and Leisure

Travel Managers' Observations of Blended Travel Preferences Over the Past Year



Hotels Tap Into Blended Travel Trend: Confirming a Long-Term Shift in Travel Preferences

“Pre-pandemic, “*bleisure*” travel typically meant extending a business trip into the weekend. Now, blended travel is more about mindset, integration, and purpose.

Pullman has always embraced a modern and innovative positioning. While the brand initially catered to the “work hard, play hard” mindset, today’s travelers prioritize a more integrated approach. **Modern travelers blend work and leisure throughout their trips rather than separating them strictly by days of the week, so our focus is on enhancing the in-hotel experience — including operations, food and drink, and entertainment — to serve both segments seamlessly.”**



KARELLE LAMOUCHE

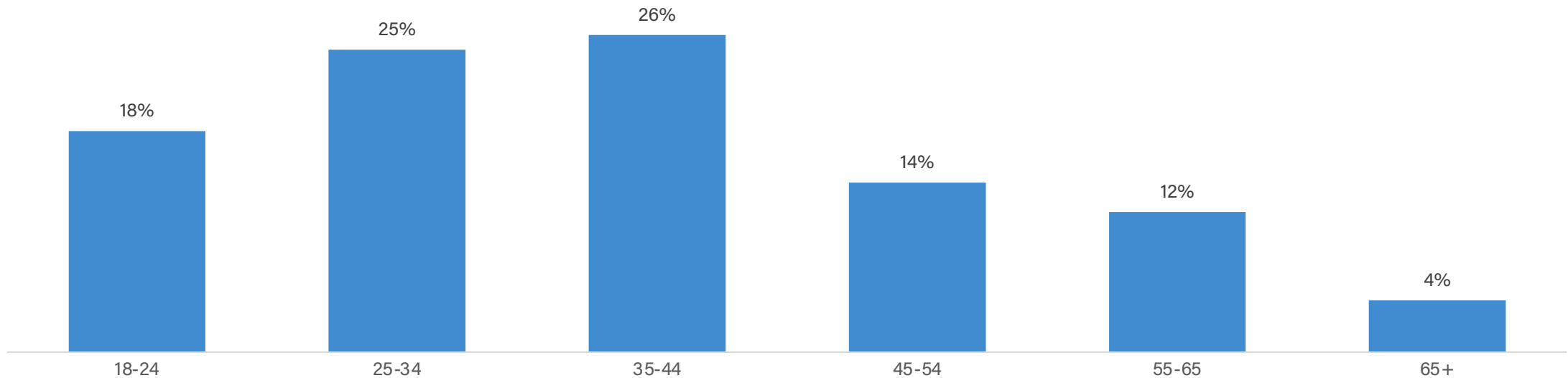
Global Chief Commercial Officer - Accor Premium, Midscale & Economy Division

Younger Travelers Drive Growth in Blended Business and Leisure Trips

Younger age groups, particularly those aged 25-44, are more likely to extend business trips for leisure compared to older age groups.

Younger Travelers More Likely to Extend Business Trips for Leisure

Share Of Travelers Who Extended Their Business Trips for Leisure, by Age

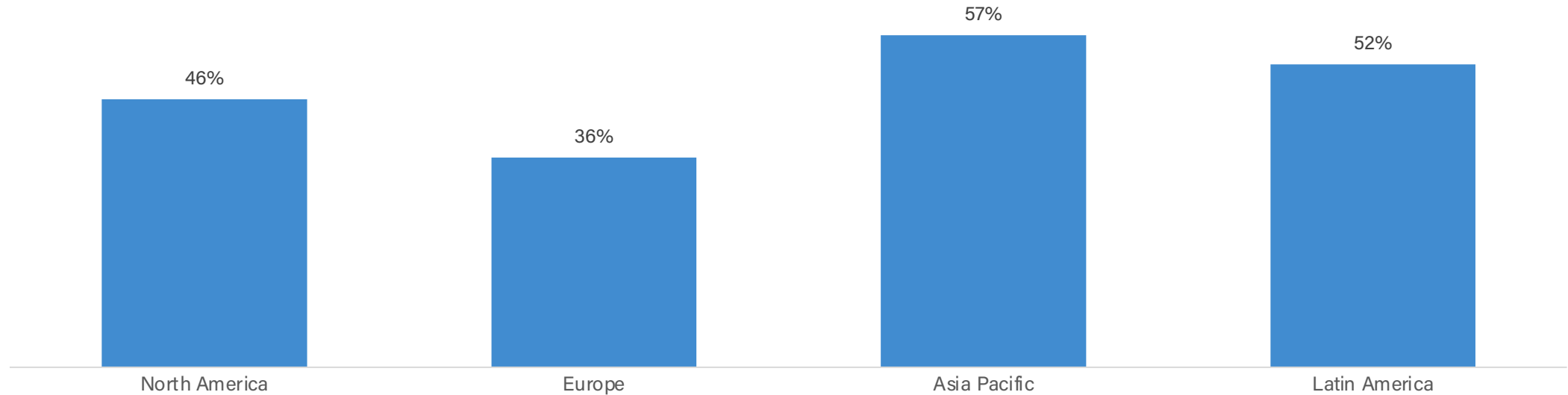


Blended Travel Trends by Region: Asia Pacific Leads, Global Growth Noted

Blended trips are increasing globally, with Asia Pacific leading at 57% and Latin America at 52%, followed by North America at 46% and Europe at 36%. This trend highlights a growing preference for combining business and leisure across all regions.

Blended Travel Is Rising Globally, With Asia Pacific Leading the Trend

Travel Managers' Observations of Blended Travel Preferences Over the Past Year, by Region





4

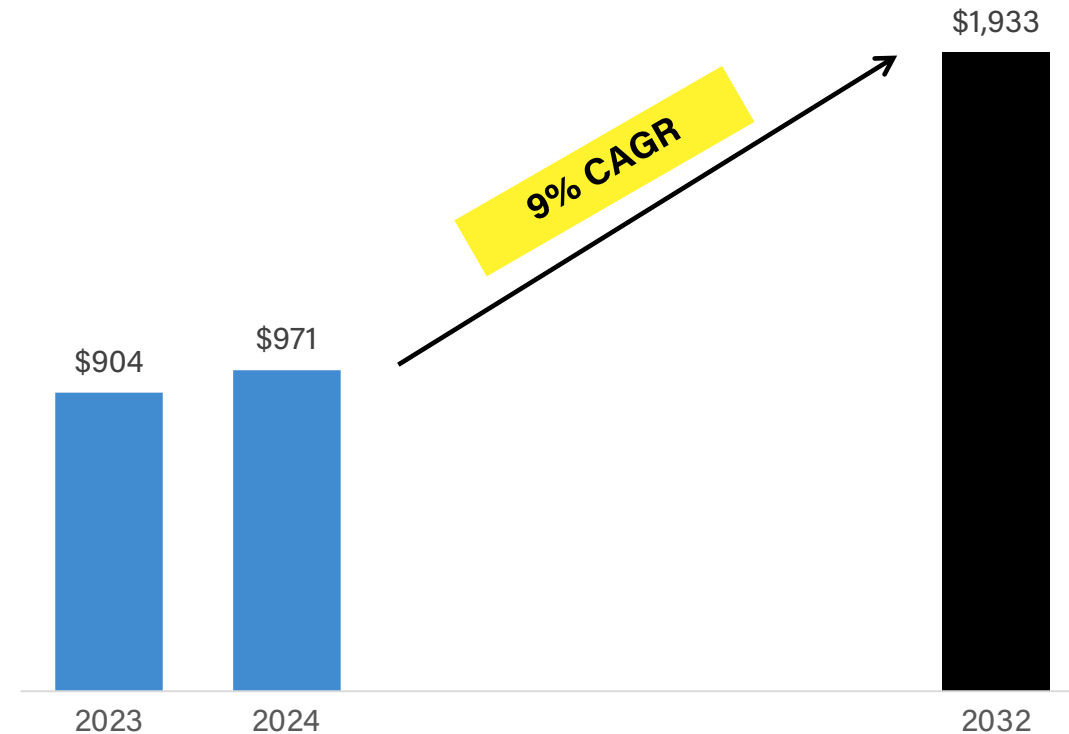
**THE DYNAMIC
RESURGENCE
OF MICE TRAVEL**

MICE Industry Set for Robust Growth

The Meetings, Incentives, Conferences, and Exhibitions (MICE) industry is poised for a dynamic resurgence, with increased demand for innovative, immersive experiences driving growth. As businesses recognize the value of face-to-face interactions, the sector is expected to see significant recovery and expansion.

The MICE Sector Is Set for Strong Growth

Global MICE Market Size, US\$ Billion

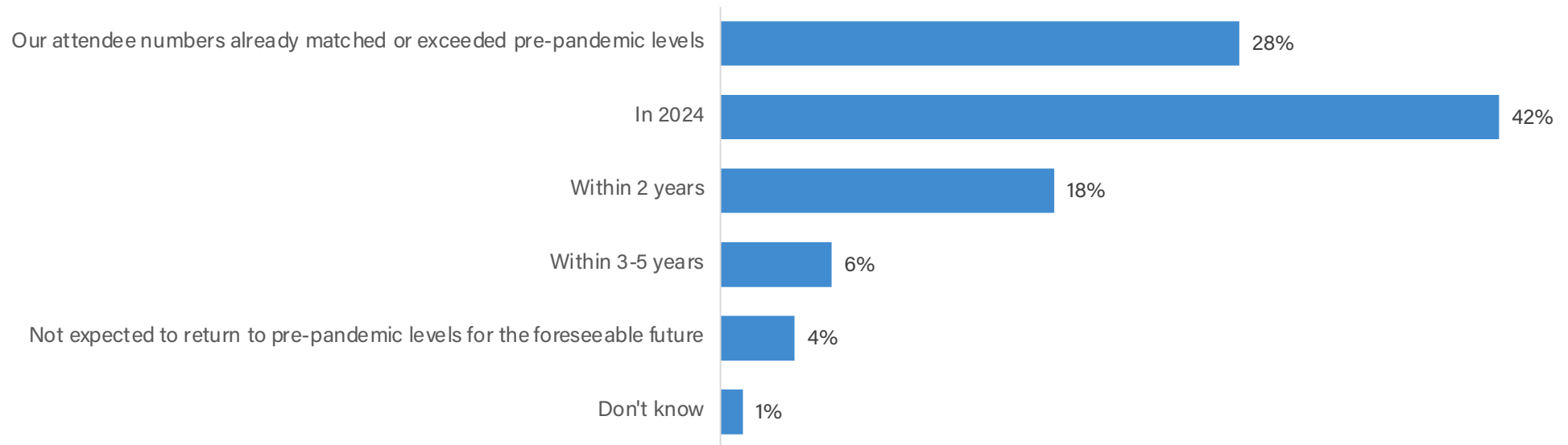


Global Bounce Back: 2024 Sees Surge in In-Person Attendees, Despite Some Caution

Globally, 42% of respondents expect in-person attendee numbers to return to pre-pandemic levels in 2024, while 28% have already matched or exceeded those levels. This indicates a robust global recovery in in-person events.

A Strong Recovery Is Anticipated for In-Person Events, With Many Already Seeing Pre-pandemic Levels

Meeting Professionals' Expectations for In-Person Attendee Numbers to Return to Pre-Pandemic Levels, Share of Respondents

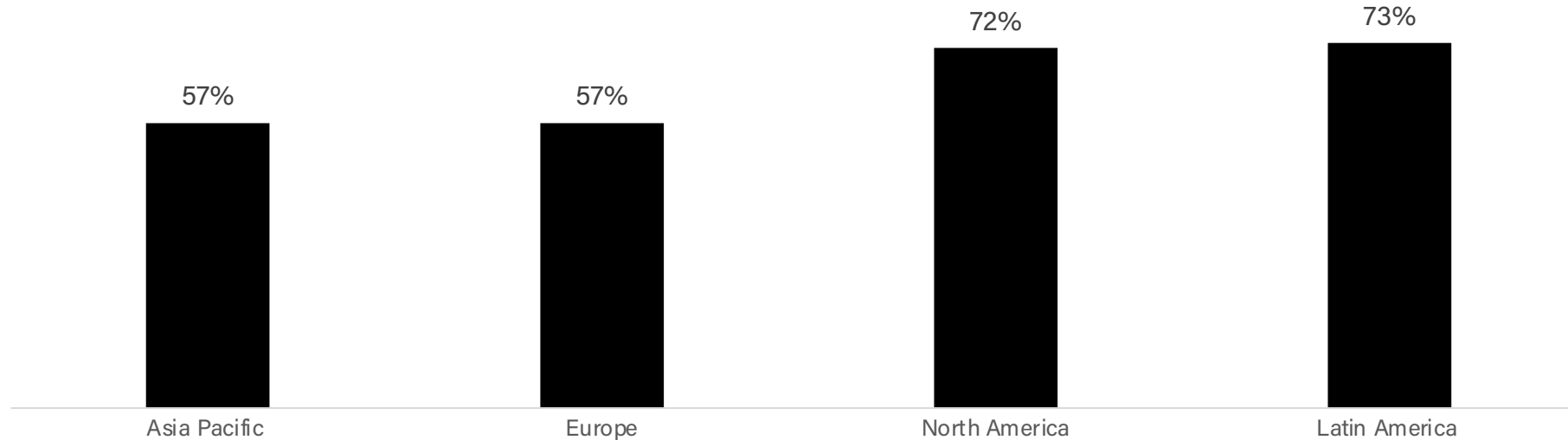


Latin America and North America Lead in Meeting Spend Increases: Global Boost Expected

Meeting professionals globally anticipate an increase in their meeting spend, with 57% in both Asia Pacific and Europe, 72% in North America, and 73% in Latin America expecting to boost their budgets. This trend reflects a positive outlook and growing investment in meetings across all regions.

Latin America and North America Are Driving Global Increases in Meeting Spend

Meeting Professionals' Expectations for Meeting Spend Increase, Share of Respondents, by Region



Top Trends Impacting Meetings and Incentive Travel in 2024



Dispersed Workforces

Remote work is becoming a fixture, with 32.6 million Americans expected to work remotely by 2025. This shift is **reducing traditional office use** and increasing the need for more frequent team meetings. Incentive travel is growing in importance, helping companies boost collaboration, culture, and performance by offering unique experiences that align with their values.



AI Integration

AI is transforming event marketing by enhancing productivity, simplifying tasks, and **personalizing experiences**. However, balancing AI with human creativity is crucial to maintain authenticity and effectiveness, as overreliance on AI can lead to disengagement and credibility issues.



Sustainability

Climate change is prompting the events industry to prioritize sustainable practices. **Smaller events, regional meetings, and non-traditional spaces** are gaining popularity for their flexibility and lower environmental impact. There's growing pressure for better sustainability reporting, including metrics on diversity, equity, and inclusion, reflecting a shift towards more responsible and transparent event planning.



Politics and Events

Amidst political polarization, event professionals are working to create inclusive spaces that foster positive dialogue. While some boycott discriminatory legislation, others focus on **constructive engagement**. Collaborating with DEI organizations and political representatives, and implementing DEI pledges, helps drive inclusivity and respect in events. Organizations are also guiding planners towards socially responsible alternatives that support local economies and promote diversity.



Tight Budgets

Economic challenges have led to tighter budgets and lower event attendance. **Rising costs and venue shortages** are increasing expenses, pushing planners to find creative solutions. Hybrid and online events offer cost-effective, flexible alternatives with broader reach. Blending virtual and live formats helps maximize impact and ROI, requiring strategic decision-making and market trend awareness to deliver successful and engaging events.

An abstract graphic design in shades of gray and white. The background features a large, stylized number '5' on the right side. To the left of the '5', there is a large, white, 3D-style arrow pointing upwards and to the right. Above the arrow, there are two pie charts, one above the other, and a briefcase hanging from a vertical line. Below the arrow, there are several gears of different sizes. The overall composition is geometric and modern, suggesting a focus on business, technology, and data.

5

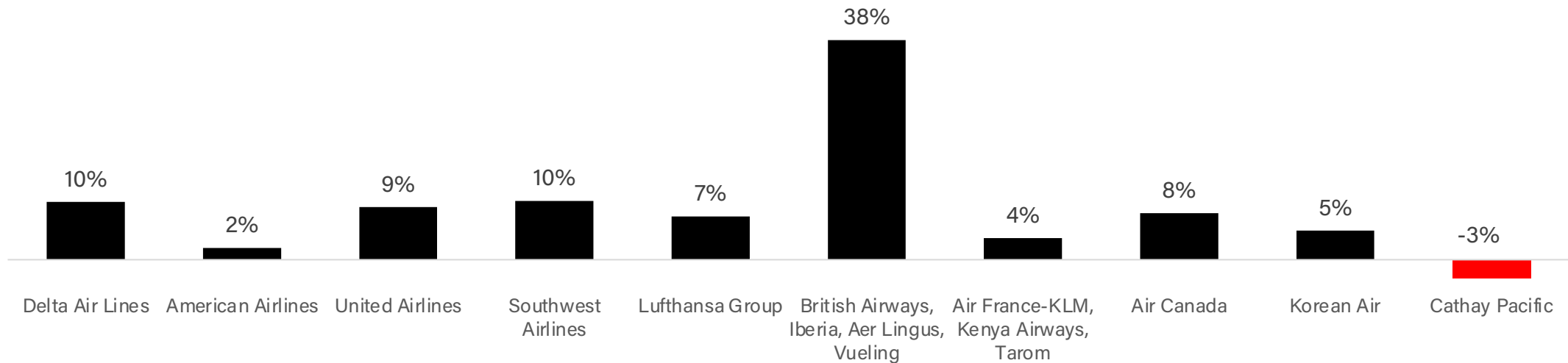
**SHIFTING
DYNAMICS IN
TRADITIONAL
TRAVEL LOYALTY
PROGRAMS**

Loyalty Programs: Key Assets Boosting Profitability and Stability

Loyalty programs have transformed from basic retention tools to vital assets that boost profitability and stability. They are now among the most valuable and reliable elements on balance sheets.

Loyalty Programs Have Evolved Into Complex Ecosystems That Enhance Profitability and Financial Stability

Growth in Valuation of the Top 10 Airline Loyalty Programs, 2023 vs. 2020

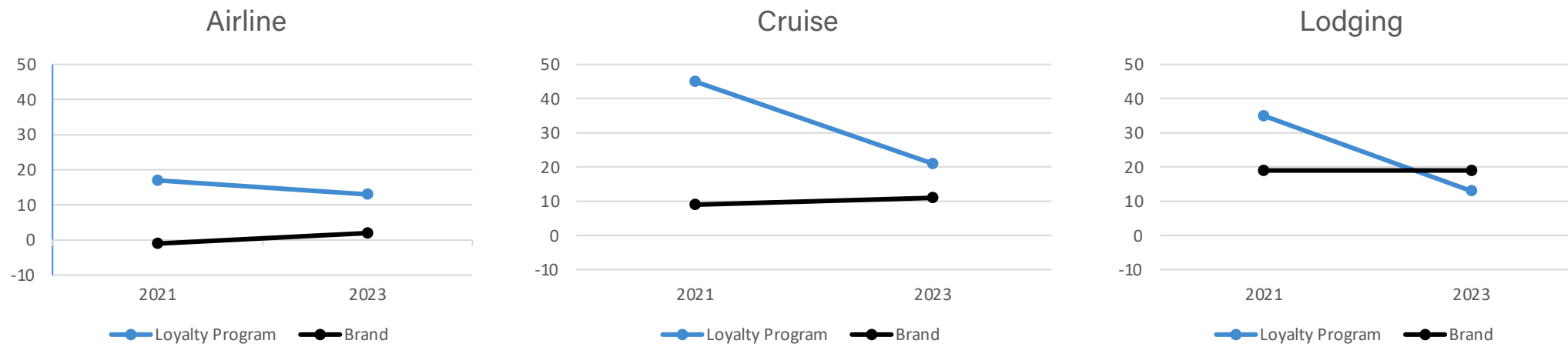


The Landscape of Traditional Loyalty Programs Is Shifting

The likelihood of customers recommending an airline's loyalty program to friends or colleagues has steeply declined. This is notable because it contrasts with the relatively stable likelihood of recommending the airlines themselves. This discrepancy suggests that while service quality remains appreciated, loyalty programs no longer hold the same value or appeal to passengers as they once did.

The Appeal for Traditional Loyalty Programs is Diminishing Despite Their Importance Across Travel Categories

Likelihood (in %) of Travelers Recommending Loyalty Program and Brand to a Friend or Colleague



A Clear Gap Between Loyalty Program Promises and Traveler Expectations

A significant 92% of loyalty providers believe their program is delivering on travelers' needs. In stark contrast, only about half of travelers feel the same.

There Is a Stark Discrepancy Between Loyalty Program Promises and Traveler Expectations

Share of Respondents

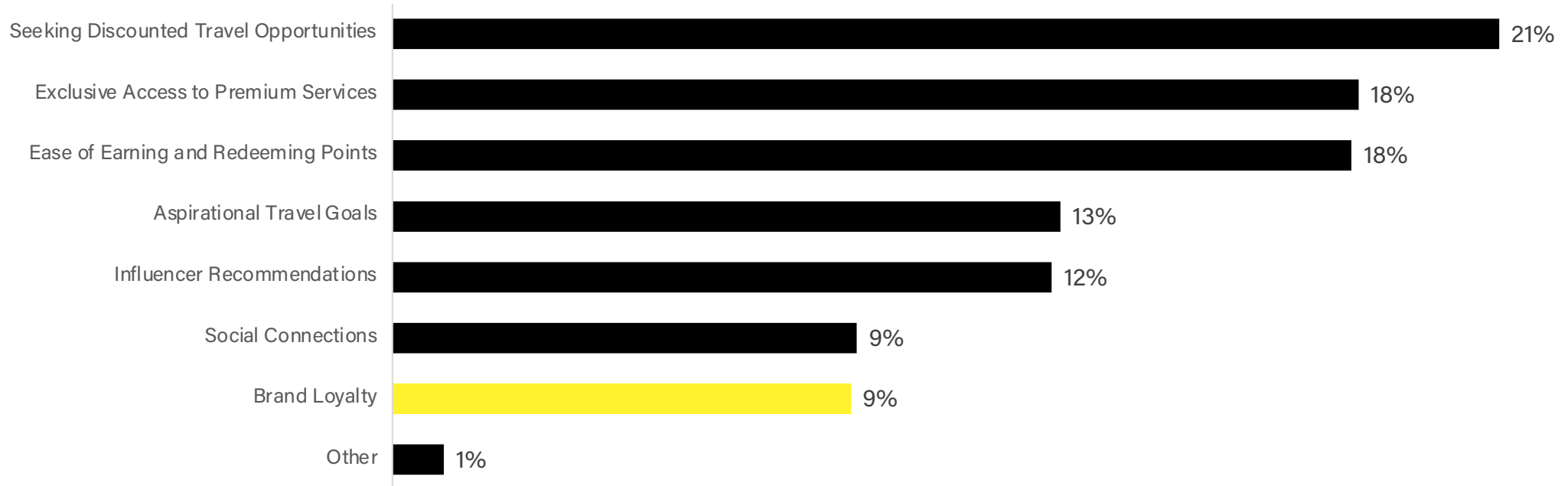


Loyalty Is Not Just About... Loyalty... Anymore

A Brand loyalty is not the primary reason for joining travel loyalty programs, with only 9% citing it, compared to 21% prioritizing discounted travel opportunities.

Loyalty Program Subscribers Seek Substantial Perks Beyond Mere Brand Association

Drivers for Signing Up for Travel Loyalty Programs, Share of Travelers

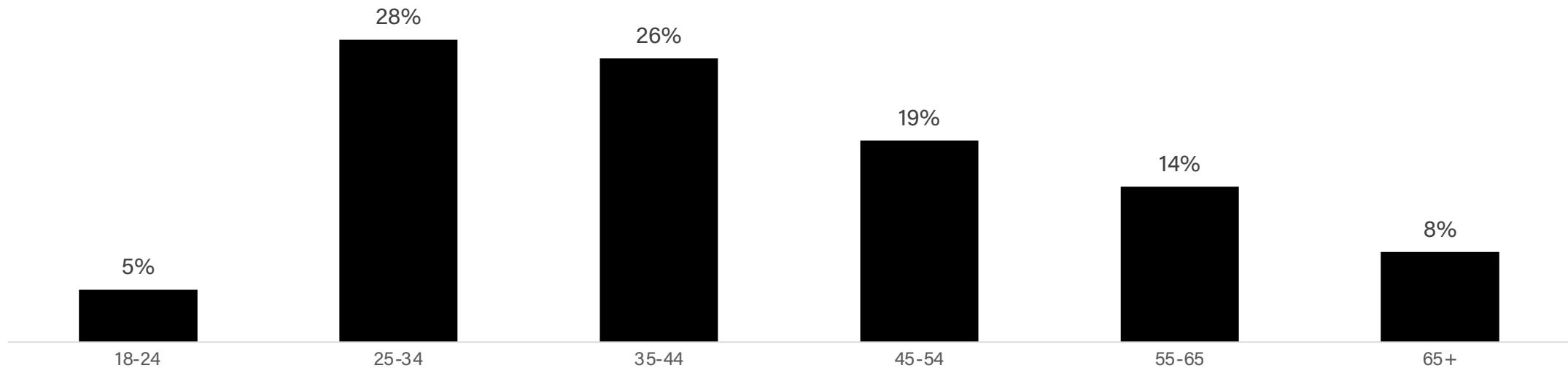


Younger Generations Lead in Loyalty Program Usage

Younger generations, especially those aged 25-34 (28%) and 35-44 (26%), are significantly more likely to subscribe to loyalty programs compared to older age groups.

Younger Age Groups Are the Most Frequent Users of Loyalty Programs

Loyalty Members of Airlines/Hotels Used, Share of Travelers



Younger Travelers Prefer Diverse Brands and Personalization, Redefining Loyalty Programs

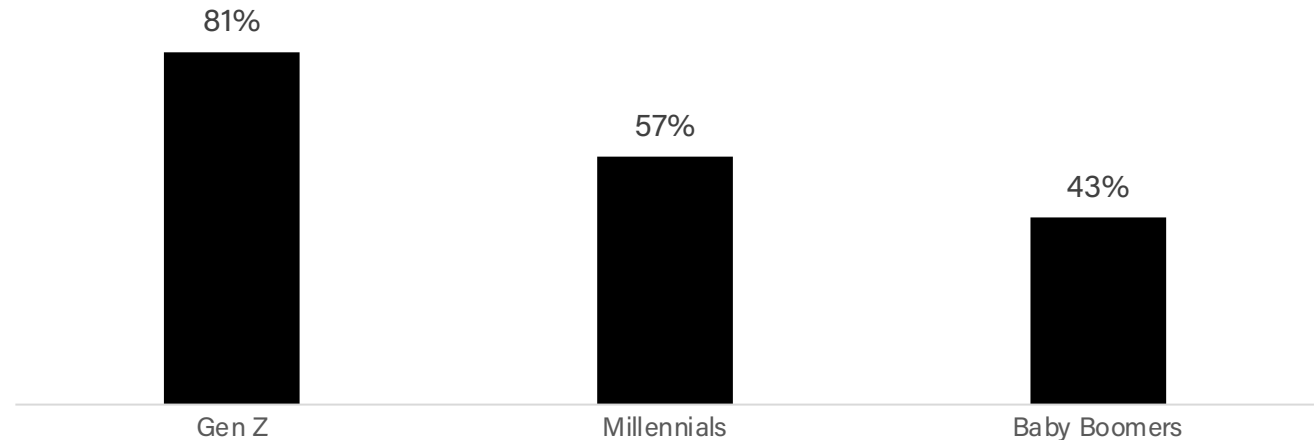
The key audience of loyalty programs, primarily younger generations, is not as loyal as expected and their needs have evolved, marking a significant generational shift towards personalization and diverse brand engagement.

Younger generations are more likely to consider and transact with multiple travel players. Gen Zers and millennials consider about 1.7 times as many brands as do baby boomers and the Silent Generation and transact with about 1.3 times as many brands.

McKinsey
Travel Loyalty Survey 2023

Generational Shift: Younger Travelers Are More Open to Personalization

Share Of Respondents By Generation in the U.S. Preferring Personalized Over Non-Personalized Ads



Gamification of Loyalty Has Opened the Door to Credit Cards and Other Third Parties

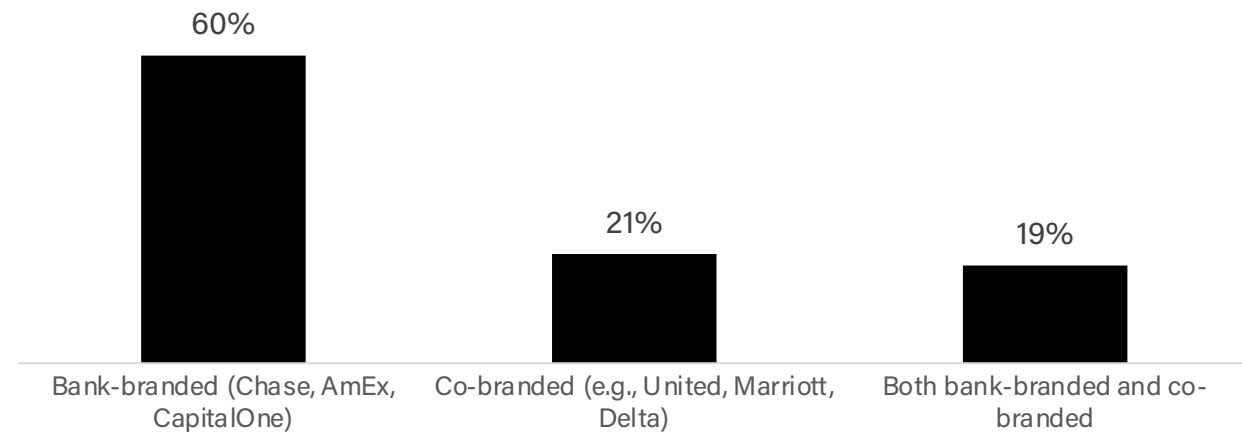
As travel loyalty programs become more intricate and competitive, the gamification of rewards and the advent of bank-branded travel ecosystems represent a significant shift. Travelers are increasingly drawn to the flexibility and enhanced user experiences offered by consumer banks, reshaping the future of travel rewards.

1 in 4

leisure travel dollars
is spent on Chase
cards

Bank-Branded Cards Are Favored for Their Flexibility and Wider Rewards Compared to Co-branded Ones.

Types of Travel Credit Cards Owned by Travelers, Share of Travelers

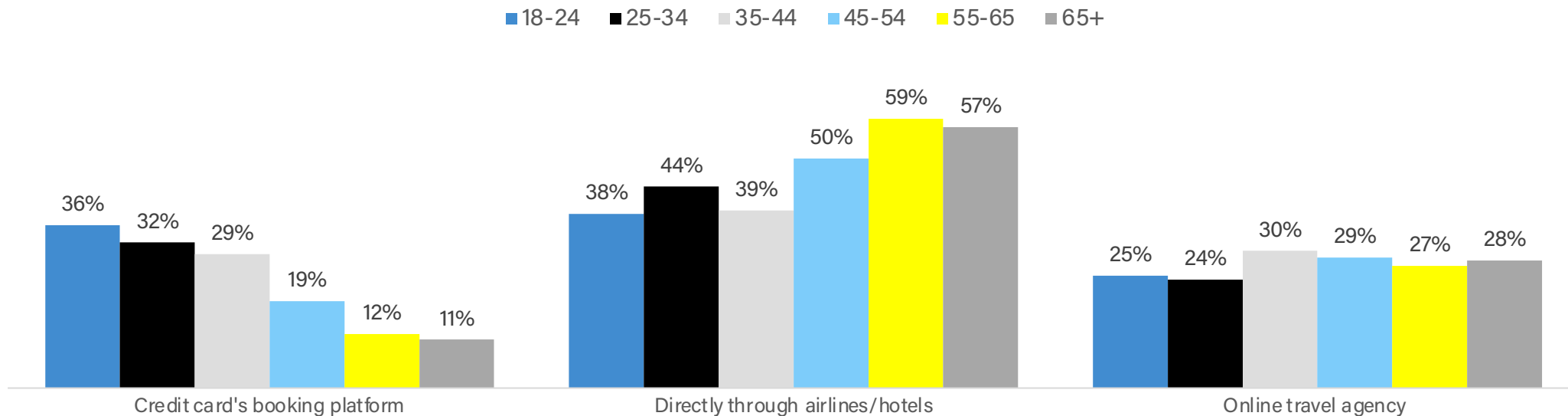


Credit Cards Boost Bank-Branded Loyalty, Gaining Ground with Younger Travelers

Credit cards are leveraging their relationships to build bank-branded loyalty programs, with younger travelers increasingly booking through these platforms. This trend is shifting market share away from traditional loyalty programs.

Credit Cards Are Driving Bank-branded Loyalty and Capturing Younger Travelers

Platforms Used by Travel Credit Card Holders to Make Airline and Hotel Reservations, Share of Travelers by Age



An abstract, monochromatic illustration in shades of gray and white. The composition features a large, bold white number '6' on the right side. To its left is a white square. Below the square is a large, white, 3D-style arrow pointing upwards and to the right, set against a background of a bar chart with three bars of increasing height. Various geometric shapes are scattered throughout: two pie charts at the top, several gears of different sizes, a briefcase with two straps on the left, and various circles and lines. The overall style is clean, modern, and industrial.

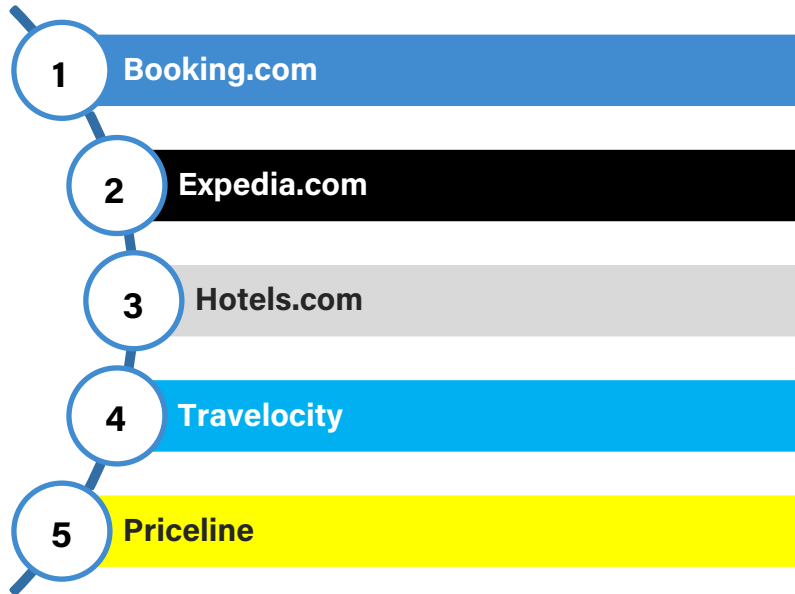
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**FOCUS ON
CUSTOMER
EXPERIENCE**

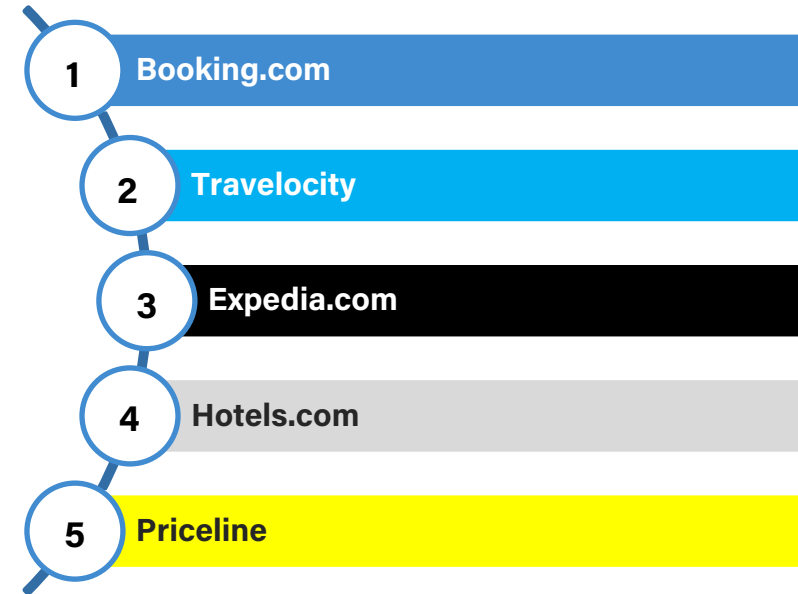
Rethinking Customer Satisfaction

Q1 2024 Net Promoter Score (NPS) rankings of top U.S. hotel booking websites reveal a crucial trend: high market share doesn't ensure consistent customer satisfaction. Varying NPS scores underscore the need for businesses to prioritize enhancing customer experience and loyalty to thrive in this competitive sector.

Top Third-Party Hotel Booking Websites in the U.S., Q1 2024



Top Third-Party Hotel Booking Websites in the U.S. Ranked by Net Promoter Score (NPS) , Q1 2024

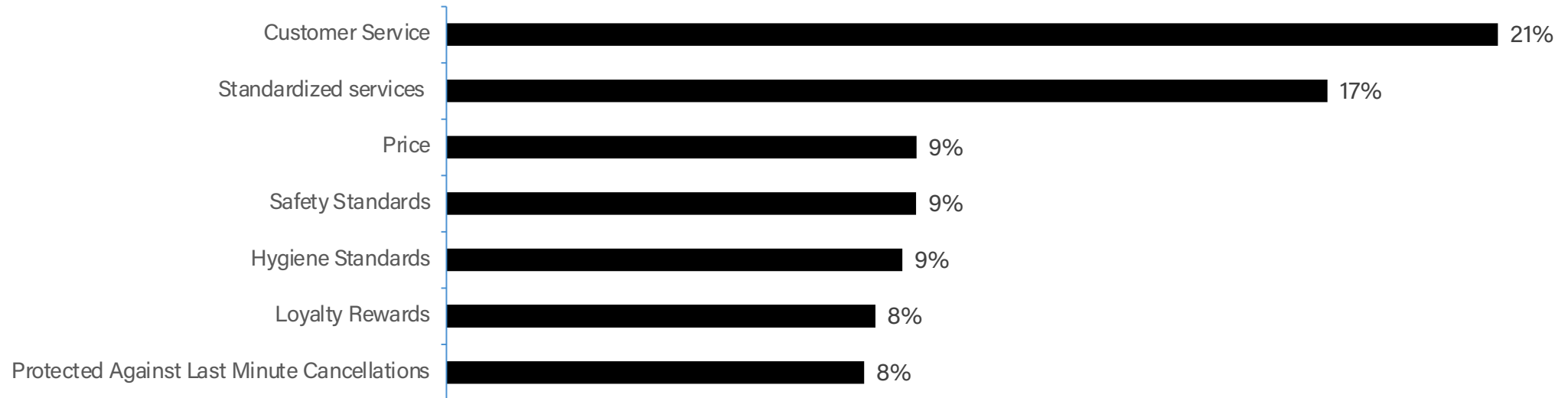


Customer Service Is Paramount in Travel Businesses

Providing a positive customer experience is essential for tourism businesses, especially those that involve high-touch emotional interactions. For instance, 21% of guests chose to stay in a hotel primarily for customer service, highlighting its importance over standardized services (17%) and price (9%).

Providing a Positive Customer Experience Is Crucial

Meeting Reasons Why Travelers Chose to Stay in Hotels over Vacation Rentals, Share of Travelers

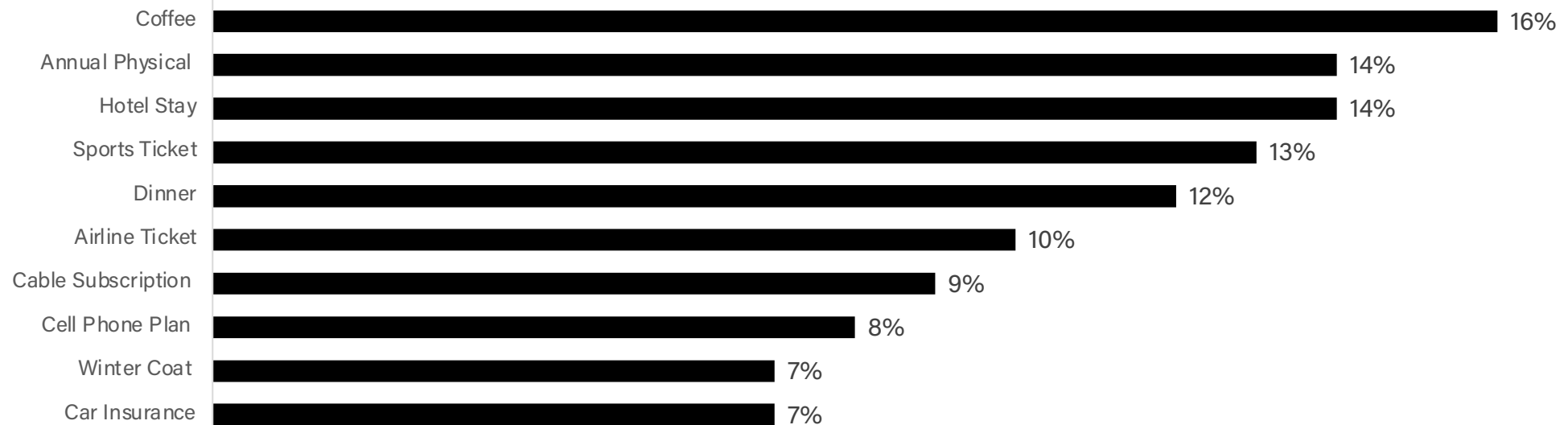


Customer Service Translates to Higher Spending

When customers feel appreciated, companies can capture a greater share of their spending, particularly in luxury and indulgence categories. Travel businesses see significant benefits, with premiums for airline tickets and hotel stays reaching 10% and 14% respectively, showcasing how exceptional customer service translates into increased revenue.

Exceptional Customer Service Leads to Increased Spending

Price Premium Customers Are Willing to Pay for Good Customer Experience, by Product



Note: Scale is out of 25%

Source: PWC, Experience is everything: Here's how to get it right. Data as of 2018.

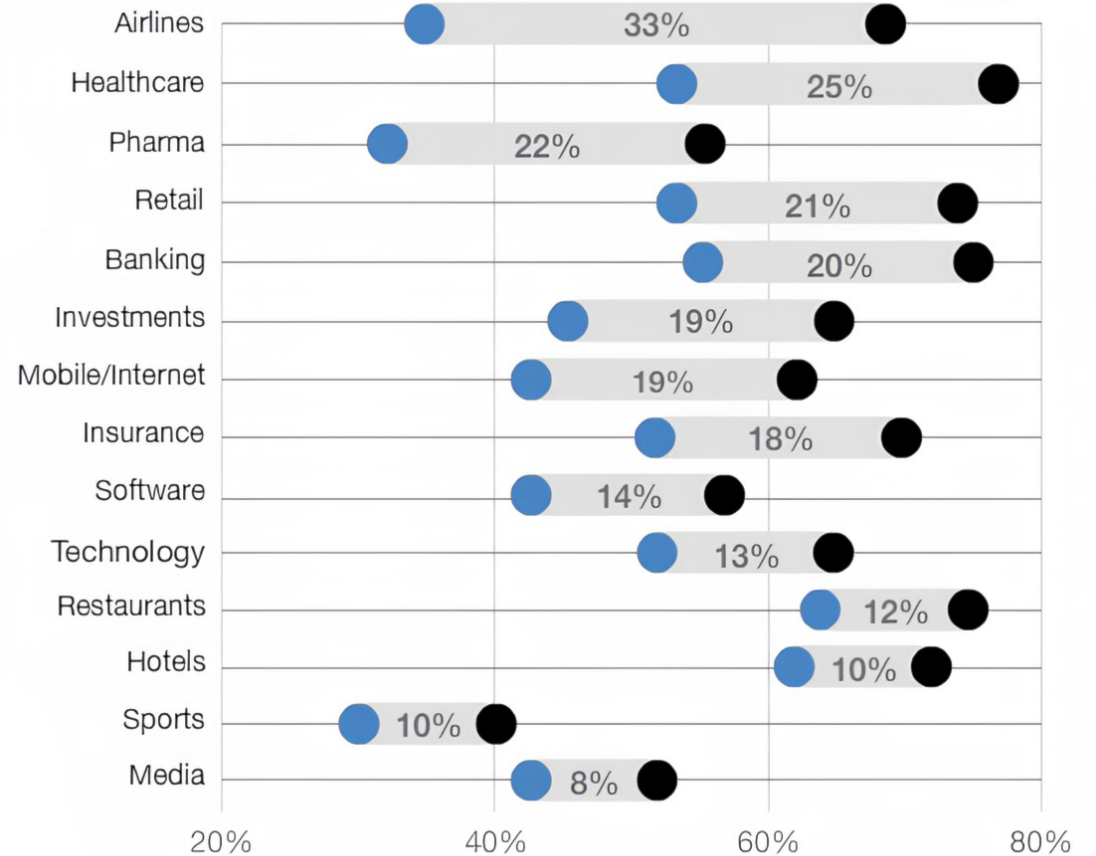
Significant Disparity Between Experience and Expectation in Travel Sector

In the travel sector, particularly with airlines and hotels, there exists a notable gap between consumer experience and expectation. Airlines show a 33% gap, indicating significant challenges in meeting flyer expectations. Hotels, with a 10% gap, show a comparatively lower disparity, yet there remains room for improvement to better align with guest expectations.

Significant Disparity Between Experience and Expectation in Travel Sector →

Level of satisfaction vs Level of importance, by industry
(% show the gap between satisfaction and importance)

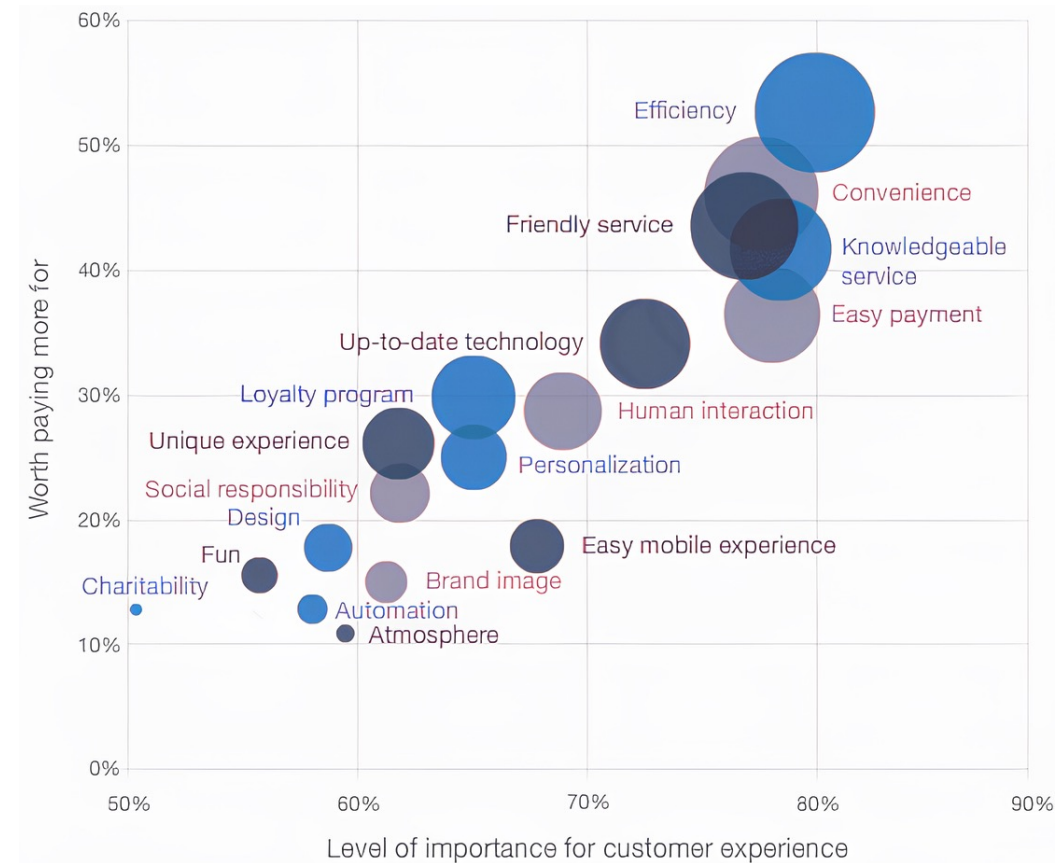
● Level of Satisfaction ● Level of Importance



What Truly Matters to Travelers: Efficiency and Personalization

Efficiency and Personalization Matter Most to Traveler →

Importance and Value of Key Customer Experience Factors, Share of Consumers





7

**RISE IN TRAVEL
TECH
INVESTMENT**

Pace of Travel Industry Transformation to Accelerate in 2024

“Every area of the travel industry is increasing investment in digital transformation. It’s crucial this spending delivers maximum impact and improves the traveler experience across the travel ecosystem. Existing technologies, such as biometrics, are already helping to make trips more contextualized and relevant. At the same time, the emergence of Generative AI promises to increase the pace of change still further. Travelers will experience significant improvement to the on-trip experience in the coming years, with commitment, investment and collaboration across the ecosystem combining to make travel work better.”

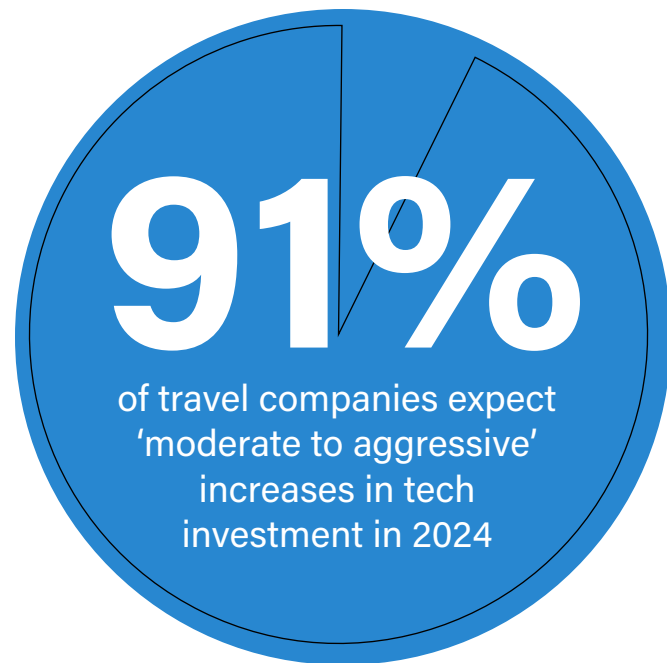


DECIUS VALMORBIDA

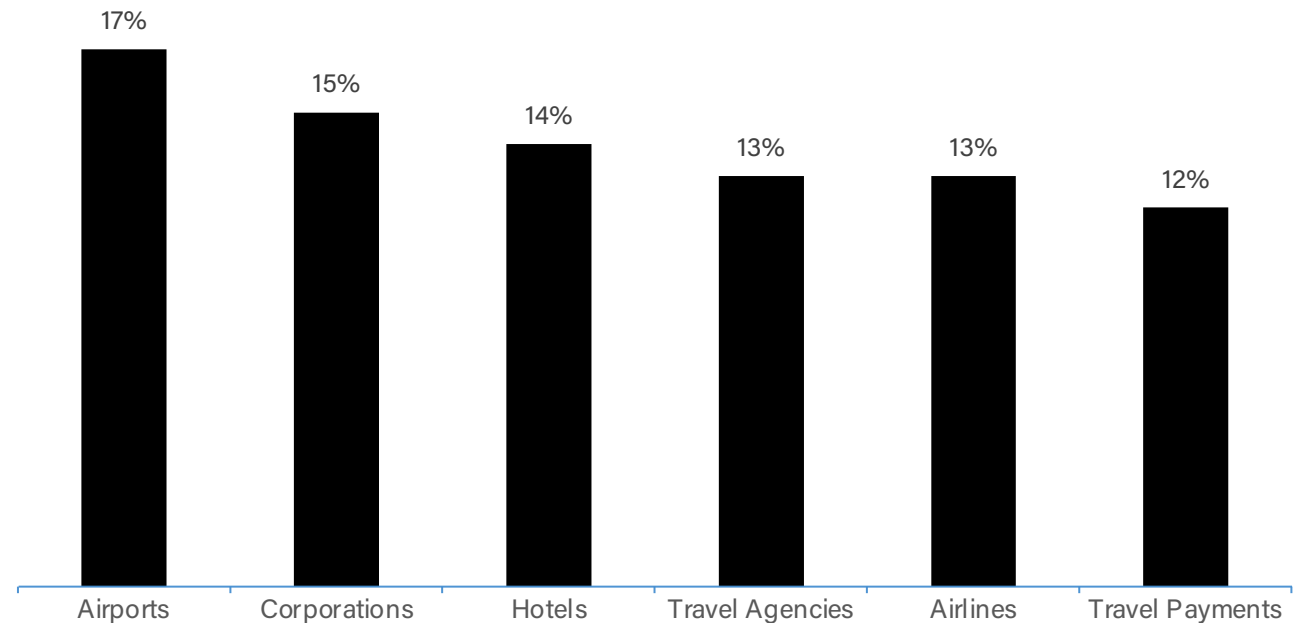
*President, Travel
Amadeus*

Travel Tech Investment to Increase in 2024

There is a strong appetite for tech investment in the travel sector in 2024. The pace of travel industry transformation is set to accelerate with an average 14% increase in technology investment planned for 2024.



Average Increase in Tech Spend in 2024 by Industry
Relative to 2023



Hoteliers Embrace Technology for Growth

The hotel industry is undergoing a digital transformation. By allocating resources to both the maintenance of existing systems and innovative new implementations, hotels are positioning themselves to remain competitive.

% of Hoteliers Planning to Increase Investment in Technology in the Next 12 Months

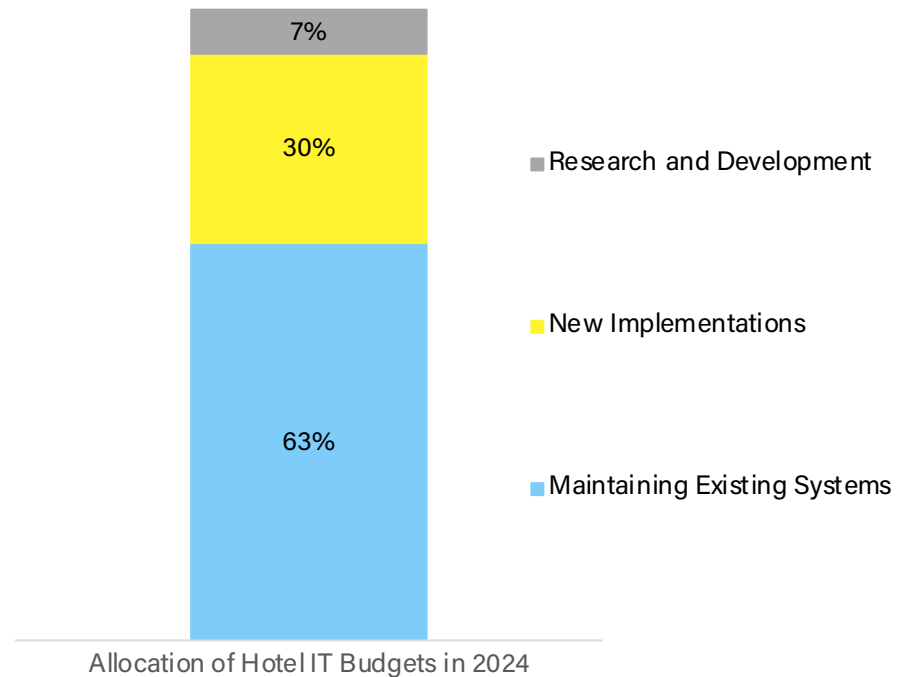
Planning to expand investment by more than 10%



Planning to invest over 20% more than they did last year



Allocation of Hotel IT Budgets in 2024

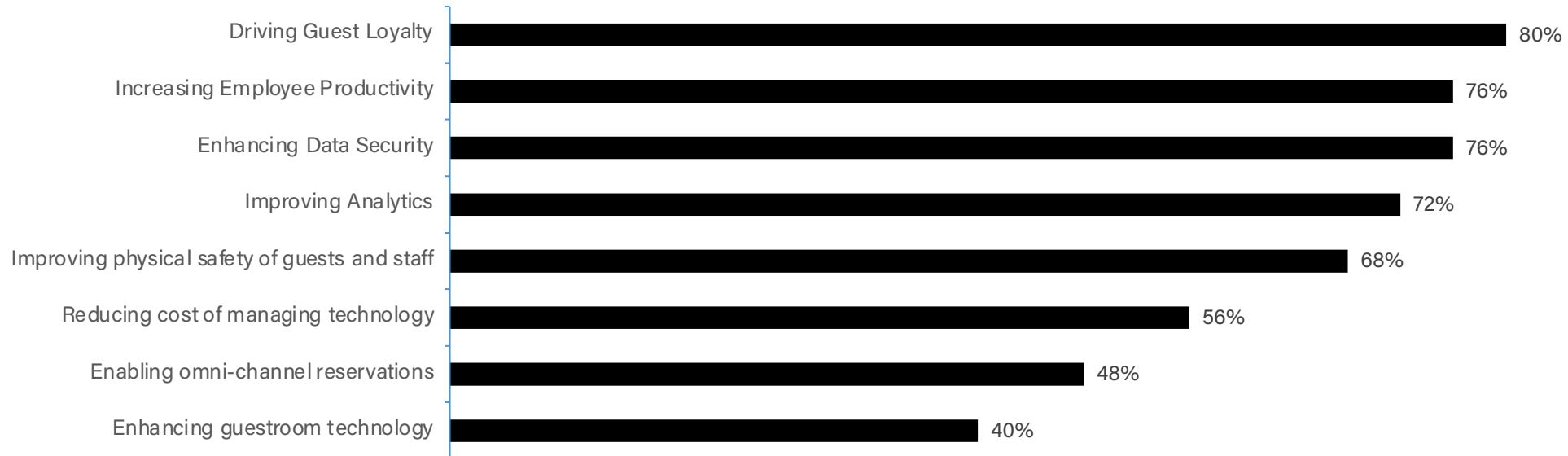


Operational and Service Efficiency Is Driving Hotel Tech Investment in 2024

Hoteliers are very intent on investing in technology. Hotels are investing heavily in technology to improve guest experiences, boost efficiency, and protect sensitive data.

Top Technology Initiatives for Hoteliers in 2024

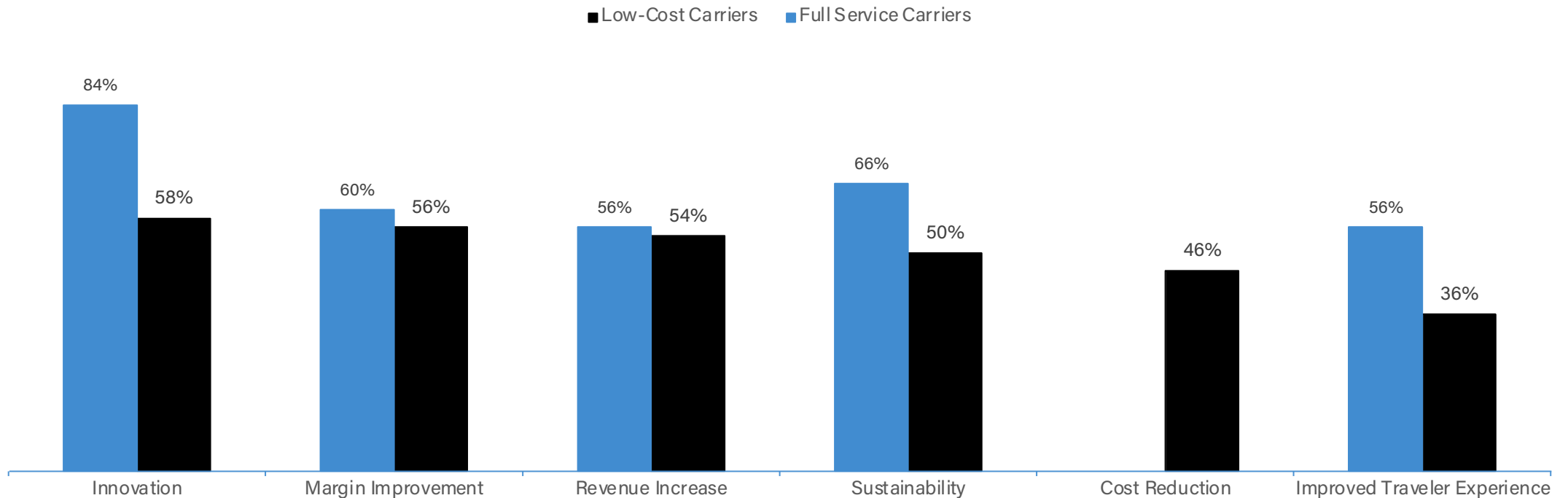
Percentages Indicate Hoteliers that Responded 'Very or Extremely Important' for Each Category



Investment Drivers for Airlines

Innovation, sustainability, and margin improvement top the list of priorities for airlines this year. Sustainability is a bigger investment driver for Full-Service Carriers, while Low-Cost Carriers are more focused on reducing costs.

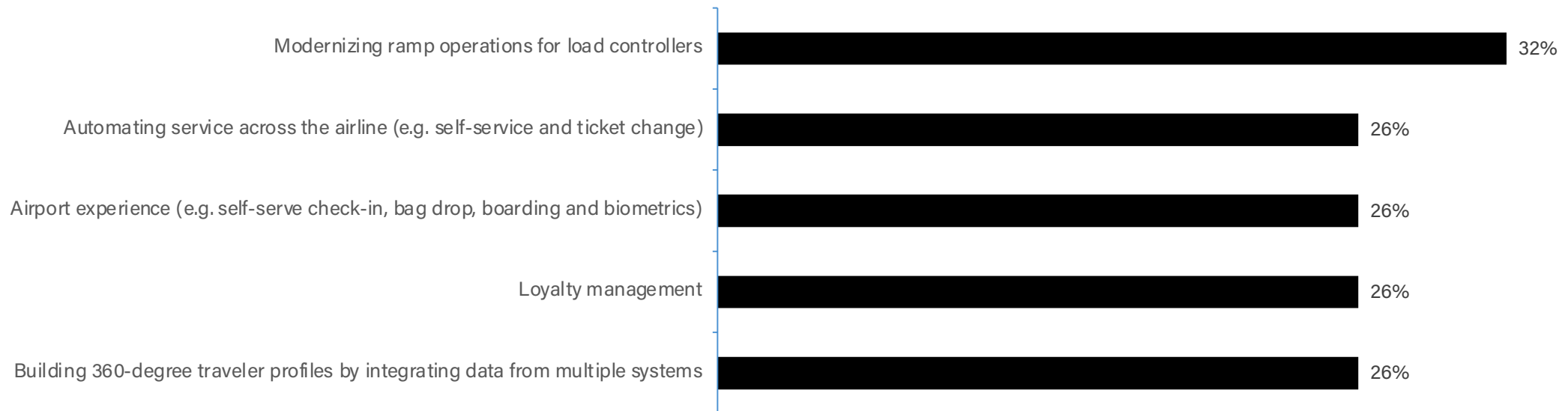
Top Objectives Driving Investment for Airlines in the Next 12 Months



Low-Cost Carriers Are Focusing on Operational Efficiency

Low-cost airlines are prioritizing investing in self-service technology and reducing costs through operational efficiency.

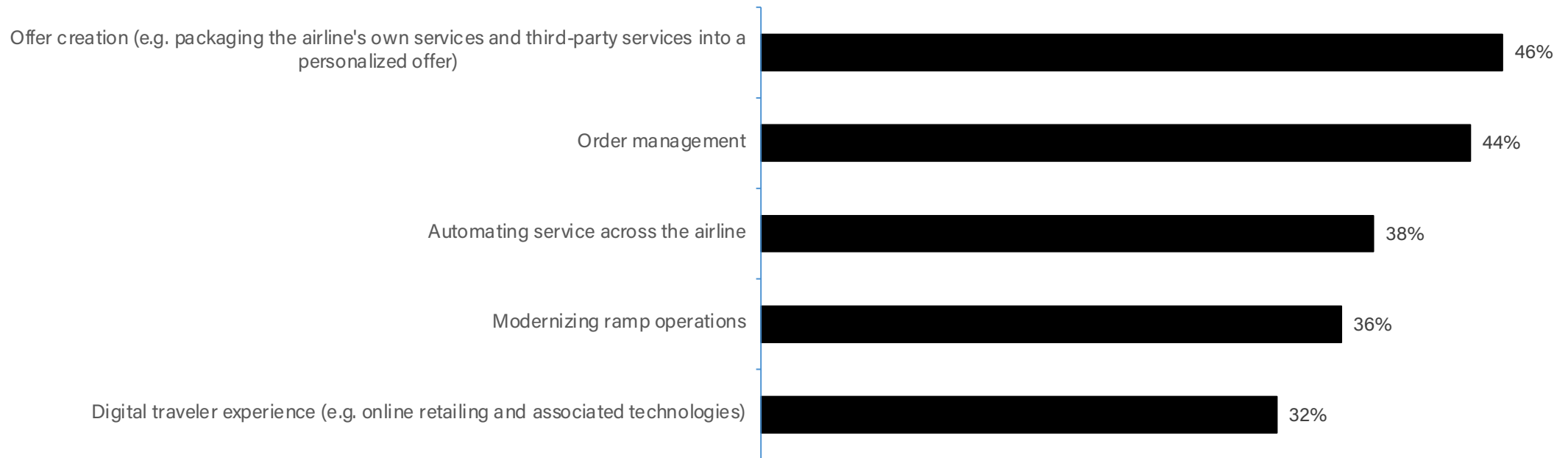
Top Capabilities Low Cost Carriers Are Focused on Implementing in the Next 12 Months
% of Airline Executives



Full-Service Airlines Will Focus on Value-Creation in 2024

Full-service airlines will focus more on unlocking new value-creation possibilities.

Top Capabilities Full Service Carriers Are Focused on Implementing in the Next 12 Months % of Airline Executives





**SUSTAIN
ABILITY**

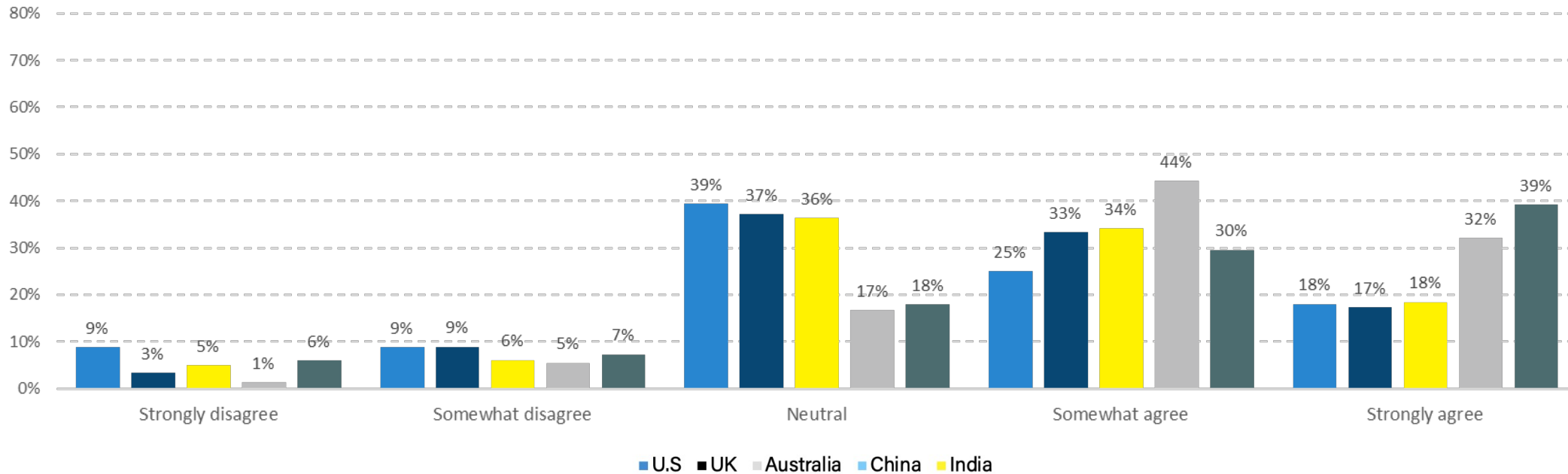
Consumers Hungry for More Sustainable Options

Consumers generally agree that it is important to choose travel options and businesses that prioritize sustainable business practices, and this is especially pronounced in the major outbound growth markets of India and China.

Prioritization of Sustainable Travel

How much do you agree or disagree with the following statement:

It is important to me to choose travel businesses that prioritize environmentally sustainable business practices.



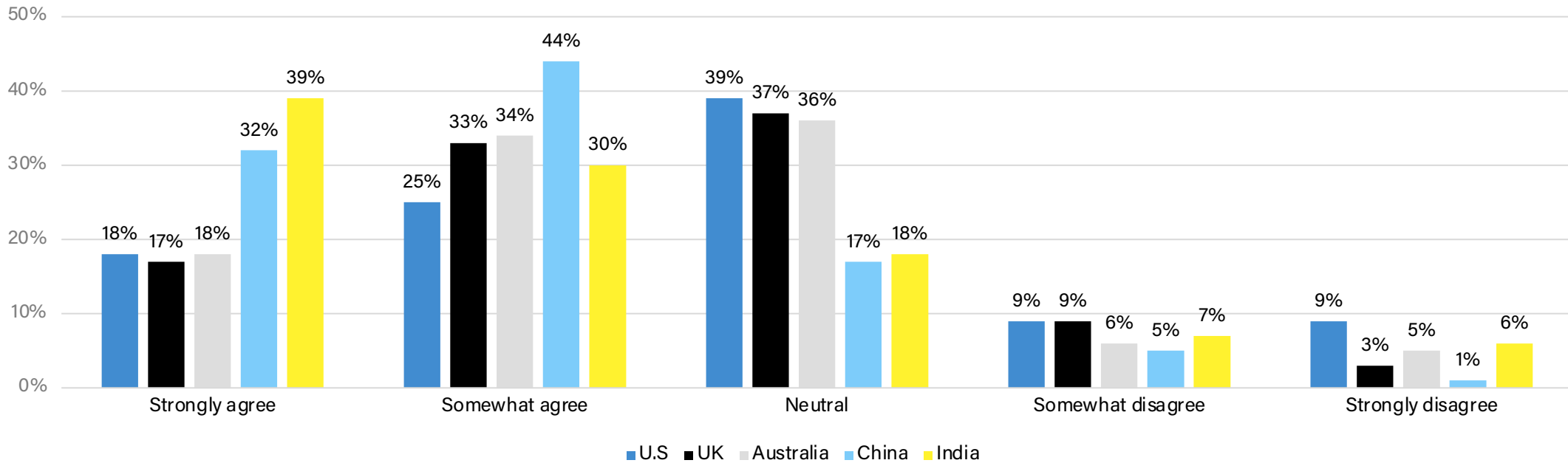
...And They Are Willing to Act on It

Consumers also show a high willingness to pay more for service providers who can demonstrate environmentally responsible business practices. This is particularly the case with the major developing outbound markets of India and China.

Willingness to Bear the Cost

How much do you agree or disagree with the following statement:

I'm willing to pay higher rates/fares to use a travel service provider who demonstrates environmental responsibility (consider hotels, airlines, etc.).

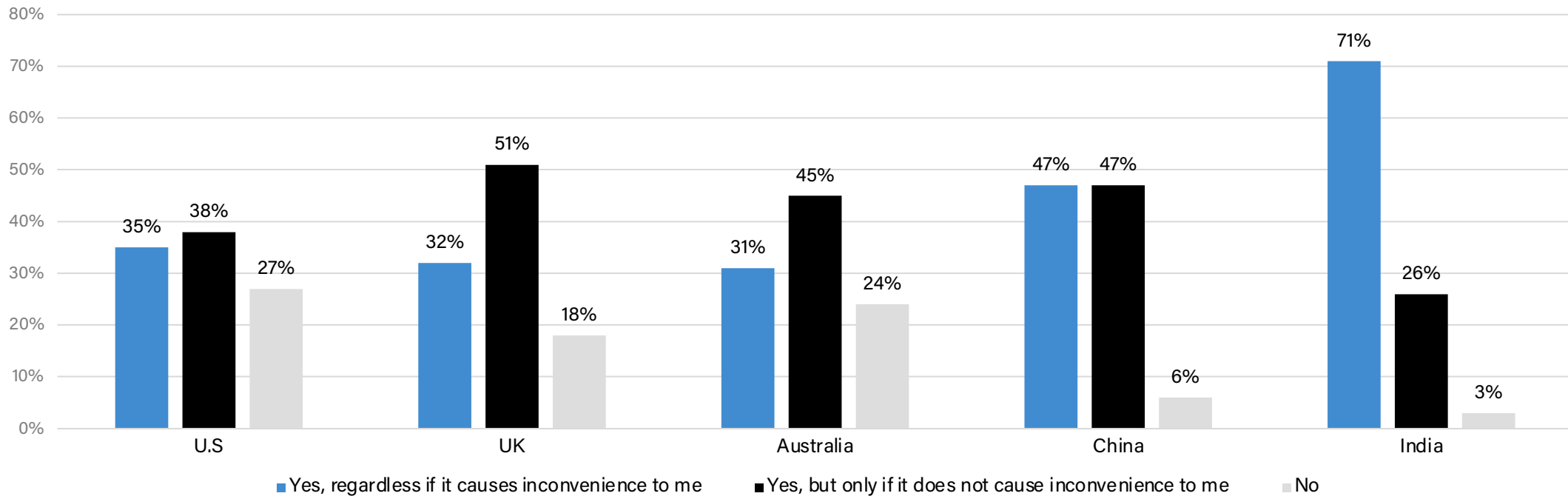


...As Well as Tolerate Inconvenience

The overall level of commitment is high, with more than 30% of travelers willing to make sustainable decisions even if it inconveniences them. Taking personal action is particularly important for Indian travelers, again a critical emerging outbound travel market.

Taking Personal Action

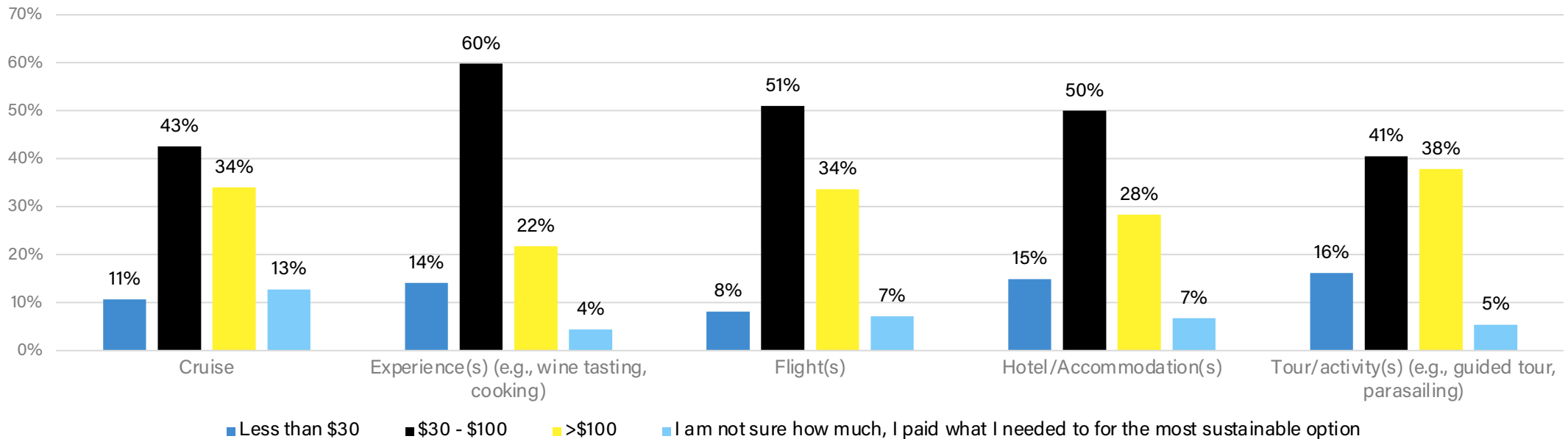
Do you intend to make more sustainable (eco-friendly) decisions when planning travel in the future?



Spend on Sustainable Travel Varies by Suppliers

More than 40% of Americans who paid more for a more sustainable travel option (only the extra cost compared to a non-sustainable alternative) spent between \$30-\$100 (only the extra cost compared to a non-sustainable alternative) on sustainable cruise, experience(s), flight, accommodation, and tour/activity options in the past 12 months.

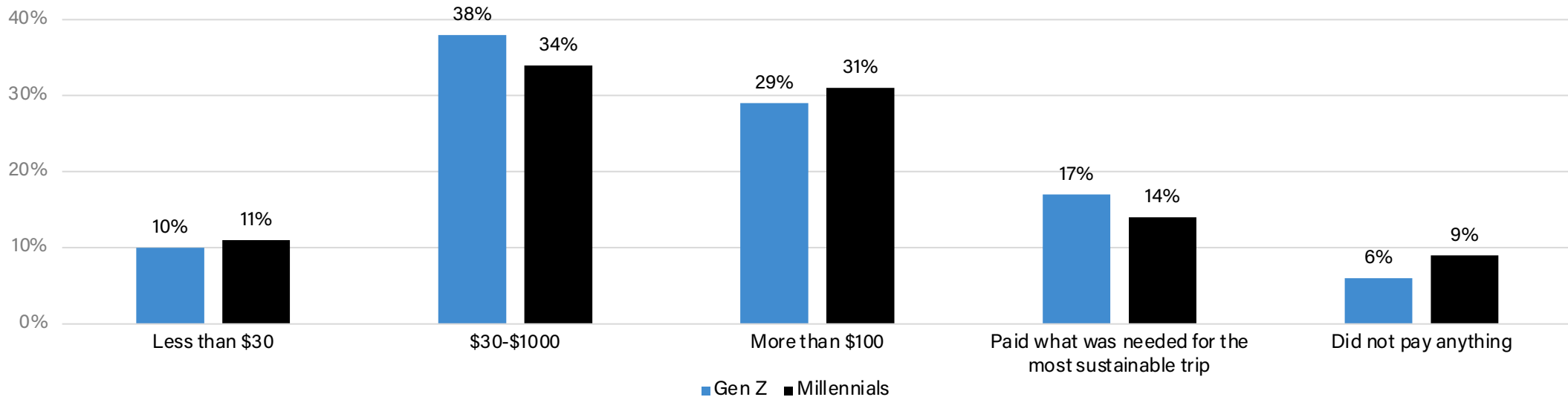
Extra Amount Spent for a More Sustainable Option by Supplier in the Past 12 Months, Q3 2023



Millennials and Gen-Z Show High Willingness to Pay

They show a strong willingness to pay extra for vacation experiences certified as environmentally and socially responsible, with the \$30 - \$100 premium range being the most common bracket for both generations. A significant portion of respondents from both generations (particularly Gen-Z) express a willingness to pay more than \$100 or whatever is needed for the most sustainable option.

The Extra Amount Millennials/Gen Z Are Willing to Pay for Vacation Experiences Certified As Environmentally and Socially Responsible

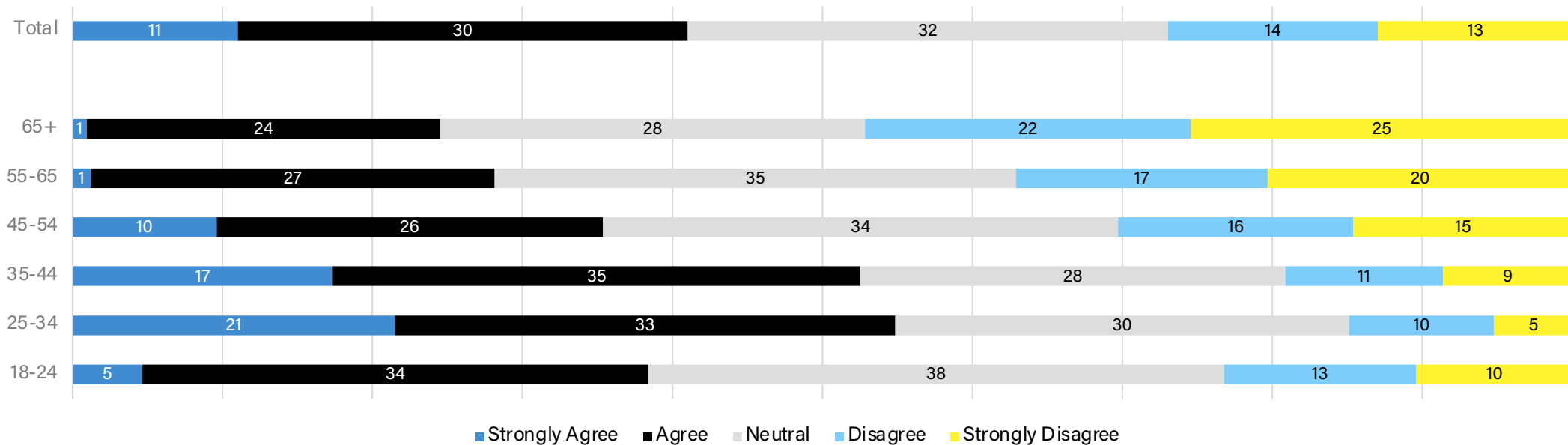


It Is Important to Demonstrate Impact

Consumers, particularly among younger demographics like Millennials and Gen-Z, are generally willing to pay extra for more sustainable options if businesses and destinations can credibly demonstrate their impact claims.

Importance of Demonstrating Impact

How much do you agree or disagree with the following statement: I'm willing to pay higher rates/fares to visit a destination that can demonstrate a net positive impact (e.g., regenerative/restorative) impact on its environment?



Source: Google Trends as of April 2024

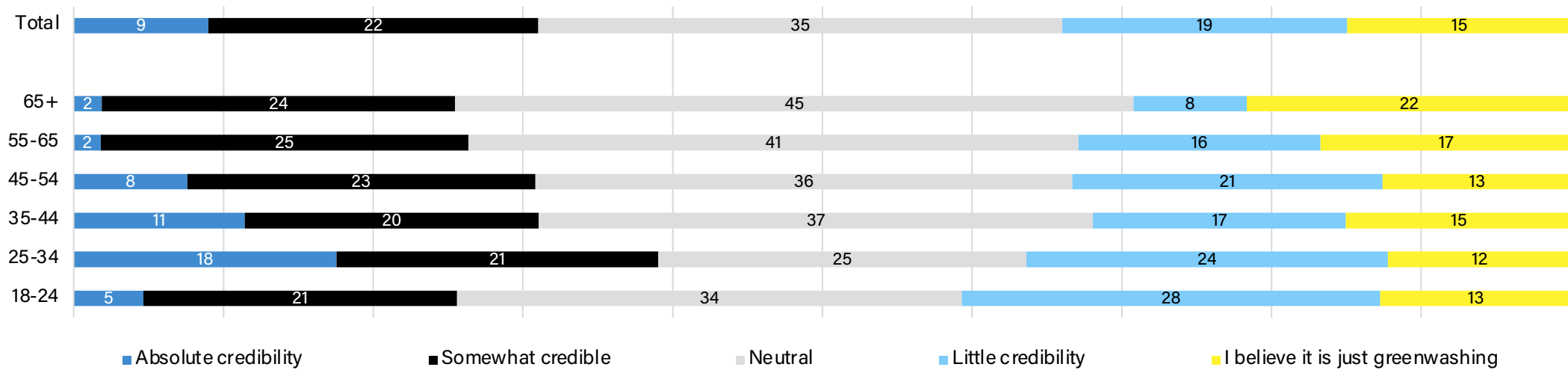
Reproduced from [Regenerative Tourism: Fact from Fiction](#), as of April 2024.

Third-Party Certification Could Address Consumer Concerns

If businesses and destinations want to tap into consumer receptivity to sustainable options (particularly among Millennials and Gen-Z), then they should demonstrate their impact. This could be through sharing direct evidence, or through third-party certifiers like Earthcheck or B-Corp.

The Role of Third-Party Certification

How much credibility would external certification (such as through B-Corp, Earthcheck, or other eco labels) add to a destination's claim to be "regenerative"



Source: Google Trends as of April 2024

Reproduced from [Regenerative Tourism: Fact from Fiction](#), as of April 2024.

Though Certification Labels Are No Guarantee Against Greenwashing

One of the reasons it is so critical to be able to demonstrate positive impacts is that the travel industry has faced issues of greenwashing for many years, and it can be hard for consumers to determine what sustainability claims are genuine and which are not, even if they do show a high willingness to pay for or take personal action towards sustainability. While certification labels provide some reassurance, they are still no guarantee against greenwashing and businesses need to go deeper to demonstrate their commitments.

“I helped found the GSTC (Global Sustainable Tourism Council) so I must have some affinity towards standards. But I really see more value in properly **aligning yourself with a vetted supply chain than putting a label on yourself. I do feel there's a lot of greenwashing in tourism with those with those labels.**

I don't see it as the be all end all - **proper vetting and storytelling of your supply chain is a more effective way of doing business and a more effective way of communicating business too.”**



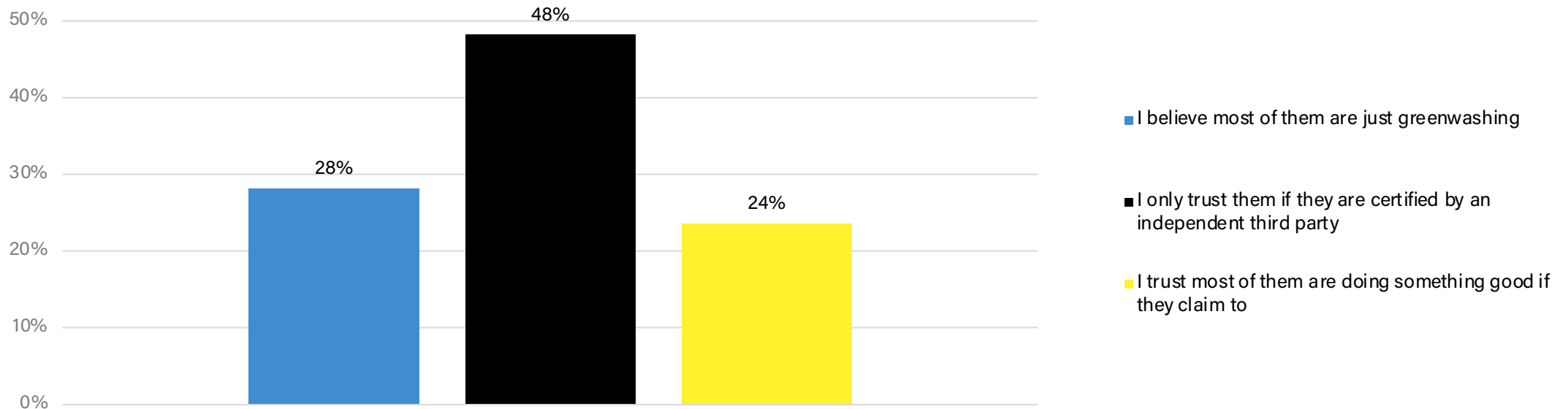
RICHARD G. EDWARDS
Founder, Untours

Travelers Are Suspicious of Greenwashing

Travelers are aware of the greenwashing issue that pervades the travel industry and the proportion that take sustainability commitments at face value are outnumbered by those who see them as greenwashing by default. The largest segment are those who only trust claims if they are backed up by a third-party.

Trust in Travel Service Providers' Sustainability Claims

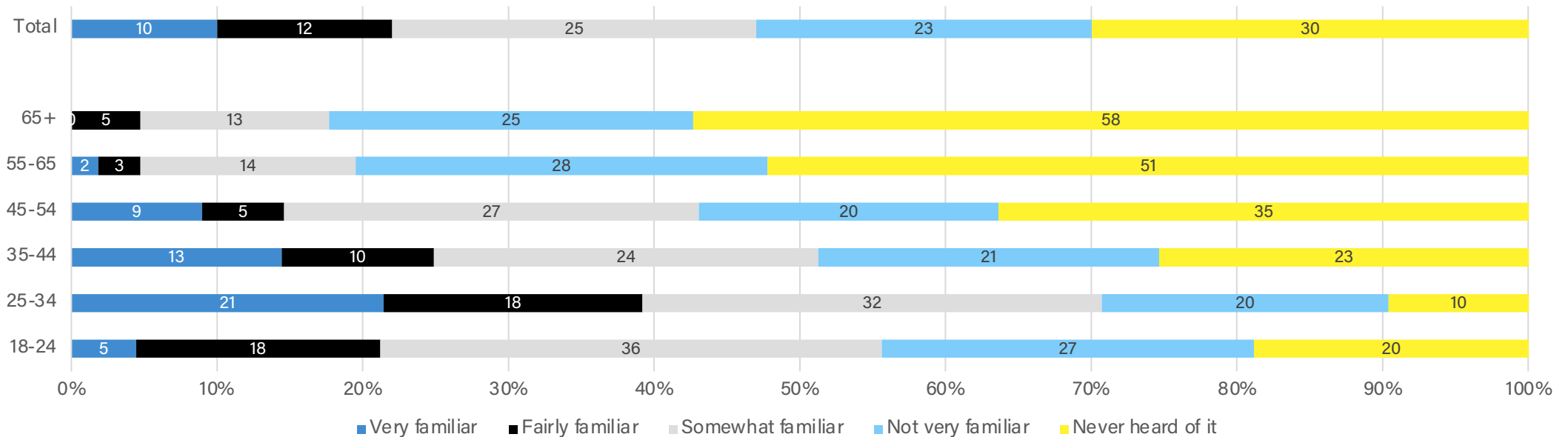
How much do you trust travel service providers who claim they are committed to sustainable practices?



“Regenerative Tourism” - the New Kid on the Block?

Regenerative tourism has become a popular new buzzword in the industry, describing a holistic form of sustainable tourism that is broader in scope and seeks to leverage tourism to maximize positive societal and environmental impacts. However, the term is not yet well understood by the market, though younger generations show somewhat more knowledge of it.

Consumer Familiarity with Regenerative Tourism



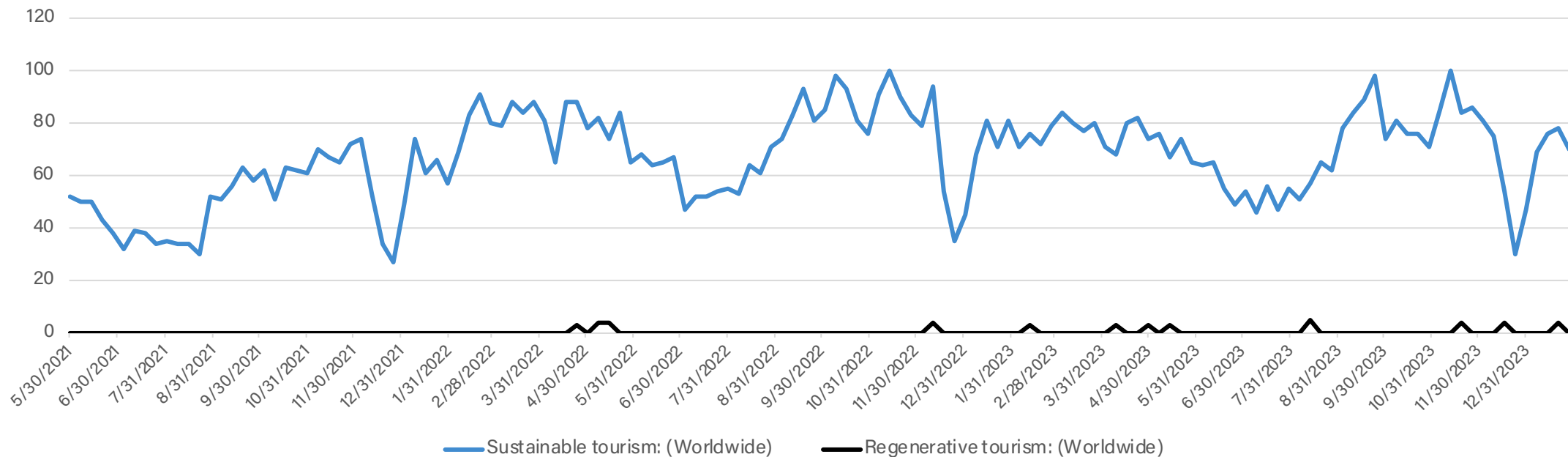
Source: Skift Research

Reproduced from [Regenerative Tourism: Fact from Fiction](#), as of April 2024.

Very Little Online Activity for Regenerative Tourism

A Google trends analysis reveals that, while “sustainable tourism” enjoys a fairly high level of activity in search engines, “regenerative tourism” barely features at this stage.

Searches for Sustainable Tourism vs. Regenerative Tourism, 2021-2024



Source: Google Trends as of April 2024

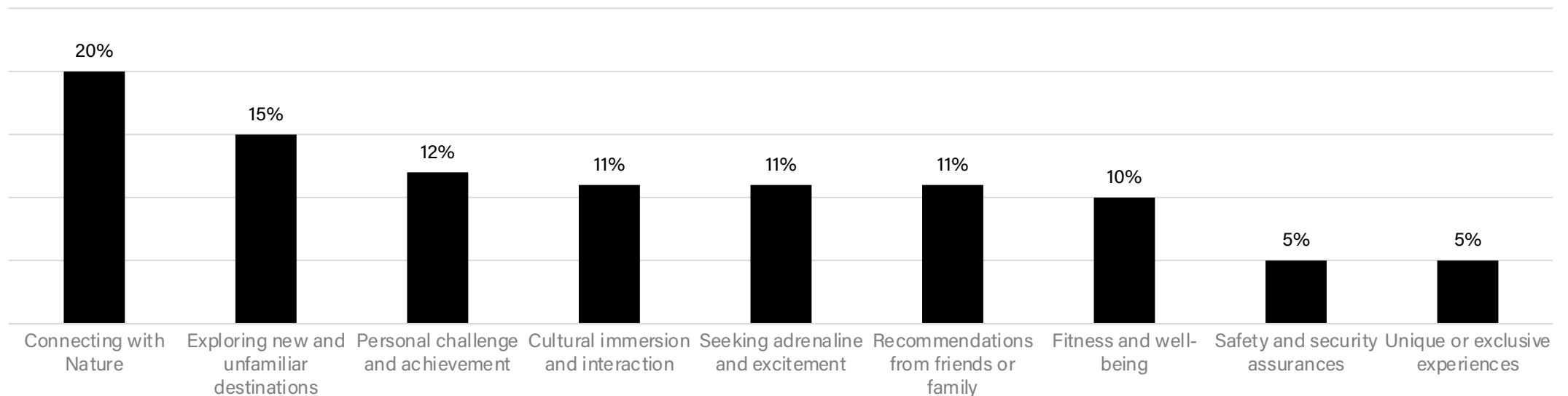
Reproduced from [Regenerative Tourism: Fact from Fiction](#), as of April 2024.

Young Travelers Motivated by Nature and Community

On paper, regenerative tourism fits into what younger travelers are demanding. When asked about the main factors influencing their participation in adventure tourism, connecting with nature emerges as the predominant factor followed by exploring new places and seeking personal challenge and achievement.

Factors Influencing the Decision to Participate in Adventure tourism

What factors most influence your decision to participate in adventure tourism? Please select all that apply.

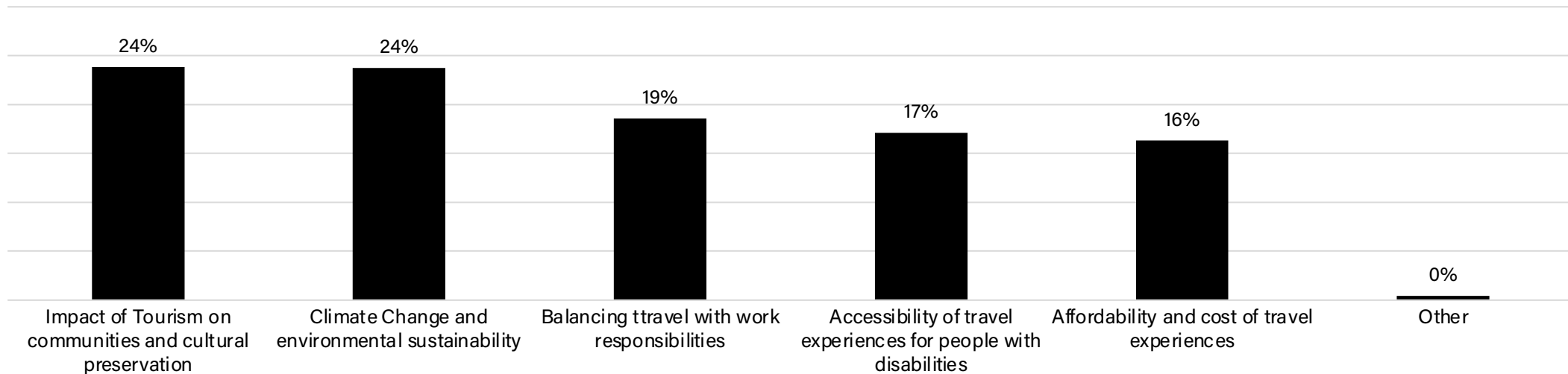


Young Travelers Show Concern for Community and Climate

When asked about their primary concerns in terms of the travel industry, Millennials and Gen-Z emphasize both climate and community and cultural preservation factors, both of which gel with the regenerative lens on travel which places a high emphasis on a mixture of environmental and cultural heritage.

Societal Issues in Relation to Travel Industry

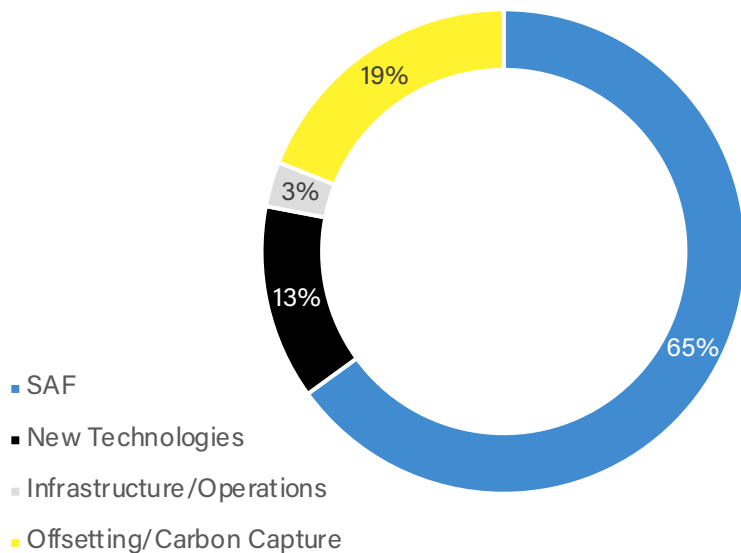
What are the societal issues or concerns that you consider most important or impactful in today's world, particularly in relation to the travel industry. Please select all that apply.



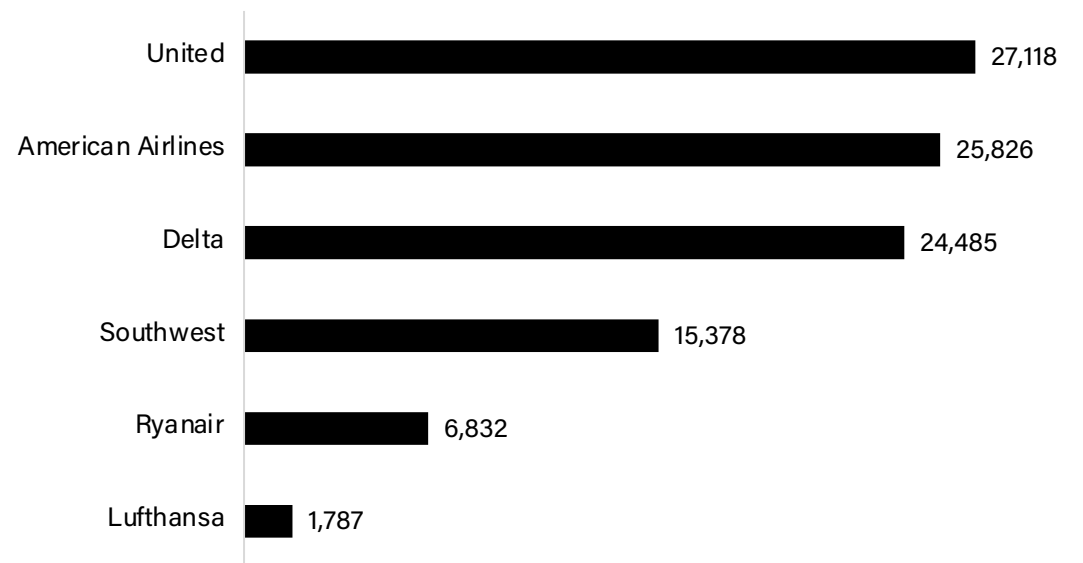
Sustainable Aviation Fuel Is Extremely Costly

While it is often touted as the best solution to aviation's carbon emissions challenges, as it stands currently, SAF is extremely expensive. While accurate up-to-date figures can be hard to come by, many estimates place it at 3-5 times the cost of conventional jet fuel and even achieving the 65% contribution to the International Air Transport Association's Net Zero Roadmap would be preventatively expensive at the present time, however this could change as technology and production capacity develop.

Relative Contribution to IATA's Net Zero Targets by 2050

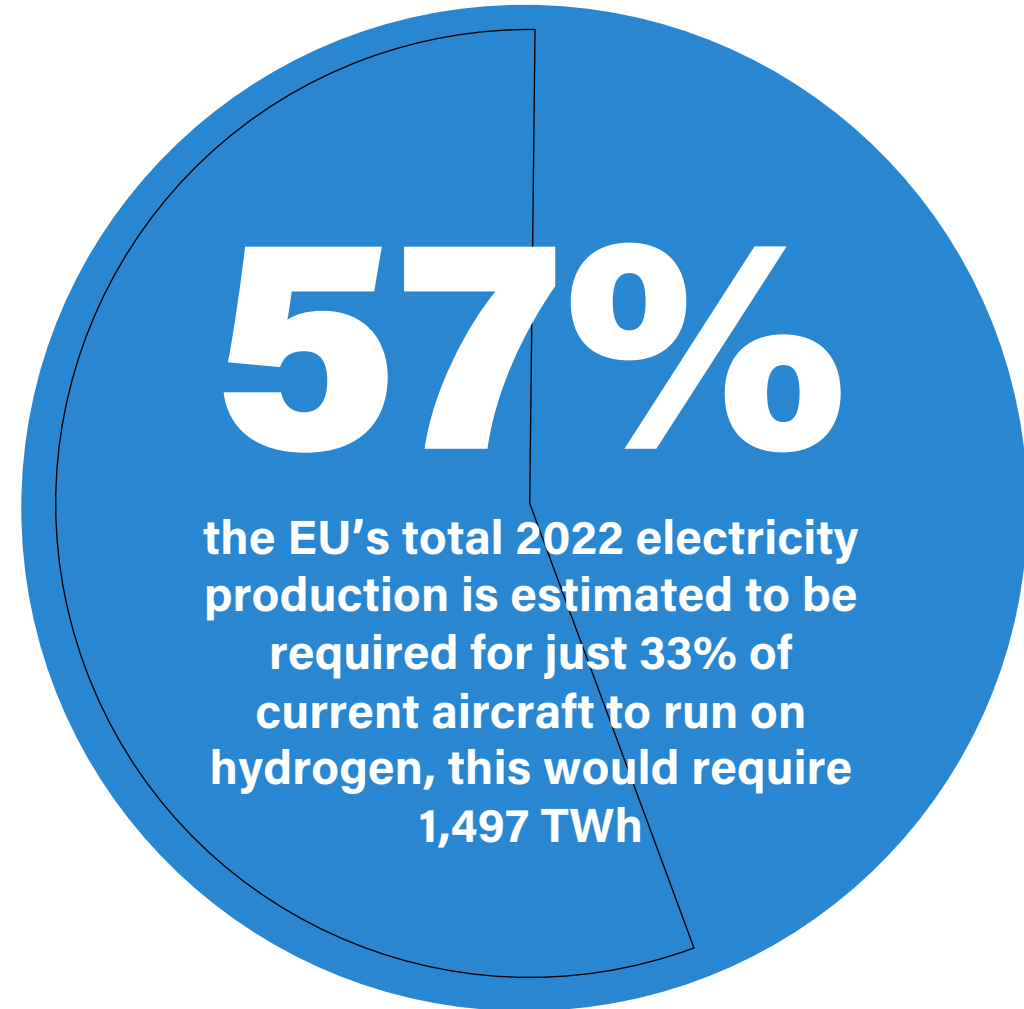


Cost to Replace 65% Total Fuel Consumption With SAF (US\$ Millions)



Hydrogen Fuel Is a Long Way Off a Viable Alternative

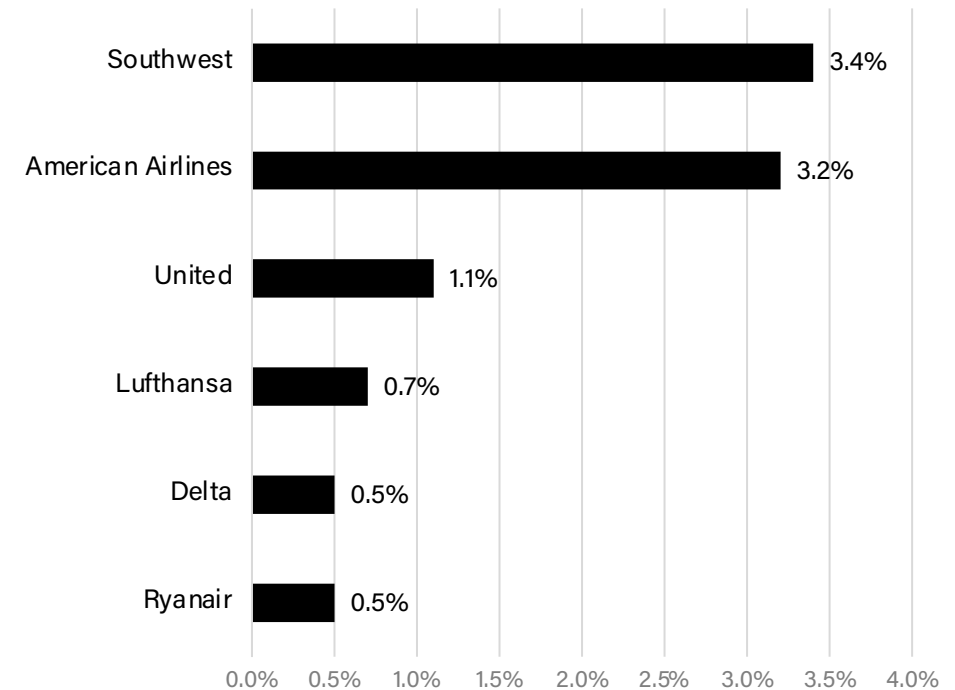
- Another often-touted solution to the slow pace of decarbonization for the aviation sector is hydrogen fuel.
- Like Sustainable Aviation Fuel, however, it is not a viable solution at the present time. Scalable hydrogen-fueled air transport is still decades away.
- Producing and liquefying the necessary hydrogen would require over half of the current electricity generated in the EU. This excludes the renewable hydrogen needed for synthetic aviation fuels, which the European Commission aims to constitute 35% of all aviation fuel by 2050.
- Hydrogen also produces less energy per molecule than jet fuel, requiring larger, cryogenic tanks for long flights. Future aircraft designs may need to include larger fuselages or blended wing bodies to store more fuel and improve aerodynamics.



Carbon Offsets Are Relatively Affordable (For Now)

- The International Air Traffic Association stipulates a **19% allocation of Net Zero** to carbon offsets (along with carbon capture), as of 2023, and have discouraged reliance on carbon offsetting for the industry and have instead emphasized Sustainable Aviation Fuel, along with several other mitigation measures.
- Offsets cost around \$3 to \$5 per ton of CO₂. This carbon price, however, is set to rise dramatically in the next decade if we see stronger climate policies and greater standardization in the market which is already taking place.
- For carbon-intensive industries like aviation that face huge challenges in developing new green technologies, carbon offsets represent a relatively affordable “stop-gap” measure which is available to them now.
- The cost of achieving this target is relatively manageable as a percentage of net profit.

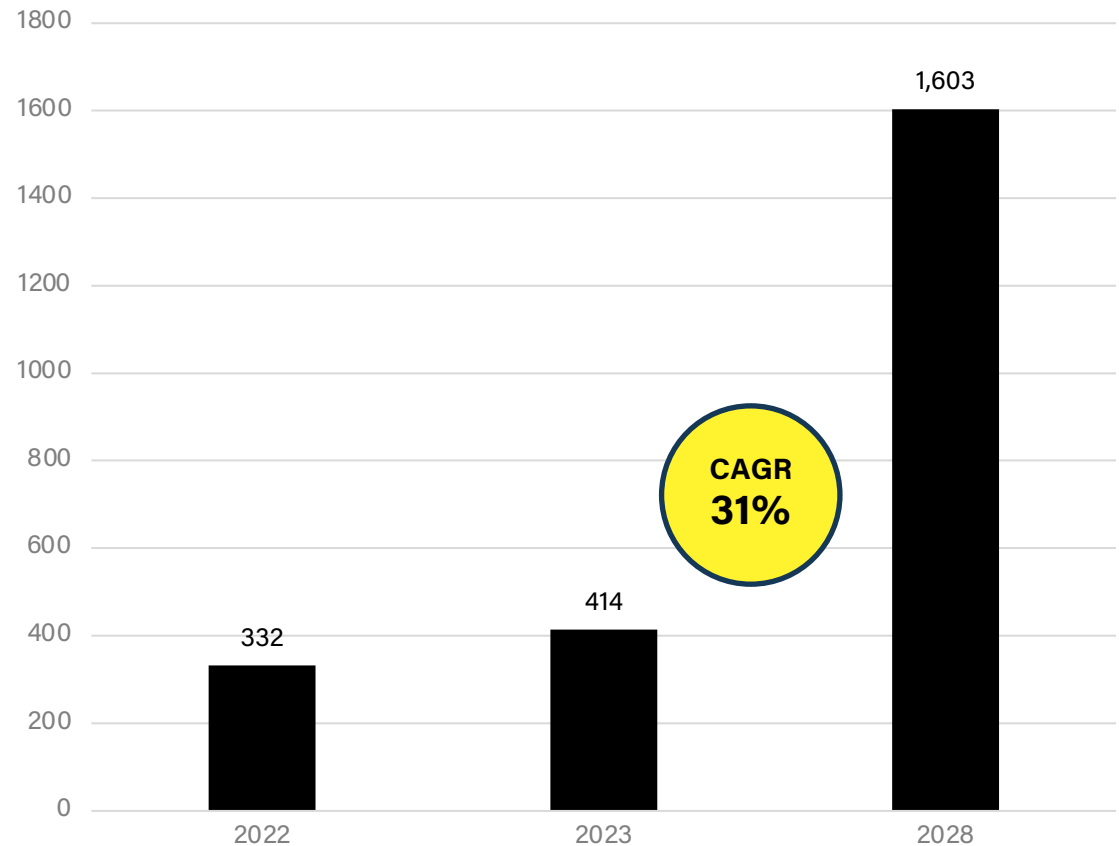
**Percentage of Annual Net Profit Required to Offset
19% (as per IATA Net Zero Target)
Carbon Emissions at \$4 per Metric Ton**



Carbon Offsets Are a Growing Market

- The global carbon offset market was valued at \$331.8 billion in 2022 according to a report by Markets and Markets. It is projected to grow at a compound annual growth rate (CAGR) of 31% from 2023 to 2028, reaching \$1.6 trillion. This growth is driven by the global pursuit of net-zero emissions and increased investments in carbon capture technologies.
- Europe is expected to be the largest market for carbon offsets/carbon credits during this period, primarily due to the EU Emissions Trading System (EU-ETS), the world's largest emissions trading system.

Global Carbon Offset Market Size, 2022 with Forecast to 2028 (\$ billions)



Carbon Offsets Present Multiple Challenges

There are multiple challenges in ensuring that offset projects are not either erroneous or being used for greenwashing. The onus is on businesses to address this. If carbon offsets are to serve their purpose as an interim solution, the ecosystem within which they operate cannot be relied upon to self-regulate.

BENEFITS



Funding for new technologies and decarbonization initiatives (such as SAF, carbon capture, reforestation)



Flexible carbon reduction option for companies



Co-benefits can provide positive social and economic benefits (such as cleaner and healthier cookstoves, job opportunities, community investment)

CHALLENGES



Lack of globally accepted standards or governing entity



Accountability difficult to prove or maintain



Could disincentivize companies from reducing emissions in favor of offsetting



Suspicion and scrutiny from public, media, and regulators over lack of accountability and allegations of greenwashing which also poses risk in terms of reputation and license to operate

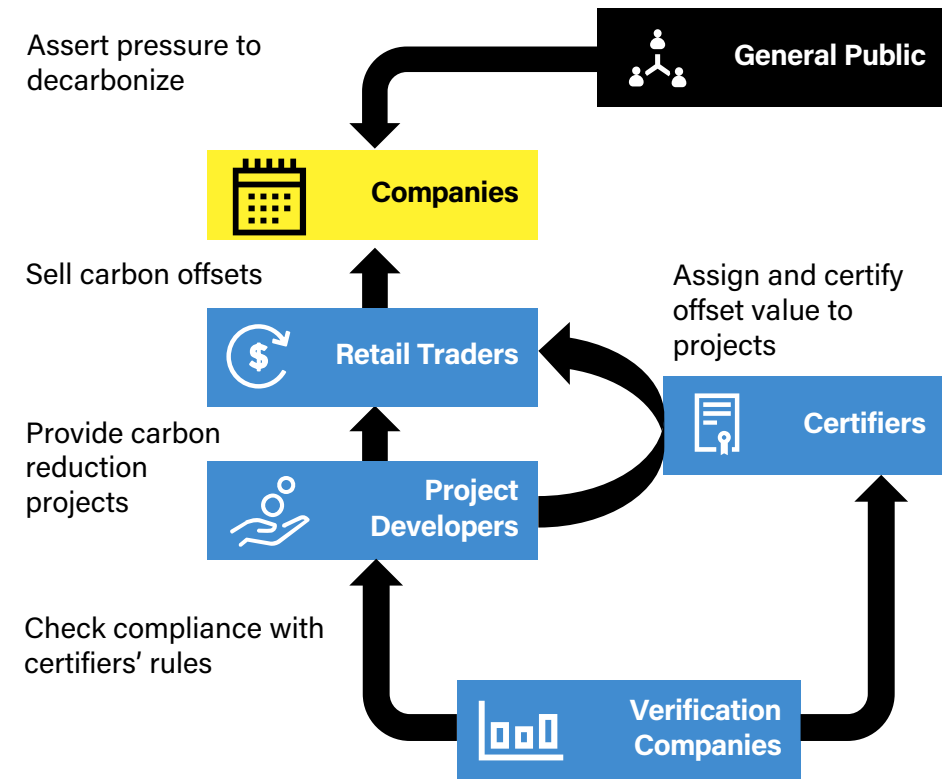


Rising prices relative to carbon being offset

The Carbon Offset Ecosystem Incentivizes Greenwashing




- **Companies** aim to achieve net-zero emissions at the lowest cost, necessitating a large supply of cheap carbon credits. There's little incentive for companies to pay premiums for high-reputation credits, as each carbon credit is seen as saving one ton of carbon, regardless of quality.
- **Retail traders** are pressured to supply abundant carbon credits, often compromising quality control. They are motivated to sell as many credits as possible, with limited market visibility on credit quality, leading them to overlook the legitimacy of projects.
- **Project developers** can exploit the high demand by creating projects that don't actually reduce emissions. For example, a landowner with a large forest might threaten deforestation unless compensated, allowing developers to issue credits for "saving" the forest, even if the threat was never real.
- **Certifiers**, not being government agencies, profit from the carbon credit business and set loose rules to maximize project certifications. Their earnings depend on the number and size of certified projects, encouraging minimal standards that still appear credible.
- **Verification companies** ensure project developers follow certifier rules but don't challenge the rules' validity. Their role is to verify compliance, not to question the effectiveness of the rules themselves.

Visualizing the Incentive Structure of Carbon Offsets



Airlines Are De-Emphasizing Offsetting in their Public Disclosures

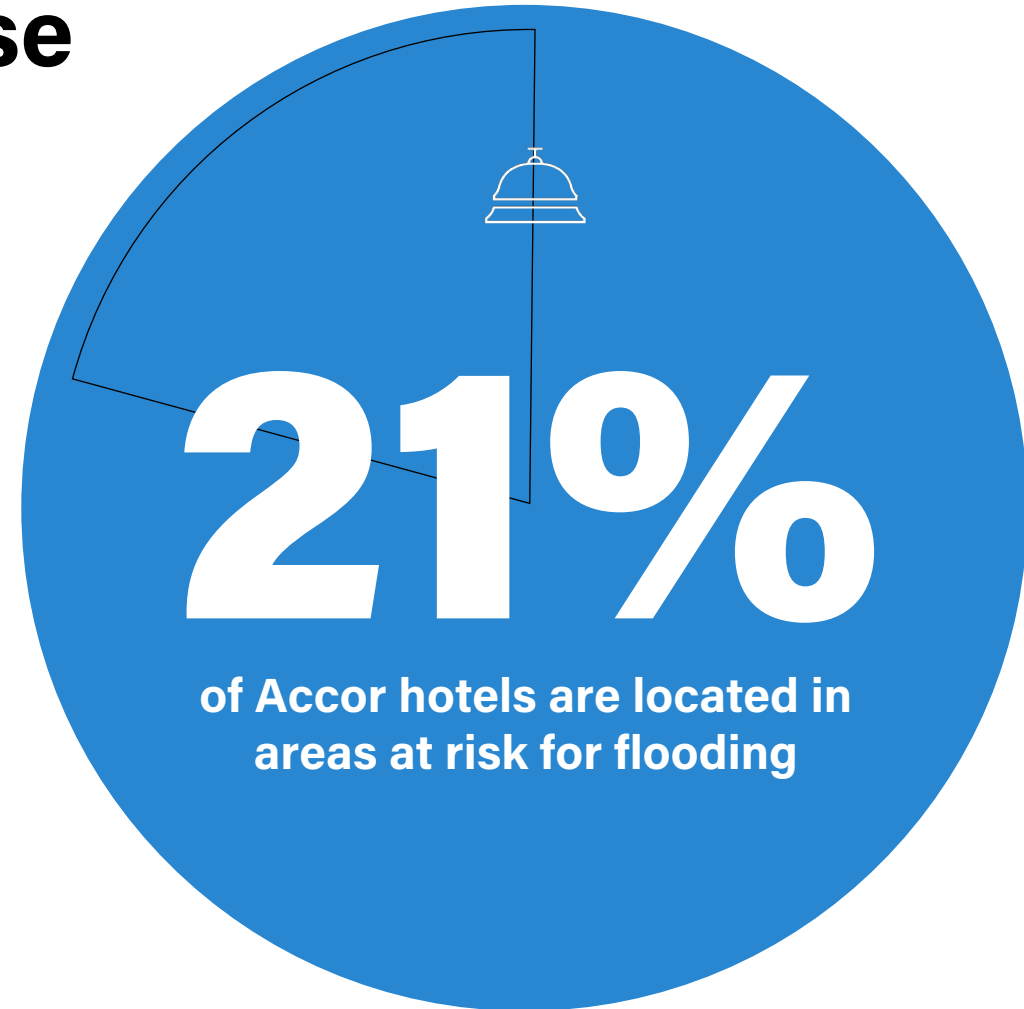
Driven by the uncertain reputation offsets have garnered, the aviation industry has shifted away from an emphasis on carbon offsets as a means to achieve net zero or carbon neutrality.

AIRLINE	PREVIOUS STATEMENT	CURRENT STATEMENT
	<p>2016 Report: "We are also supportive of ambitious targets set by the International Civil Aviation Organization (ICAO) to mitigate greenhouse gas emissions (GHG) from air transportation. These include an average improvement in fuel efficiency of 1.5 percent per year from 2009 to 2020; carbon-neutral growth from 2020 and beyond (known as the Carbon Offsetting and Reduction Scheme for International Aviation or CORSIA); and a 50 percent reduction of net aviation CO2 emissions by 2050."</p>	<p>2023 Report: "Our strategy for reaching net zero GHG emissions by 2050 is focused on running an ever more fuel-efficient operation, primarily by operating more fuel-efficient aircraft that are increasingly powered by low-carbon fuel. In 2022, we took meaningful steps forward in these areas — from adding new-generation aircraft to our fleet and finalizing our most significant sustainable aviation fuel (SAF) offtake agreement to date, to announcing two investments in companies focused on the development of low-carbon, hydrogen-powered aviation."</p>
	<p>2015 Statement for Greenair: "As the only US airline to offer a corporate carbon offset programme, CarbonChoice represents another way for us to broaden and partner with our customers on environmental initiatives outside of our normal business relationship"</p>	<p>2023 Report: "United Airlines is the first global airline to commit to achieving net zero GHG emissions by 2050, without relying on the use of voluntary carbon offsets."</p>
	<p>2019 Report: "Since 2013 we have voluntarily purchased and retired more than 14 million offsets, well ahead of the IATA goal of capping international emissions starting in 2021. As a result of the COVID-19 pandemic and it's financial impact, we were only able to purchase 40% of the offsets needed to achieve Delta's 2019 carbon-neutral growth goal. However, our goal to cap emissions at 2012 levels will be achieved."</p>	<p>2023 Report: "Moving forward, we believe it will be important for the United States to encourage the prioritization of SAF over offsets, to ensure structural decarbonization through additional policy supports and incentives, as well as take appropriate steps to implement CORSIA domestically with appropriate safeguards to protect the competitiveness of the U.S. industry."</p>

For Hotels, Climate Risks Require a Solid Response

Hotel companies are increasingly measuring and reporting on climate risks, which tend to be mid-to long-term risks to the business brought on by climate change. The most interesting analyses are found in three buckets:

- Physical risks due to environmental change,
- Increased regulations
- Reputational risk due to changes in stakeholder demands



SBTi Commitments Still Lacking in Travel

The Intergovernmental Panel on Climate Change (IPCC) has warned that global warming must not exceed 1.5°C above pre-industrial temperatures to avoid the most catastrophic impacts of climate change. The Science-Based Targets initiative (SBTi) was established in 2015 to help companies set emission reduction targets in line with Paris Agreement goals.



4664

Companies worldwide
committed to the Science
Based Targets Initiative



75

Travel companies
committed to SBTi;
only 1.6% of all companies



27

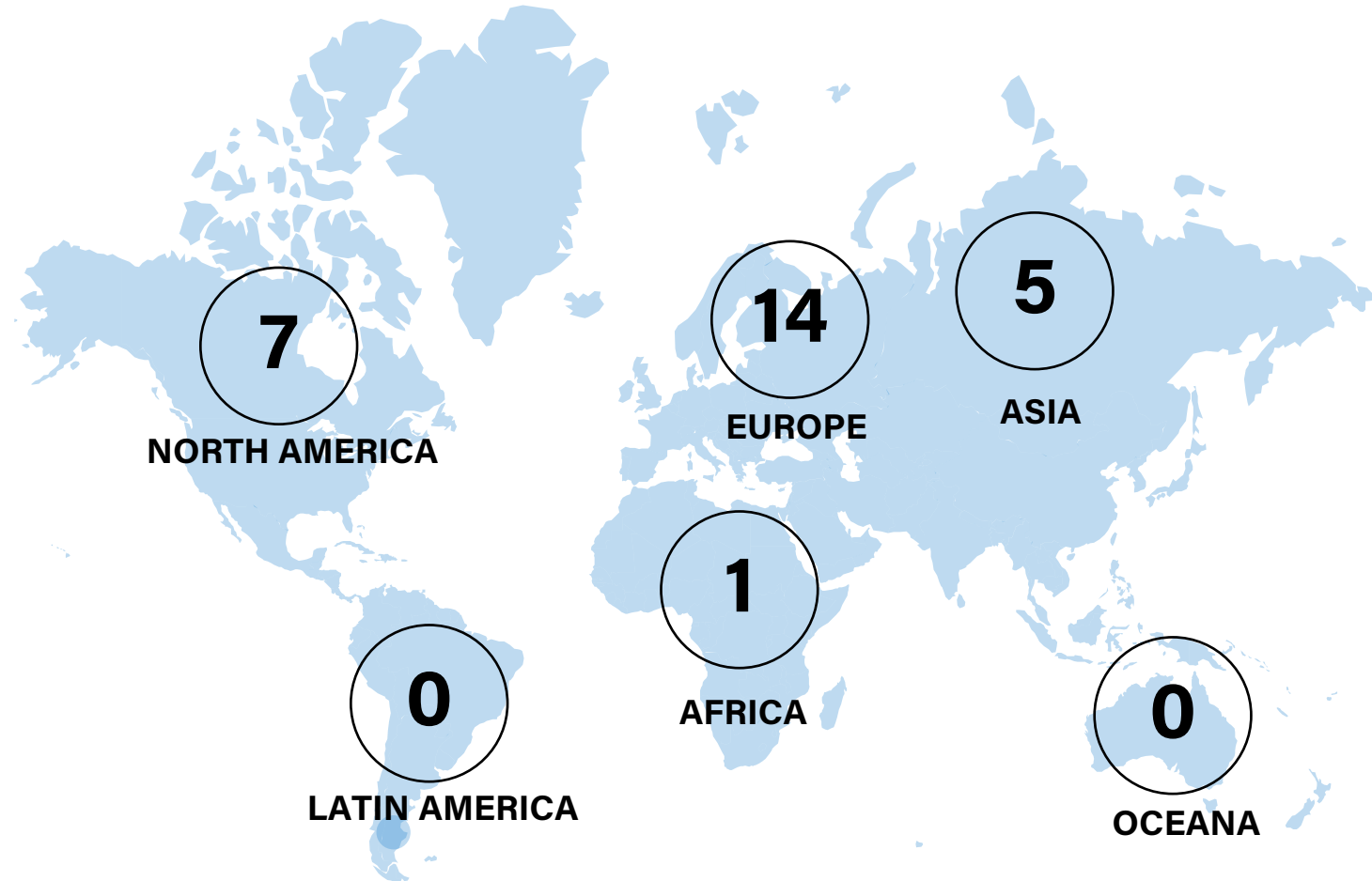
Hospitality companies committed to
SBTi; only 0.6% of all companies, but an
**impressive 36% of travel companies
which have set a target**

Sustainability Targets Skew European

Most hotel companies that have SBTi-validated targets are based in Europe and North America.

27

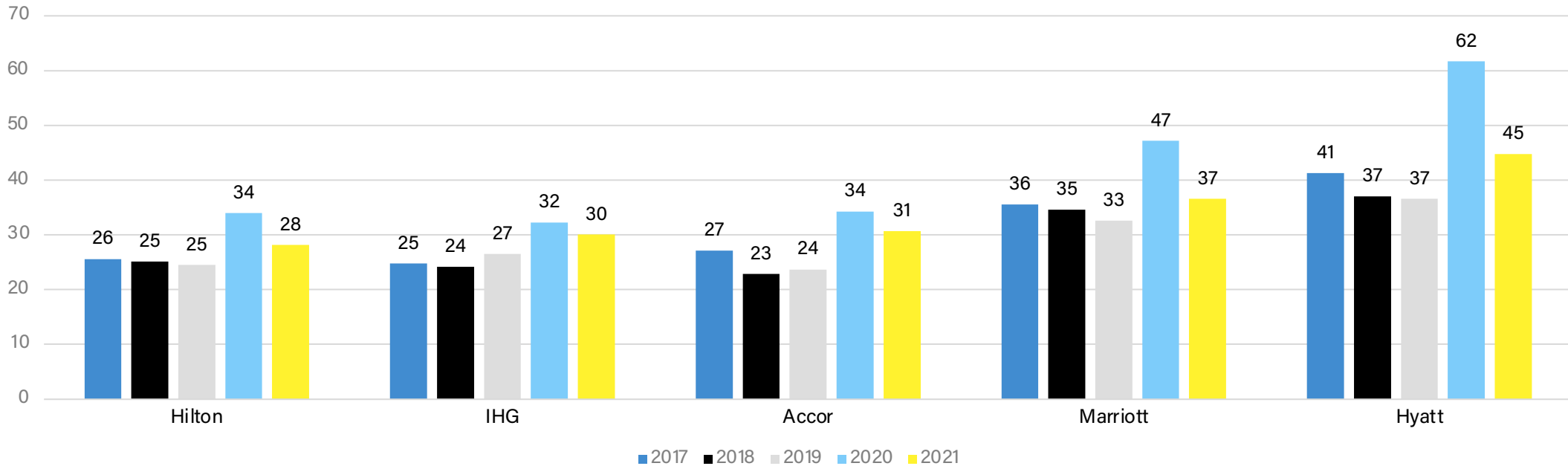
Total Hospitality Companies



Average Emissions Show Slight Downturn

Almost all hotel companies showed declining emissions per occupied room before the pandemic, but the turbulent years 2020 and 2021 meant that big hotel buildings needed to keep the lights on and spaces warm, without rooms being occupied. This wreaked havoc on the averages. So, while total emissions were down for all hotel companies' emissions per room were up considerably.

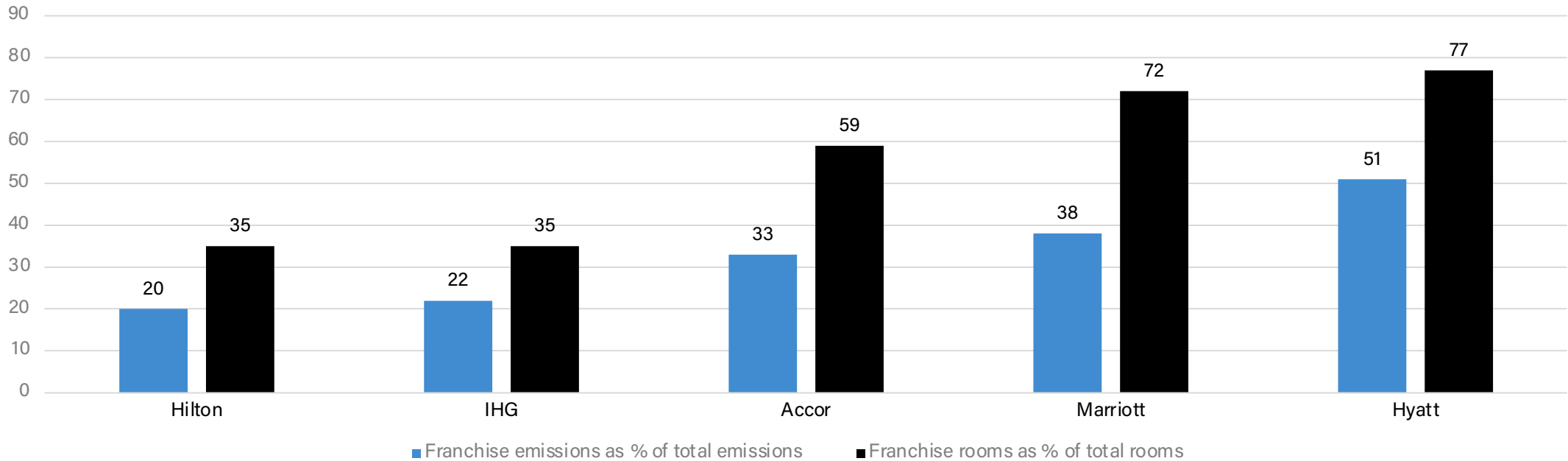
GHG Emissions (kg CO2e) per Occupied Room Systemwide, Scope 1, 2, and 3 (Franchise Only)



Franchises Have an Easier Road to Abatement

The data indicates that franchised hotels emit fewer emissions than those rooms under operational control. For all companies, franchise rooms take up a larger share than franchise emissions. This is, admittedly, not comparing apples to apples. Scope 1 and 2 emissions do not only include emissions from OLM hotels, but also other areas of operational control like emissions from offices and business travel.

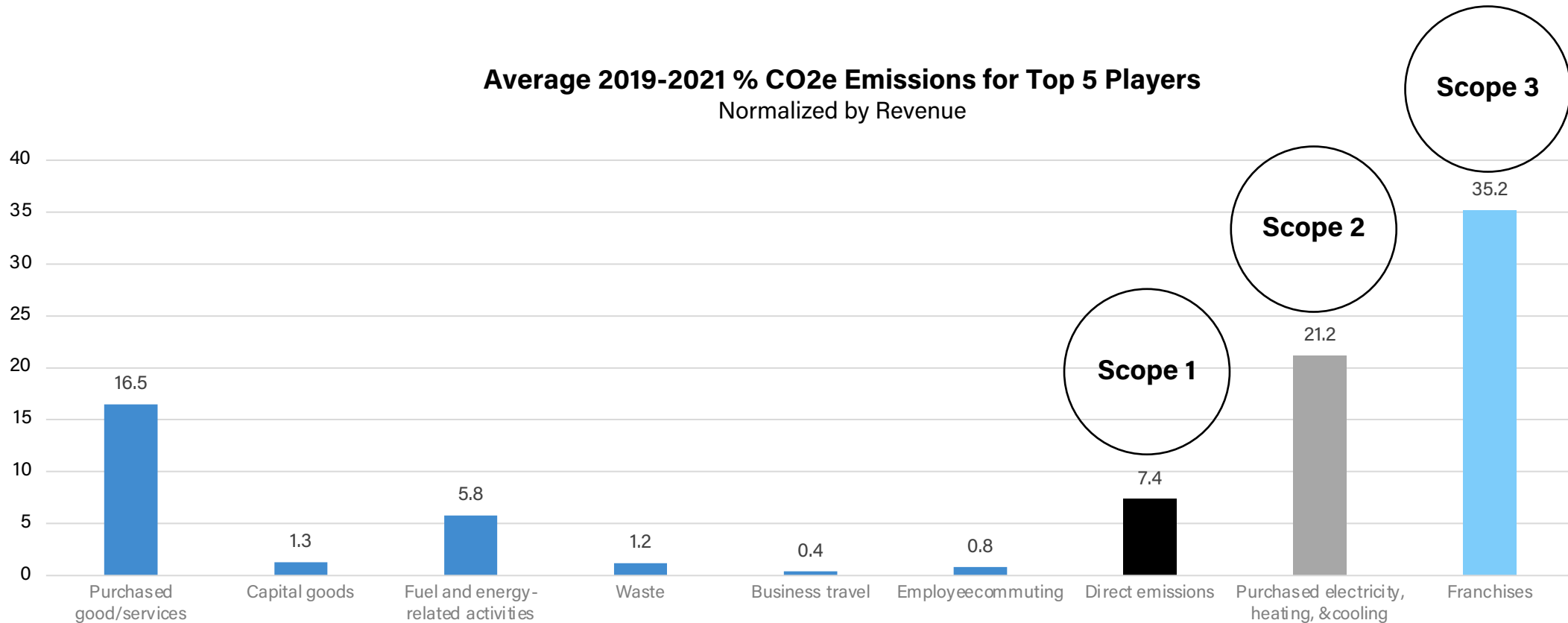
Franchise Emissions and Rooms
As % of Total -2021



Most Hotel Emissions Come From Scope 3

It is important that measuring and reporting of scope 3 emissions improves, because even with the limited coverage that some companies have today, we found that scope 3 emissions account for around 60% of all emissions, with over half of that from direct emissions and purchased electricity and heat by franchises.

Average 2019-2021 % CO2e Emissions for Top 5 Players
Normalized by Revenue





DATA & AI

Four Immediate Ways AI Will Impact Travel

At Skift Research we believe Gen AI can have a significant impact on the travel industry, but it will not impact all aspects of the industry and where it does have an impact, we will see its impact transpire in phases.

We see at least four significant use cases for generative AI and large language models in travel:

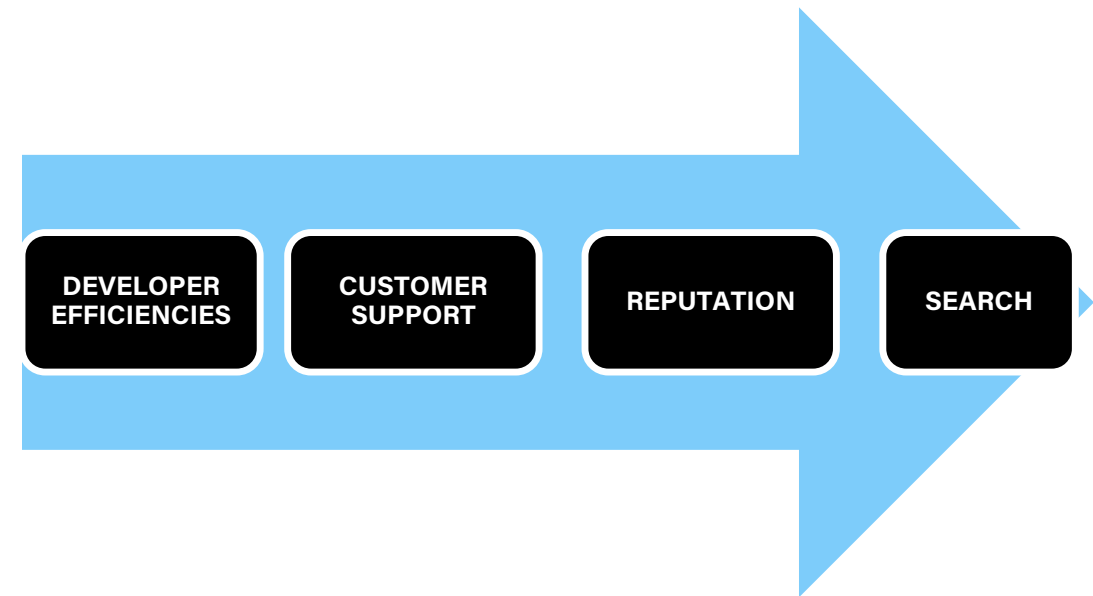
DEVELOPER EFFICIENCIES: Generative AIs helps programmers write better code, faster. This leads to faster development cycles and more new tech. Already having a considerable impact today.

CUSTOMER SUPPORT: LLMs can significantly improve the chatbot experience and make it more useful for customers. New products based on LLMs being launched already.

REPUTATION MANAGEMENT: AIs can help evaluate customer sentiment and allow travel businesses to respond to online reviews, boosting their online reputation. First prototypes coming onto the market.

PERFORMANCE ADVERTISING: How Gen AI provides a new accessible way to search, summarize and present information stands to change the travel planning stage. This is the next frontier.

Time to Market for AI Travel Tools



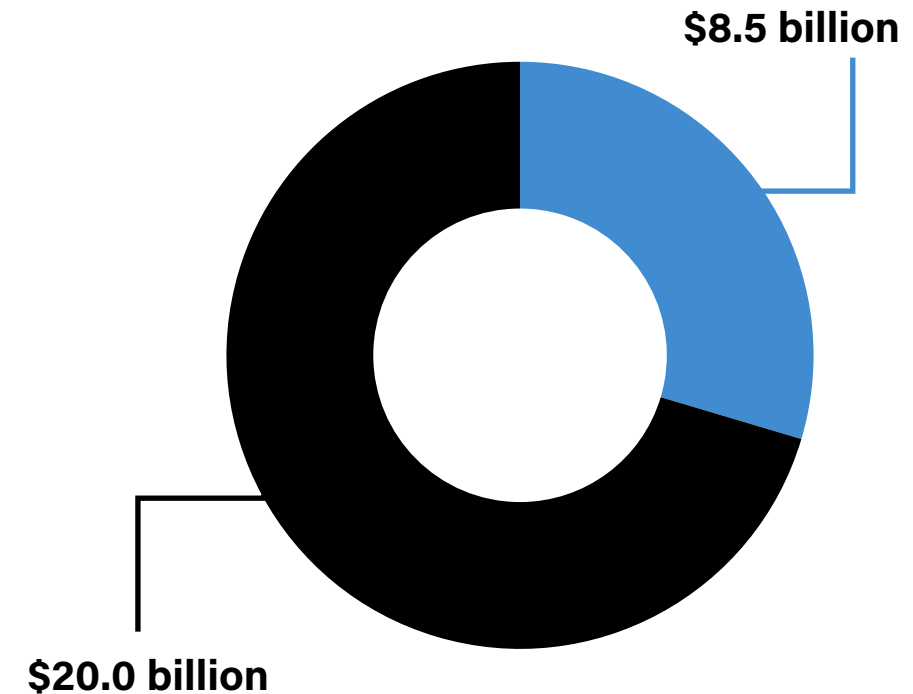
Generative AI Is a \$30 Billion Opportunity

The four imminent changes as discussed on the previous slide can be referred to as the "baseline". We estimate these will generate an additional \$8.5 billion.

The real impact, however, lies in the broader impact AI can have, which we estimate conservatively at \$20 billion. If everyone could become 1% more efficient in their job, this would create an additional \$15 billion alone for the travel industry. And our readers believe that the impact could be much larger.

Skift Research Estimates for AI in Travel

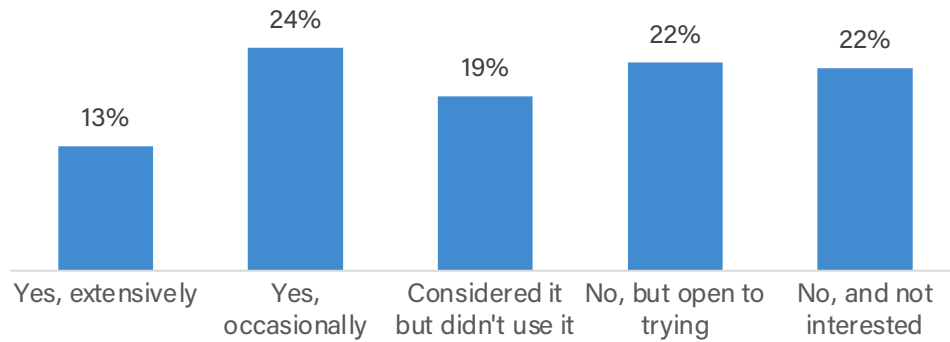
- Near-Term "Baseline"
- Long-Term "Dreaming Big"



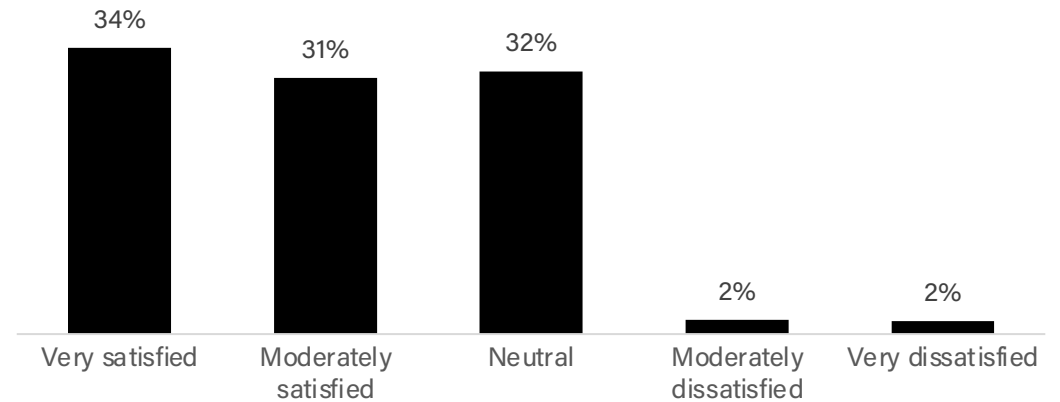
High Satisfaction, Low Adoption Point to AI Growth in Travel Planning

Data from a recent Skift Research survey suggests that while a relatively low percentage of people have actively used AI-based apps like ChatGPT for travel planning (combining "Yes, extensively" and "Yes, occasionally" responses, which total 37%), those who have used them are generally satisfied with the results. This indicates a potential opportunity for growth in AI adoption for travel planning, as satisfaction levels among users are high despite limited current usage.

Response to 'Have You Utilized ChatGPT or a Similar AI-Based App to Assist in Planning Any Aspect of Your Trip?'

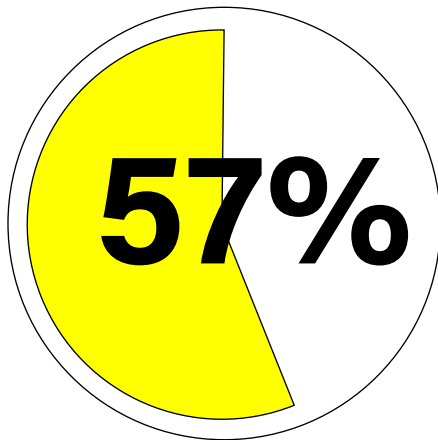


Response to 'Were You Satisfied With the Results of the App You Used for Travel Planning Purposes?'



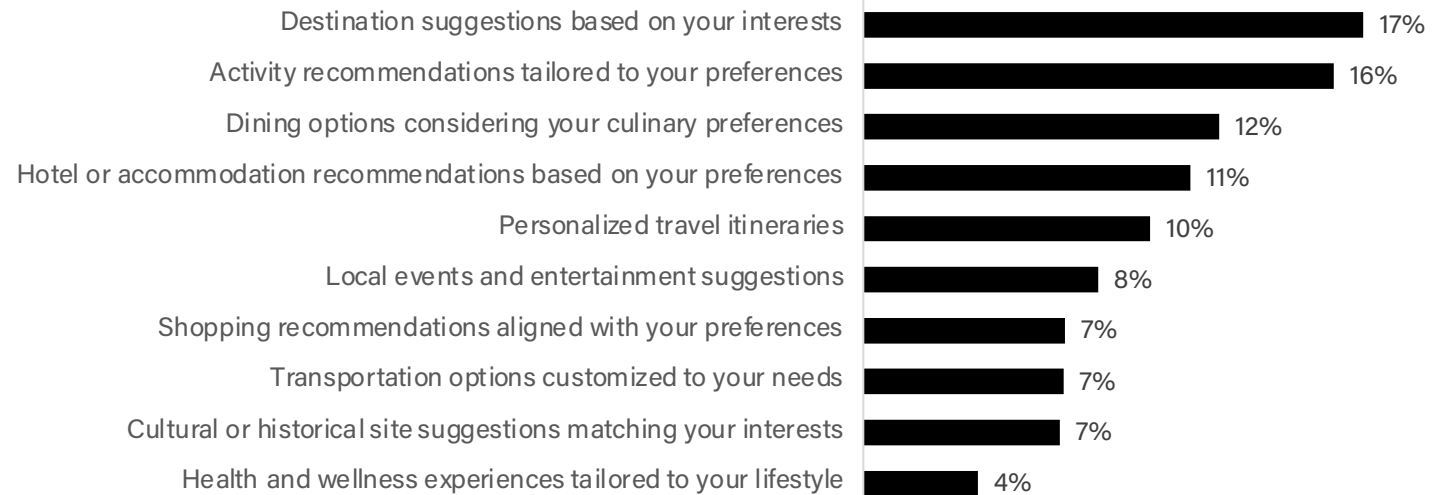
AI-Driven Personalization: Unlocking Opportunities for Travel Stakeholders

Gen Z and Millennial travelers are increasingly favoring personalized travel recommendations from AI systems, citing their preferences and past behaviors. Key preferences include destination suggestions (17%), activity recommendations (16%), and dining options (12%) tailored to their tastes. This trend underscores a growing business opportunity for AI-driven travel services to cater to individualized traveler needs efficiently.



Gen Z/Millennial travelers prefer receiving personalized travel recommendations from AI-based systems, taking into account their preferences and past travel behavior

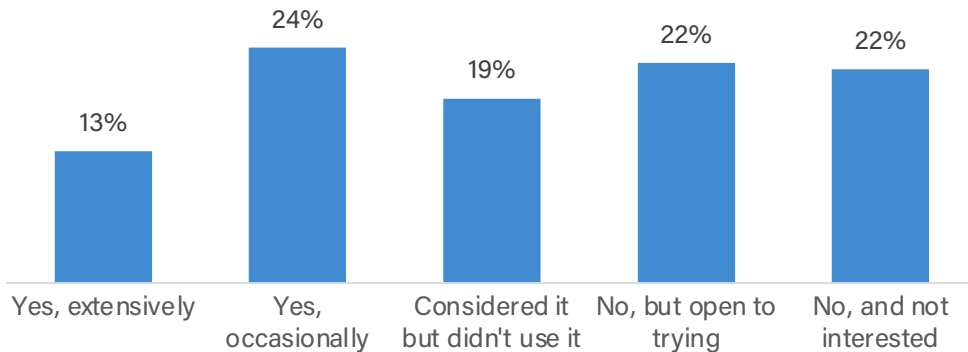
Preference for Types of Personalized Recommendations From AI Systems



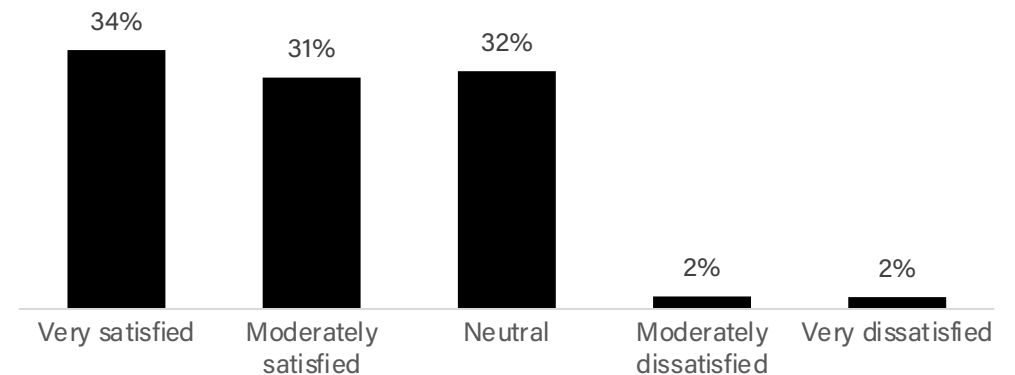
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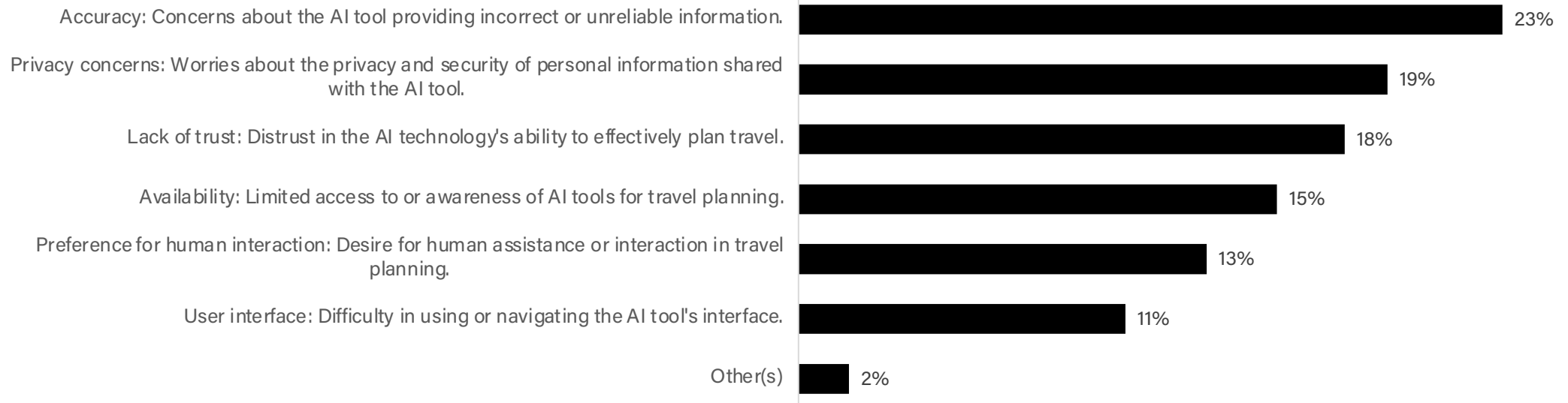
Response to 'Were You Satisfied With the Results of the App You Used for Travel Planning Purposes?'



Accuracy and Privacy: Key Consumer Concerns Hindering AI Adoption in Travel

A recent Skift Research survey highlights significant challenges hindering AI adoption in travel planning, such as concerns over accuracy, privacy, and trust in AI capabilities, coupled with issues of awareness and user interface usability. Strategic efforts to overcome these barriers are essential for advancing AI integration within the travel industry.

Barriers to AI Adoption in Travel Planning



The image is a blue-themed graphic illustration. It features a large, dark blue arrow pointing upwards and to the right, set against a background of lighter blue diagonal stripes. In the center, there is a target icon with a bullseye and a small star. Below the target is a large blue circle containing a white dollar sign (\$). To the left, there is a candlestick chart with several bars. In the top left corner, there is a smaller candlestick chart. A starburst icon is located in the top right corner. The overall design is modern and professional, representing financial growth and investment trends.

INVESTOR TRENDS

The background is a complex, layered composition. It features a dark grey background with several diagonal lines creating a sense of depth and perspective. In the upper left, there is a white rectangular area containing a candlestick chart. A stylized plant with large, pointed leaves and a central stem is positioned in the middle ground. Two large, circular coins with dollar signs (\$) are placed on the plant's stem. A target symbol with an arrow in the bullseye is also visible. A large, white, bold number '1' is the central focus, preceded by a small white square. The overall aesthetic is modern and professional, combining natural elements with financial data.

1

PUBLIC MARKET DYNAMICS

The Skift Travel 200: Tracking Travel Stocks

The S&P 500 index quickly captures the stock price performance of some of America's largest companies. The Nasdaq tells us how the tech sector is doing. But there had not been an index for the travel industry. The Skift Travel 200 stock index will be the first benchmark to measure the \$1 trillion-plus market for public travel companies.

Skift Travel 200 Stock Index



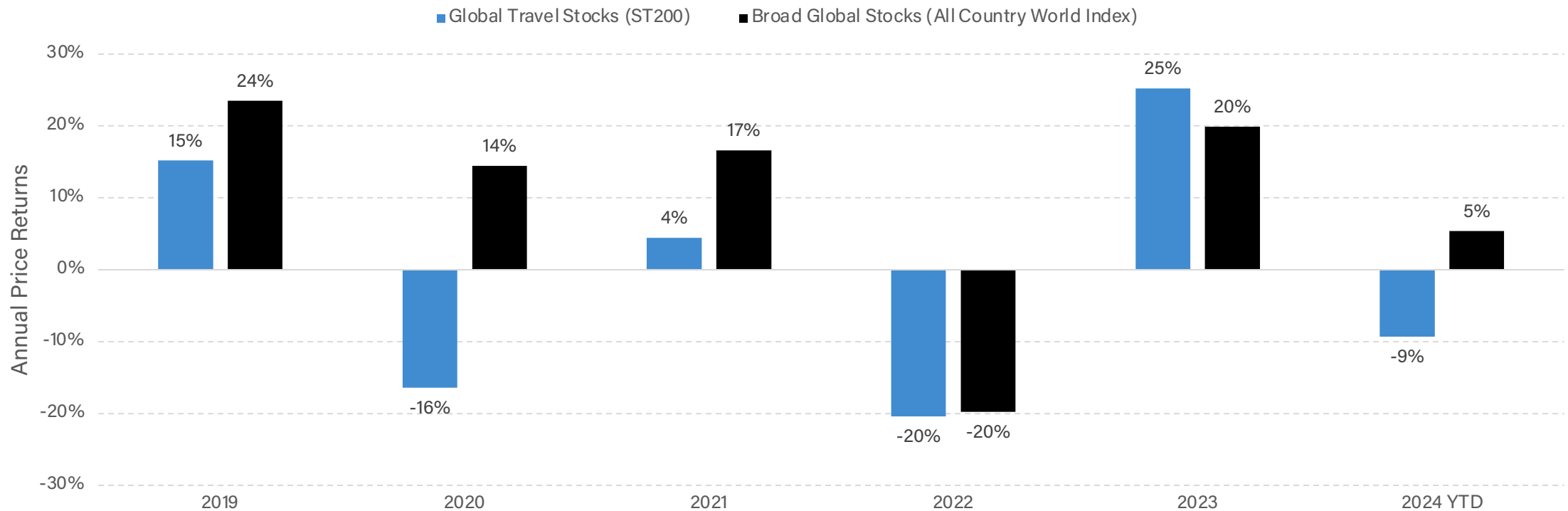
The Travel Industry as Captured in the Skift Travel 200

ST200 Index at 907.96 as of 8/7/2024	\$951 Billion Aggregate Revenue as of Q12024	\$152 Billion Aggregate EBITDA as of Q12024
968 Billion Market Cap as of 8/2/2024	9% Revenue Growth as of Q12024 vs. prior year	10% EBITDA Growth as of Q12024 vs. prior year

Travel Stocks Were Hit Hard by the Pandemic

Global Travel Stocks have underperformed the broader market for the last five years. The majority of that underperformance came during the pandemic years of 2020 and 2021. Travel stocks matched or bested the broad market in 2022 and 2023.

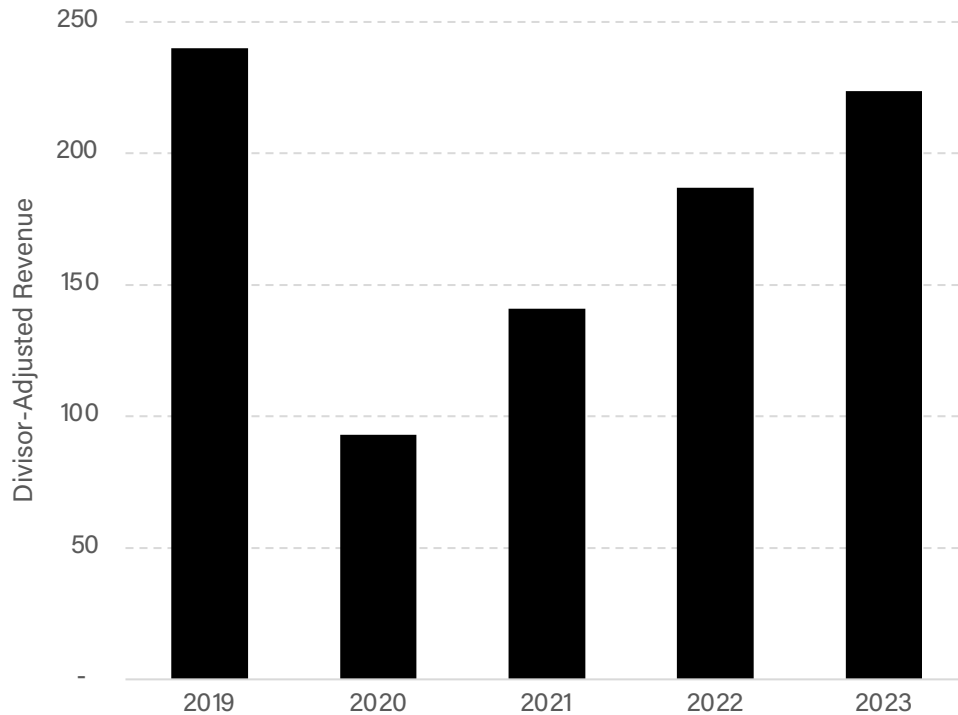
Travel Stocks Have Underperformed the Broader Market Since the Pandemic



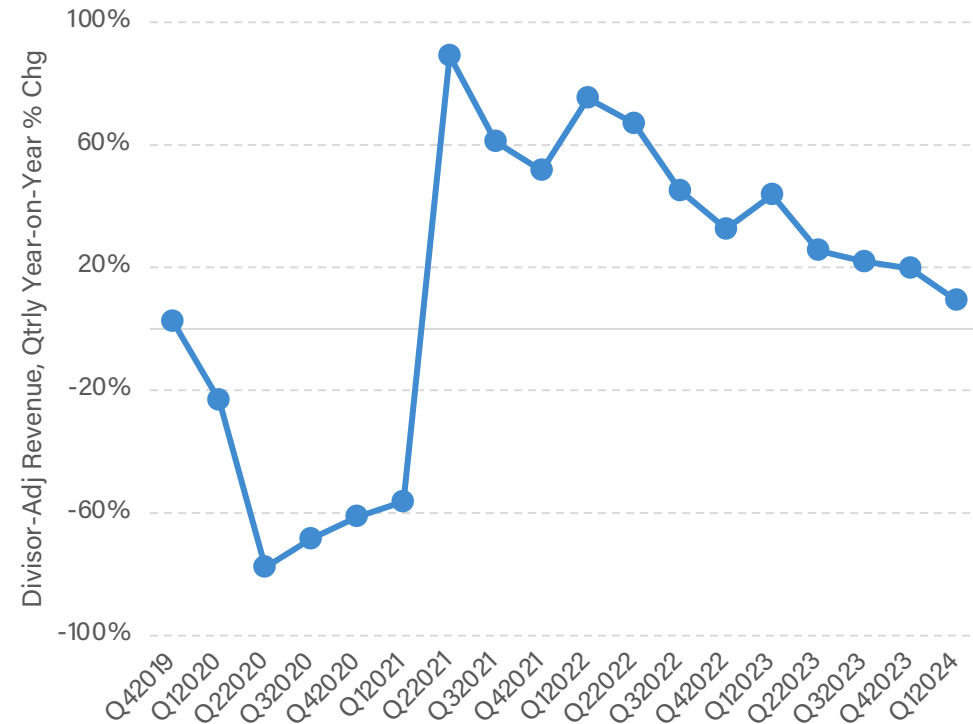
ST200: Public Travel Company Revenue

The trend of revenue from companies included within the Skift Travel 200 shows a strong pandemic recovery. Revenue continues to grow at a healthy clip, but revenge travel is coming to an end and trends are normalizing.

Skift Travel 200 Revenue Trend



Skift Travel 200 Revenue Growth

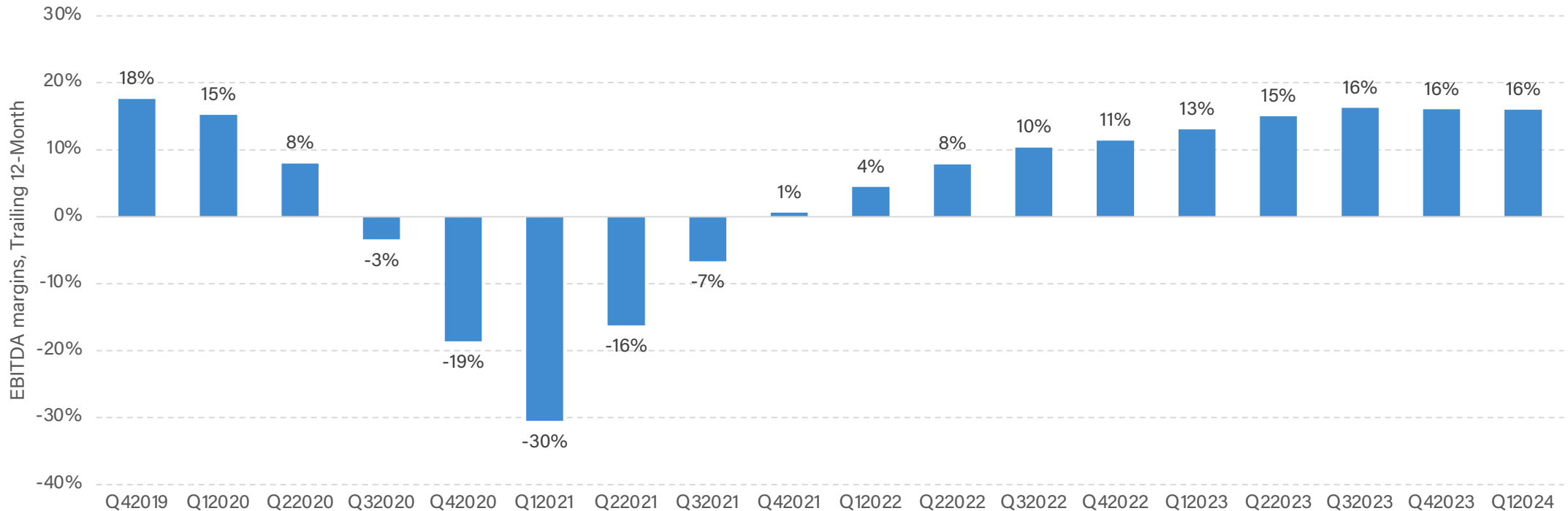


Source: [Skift Travel 200 Stock Index](#). Revenue is indexed and adjusted for company additions/removals; units are not in absolute dollars. Data as of August 2024.

ST200: Public Travel Companies Profit Margins

Publicly traded travel companies tracked by the ST 200 index show a near full recovery in profit margins. Today, travel industry margins are steady at ~16% on a full year basis, about in line with pre-pandemic profits.

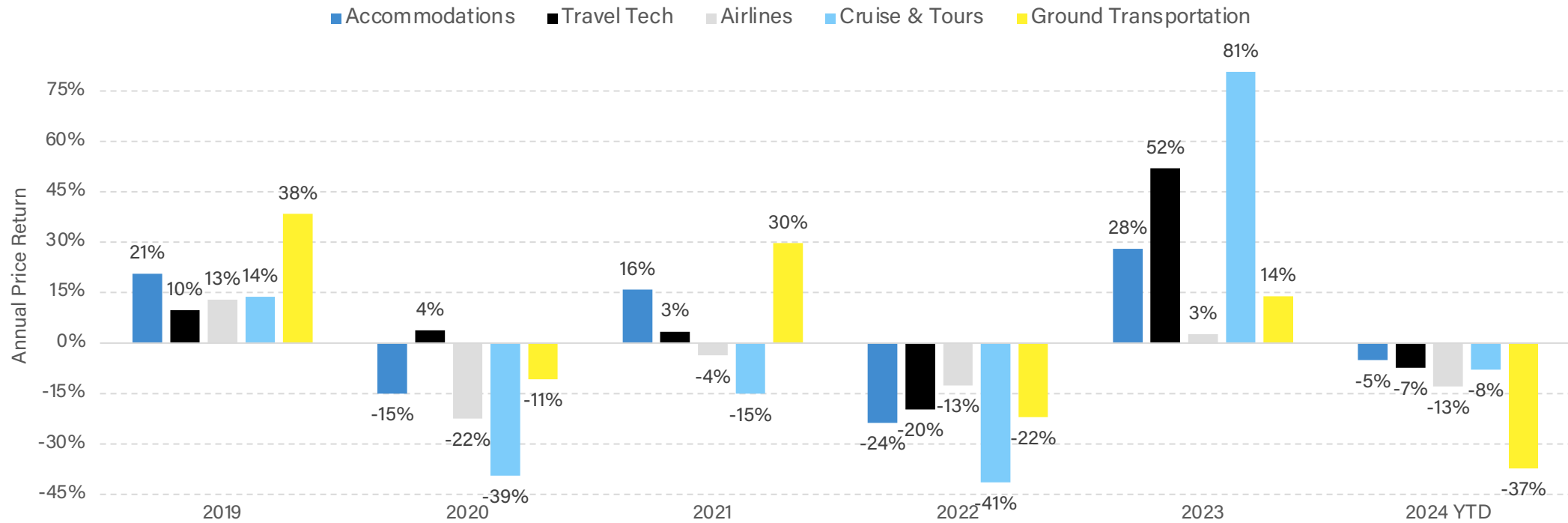
Skift Travel 200 Profit Margins



Skift Travel 200 Sector Breakdown

The Skift Travel 200 is divided into five sectors: accommodations, travel tech, airlines, cruise & tours, and ground transportation. Breaking the index out by sector shows significant dispersion of returns within the broader index. Overall, travel tech, which includes the online travel agencies, has been the best performing sector while cruise & tours has been the biggest laggard.

Skift Travel 200 Returns Broken Down by Sector

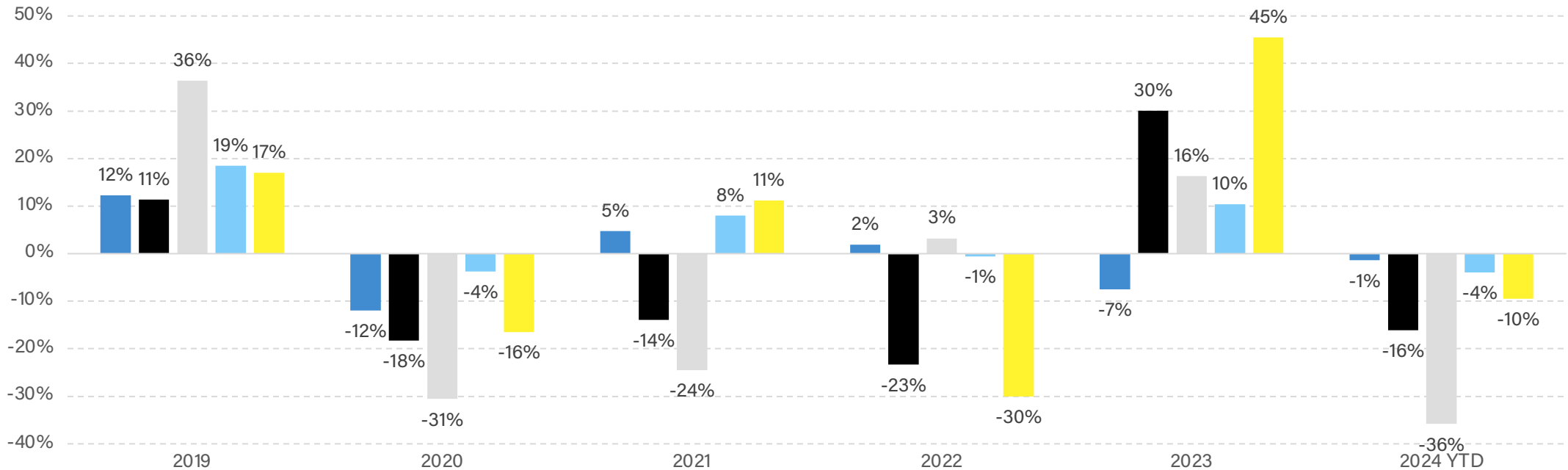


Skift Travel 200 Regional Breakdown

The Skift Travel 200 is a global index that tracks travel businesses in Asia Pacific, Europe, Latin American, Middle East & Africa, and North America. Overall, Middle East & Africa has been the best performing region while Latin America has had the worst equity market performance.

Skift Travel 200 Broken Down By Region

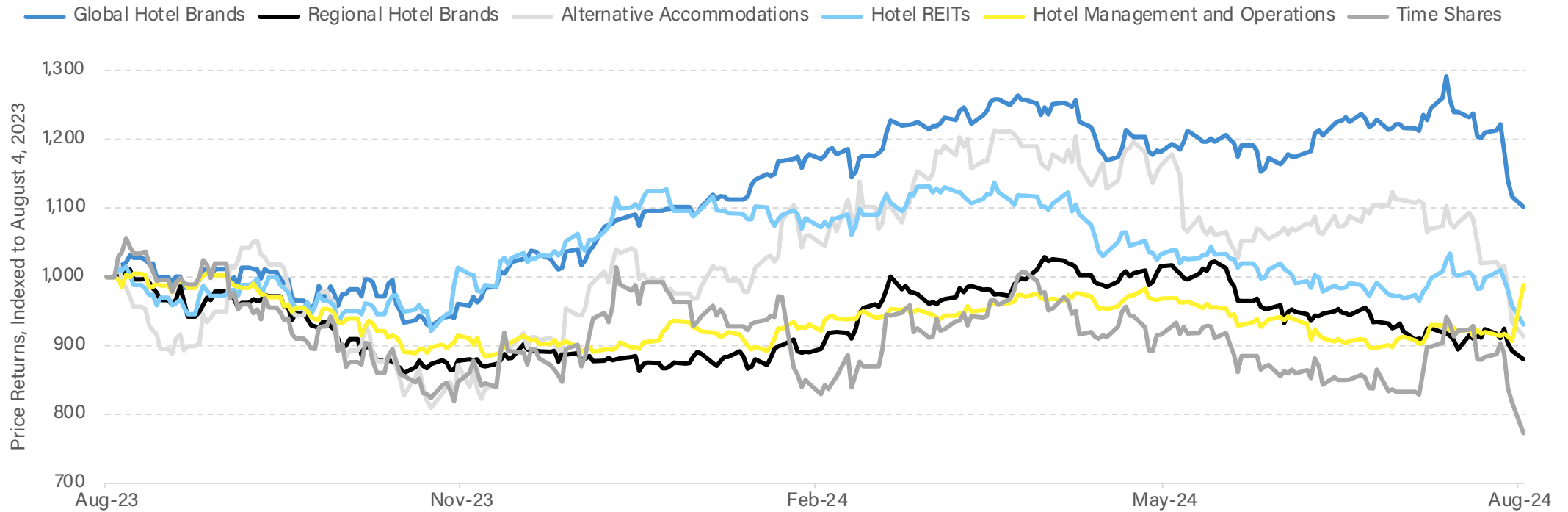
■ Asia Pacific ■ Europe ■ Latin America ■ Middle East & Africa ■ North America



Accommodation Stocks Mixed Over Last Year

The accommodations sector has five sub-sectors within it that we track. Global hotel brands, such as Marriott, Hilton, and IHG have been the best performing accommodation stocks. Alternative accommodations, which includes Airbnb, has also done well. Time share stocks have lagged

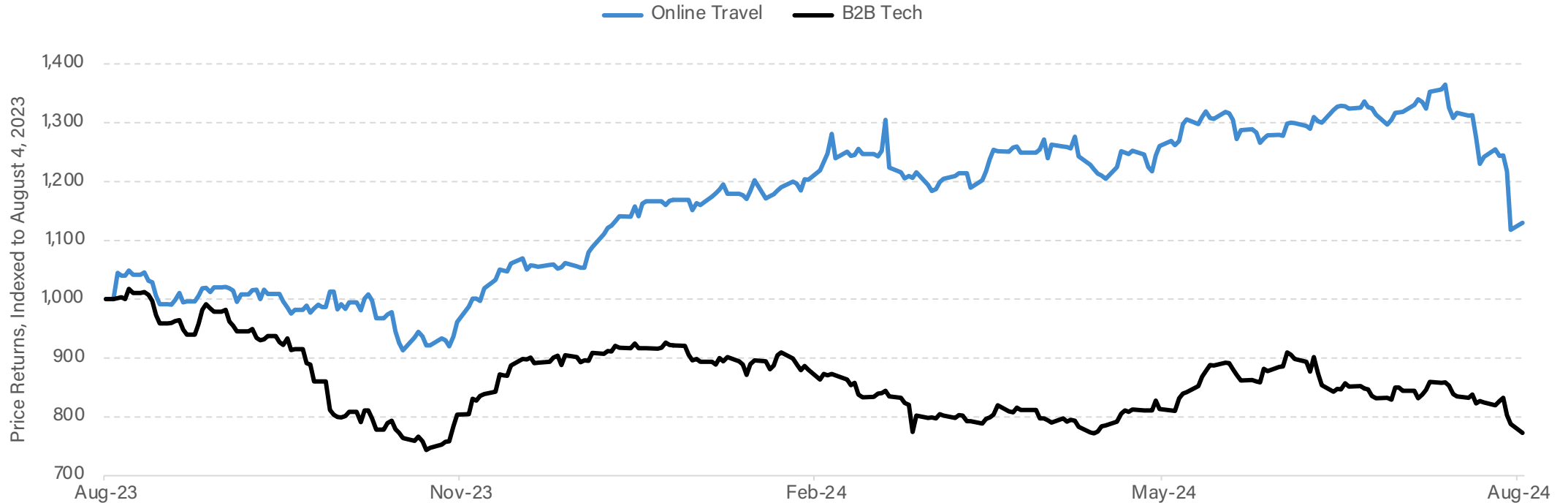
Accommodation Sub-Sectors: One Year Performance



Travel Tech Stocks Led by Online Travel

The travel tech sector has two sub-sectors within it that we track. Online travel, with names like Expedia and Booking, has seen strong stock returns over the last year. B2B tech, which includes the global distribution systems and other travel tech names has underperformed.

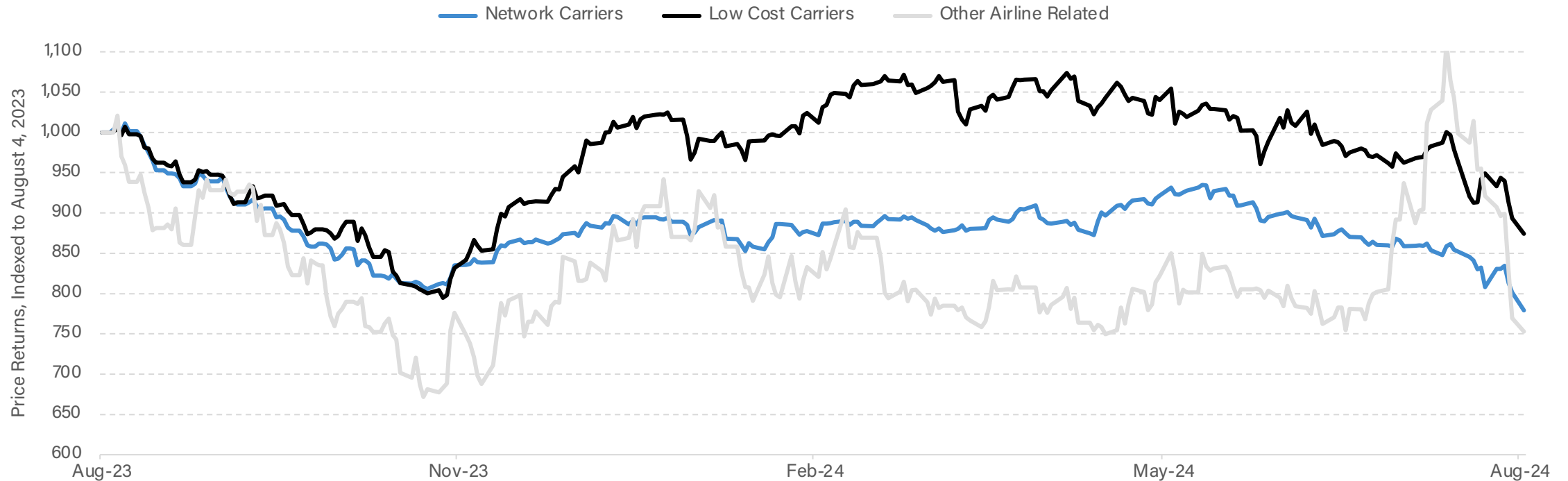
Travel Tech Sub-Sectors: One Year Performance



Airline Stocks Struggle to Post Positive Returns

The airline sector has three sub-sectors within it that we track. Low cost carriers have outperformed their larger network carrier peers in the stock market over the last year. This may be surprising given the struggles that U.S. LCCs are facing. However, international LCCs like Indigo and Ryanair have been some of the best performing airlines, boosting the overall sub-sector.

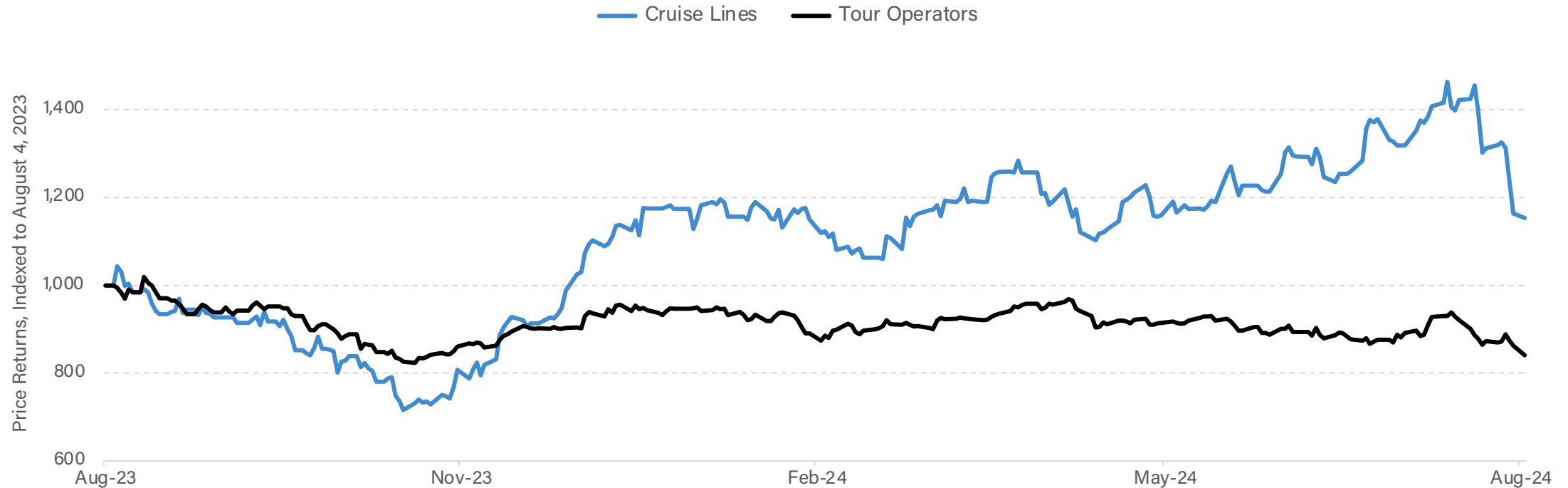
Airline Sub-Sectors: One Year Performance



Cruise Rallies While Tours Muddle Through

Cruise Lines have been the single best performing travel subsector over the last year, building on strong returns from 2023. However, tour operators have struggled. TUI, the largest publicly traded tour operator, has seen its stock fall 17% over the last year.

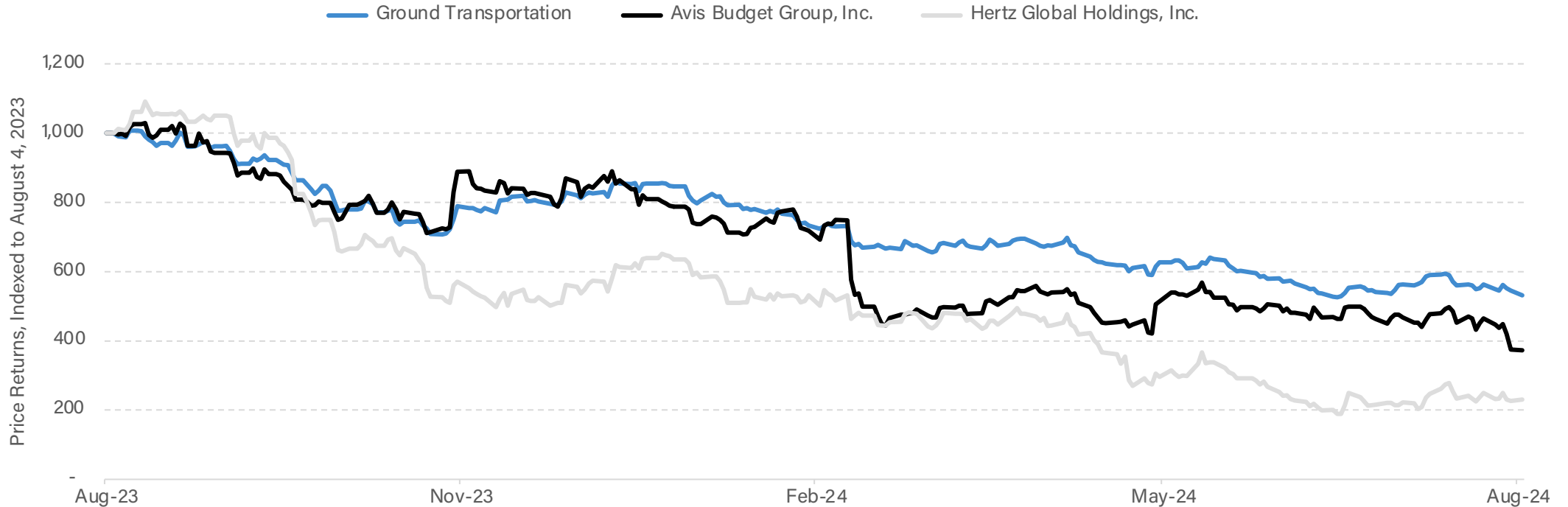
Cruise and Tour Operator Sub-Sectors: One Year Performance



Ground Transportation Takes a Wrong Turn

The ground transportation sector doesn't have any subsectors. Hertz Global (-77%) and Avis Budget Group (-63%) have seen dramatic declines this year, indicative of the broader sector. Note that the broad ground transportation as actually outperformed these two single stocks as some transportation companies, particularly in Latin America, have done much better.

Ground Transportation Sector: One Year Performance



The background is a complex, layered composition. It features a dark grey base with several diagonal stripes in a lighter shade of grey. Overlaid on these are various financial and growth-related icons: a candlestick chart in the top-left and bottom-left corners, a target symbol with an arrow in the center, two large dollar signs with four-pointed stars, and a stylized plant with large leaves and a glowing sunburst at its tip. A large, white, sans-serif number '1' is positioned in the upper right quadrant, partially overlapping the diagonal stripes.

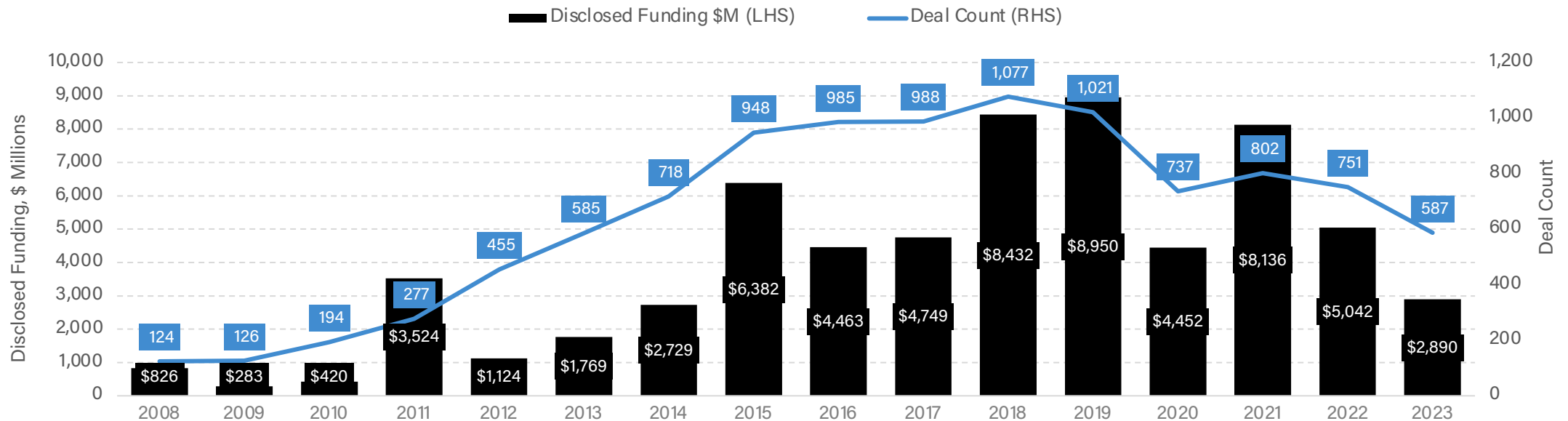
1

PRIVATE MARKET DYNAMICS

Travel Venture Capital Dropped to Its Lowest Level in a Decade

Travel saw only \$2.9bn of VC investment in 2023, compared to \$5bn in 2022 and nearly \$9bn in 2019. Though VC investment in travel fell sharply in 2020, there was a sharp rebound in 2021 – recovering to more than 90% of 2019 levels – but has since continued to fall, with levels in 2023 the lowest in 10 years. The number of deals has also dropped considerably in the last five years, from 1,021 deals in 2019 to only 587 in 2023.

Venture Capital Funding for Travel



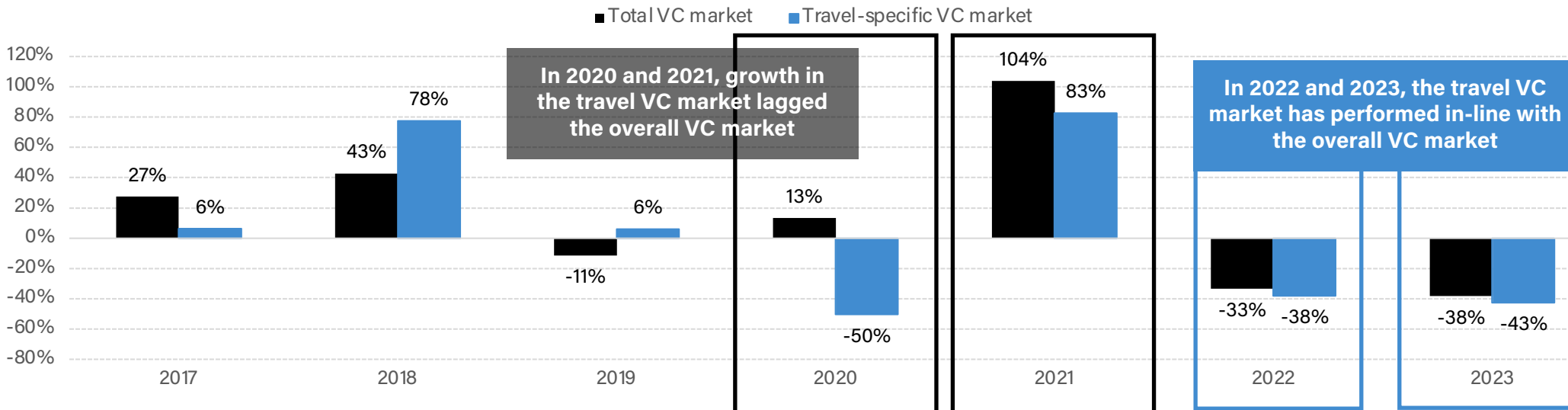
Source: Crunchbase, Skift Research, Data as of April 2024

Reproduced from [Venture Investment Trends in Travel 2024](#), as of June 2024.

The Decline in Travel Venture Capital Is Representative of a Sluggish Overall Market

The decline in the last two years is a clear representation of the struggles of the broader VC market. Whilst 2020 and 2021 saw the travel VC market underperform the total VC market (for example in 2020 the travel market was down -50% vs 2019, compared to the overall market up +13%), 2022 and 2023 have seen the travel VC market perform more in-line with the overall market – both down ~40% year-on-year in 2023. We can therefore see that the decline in VC funding today is not just specific to the travel industry, with the overall market struggling equally as much.

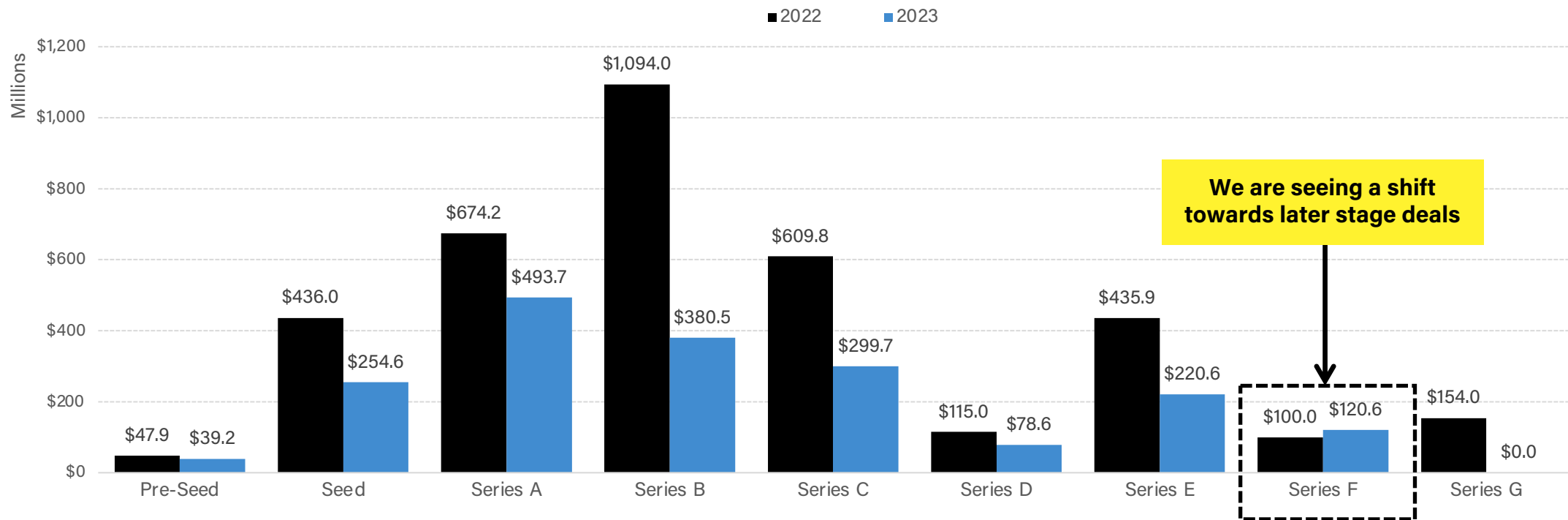
Year-on-Year Growth of Travel Venture Capital Market vs Overall Venture Capital Market



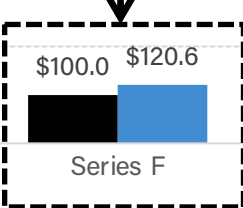
There Is a Shift Towards Late-Stage Deals

2023 saw a drop in venture capital funding raised across every deal stage bar late-stage Series F – showing that when investors did invest more, it was in safe, mature companies rather than start-ups requiring seed capital

Travel Venture Capital Raised by Deal Stage (\$M) - 2022 vs 2023



We are seeing a shift towards later stage deals



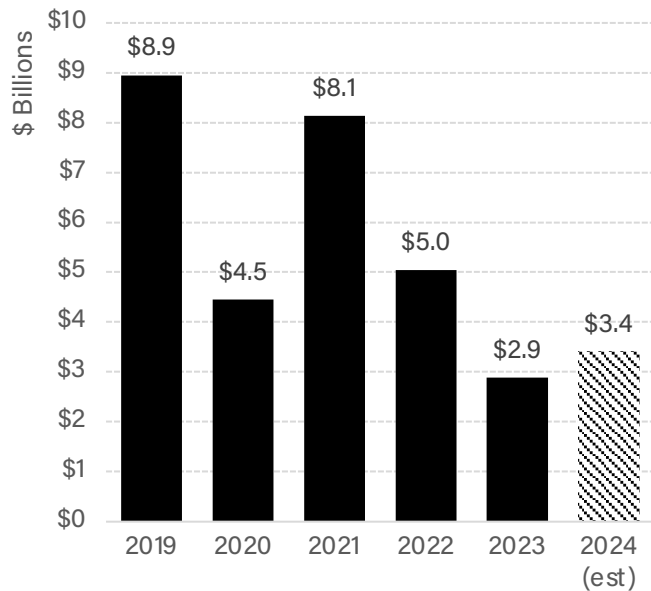
Source: Crunchbase, Skift Research, Data as of April 2024

Reproduced from [Venture Investment Trends in Travel 2024](#), as of June 2024.

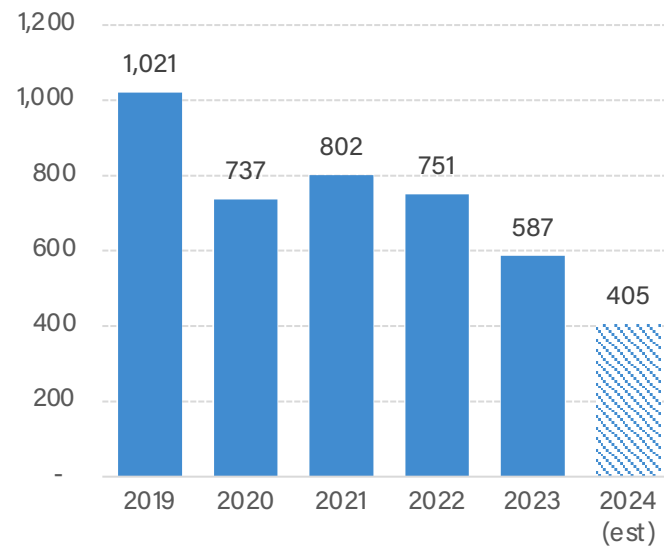
We Expect a Rebound in Venture Capital Funding in 2024

We expect that 2024 will see a year-on-year increase in venture capital funding into the travel industry. We expect that there will be fewer deals, but for those deals to be of a larger average size as compared to 2023.

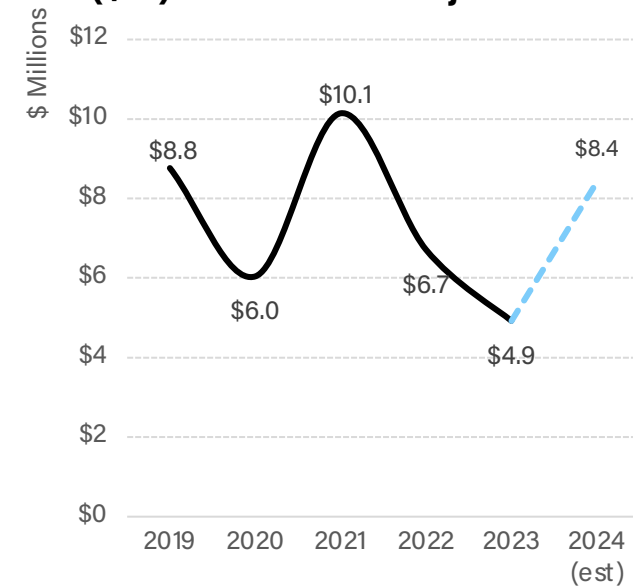
Travel Venture Capital Funding (\$Bn) - With 2024 projection



Travel Venture Capital Funding # of Deals- With 2024 Projection



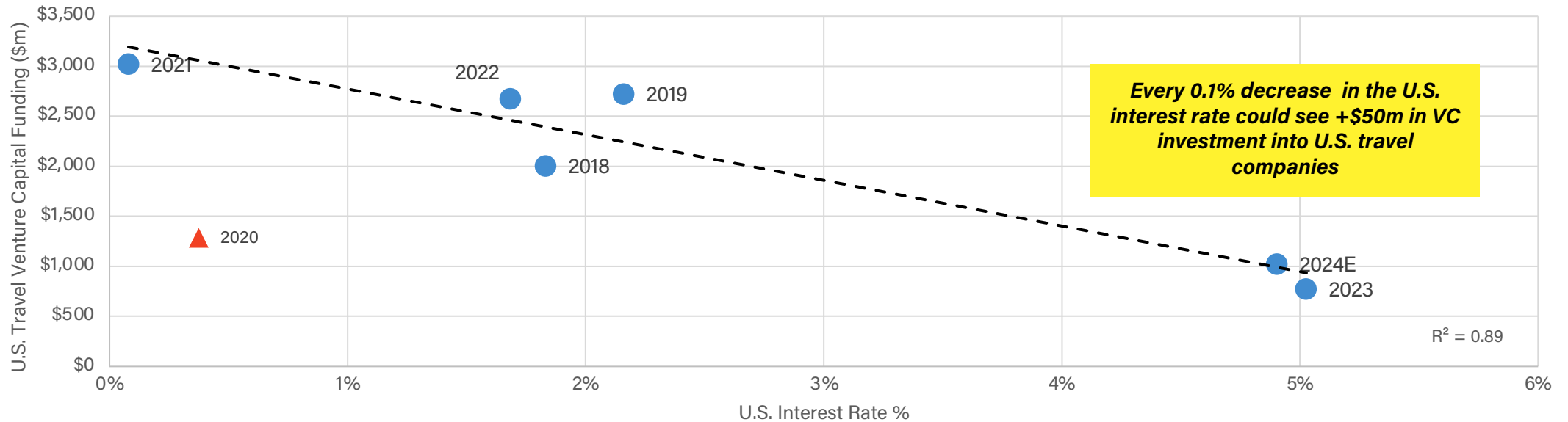
Travel Venture Capital Funding Average Deal Size (\$M) - With 2024 Projection



Cuts in Interest Rate Should See Increased Venture Capital Investment Into Travel

As the interest rate environment improves into 2025 and 2026, we should expect VC deal flow to further improve. We have found a strong inverse correlation between U.S. interest rates and the amount of VC funding in the U.S. travel industry. Our analysis shows that every 0.1% decrease in the U.S. interest rate could mean an increase of around \$50 million in VC investment in U.S. travel companies.

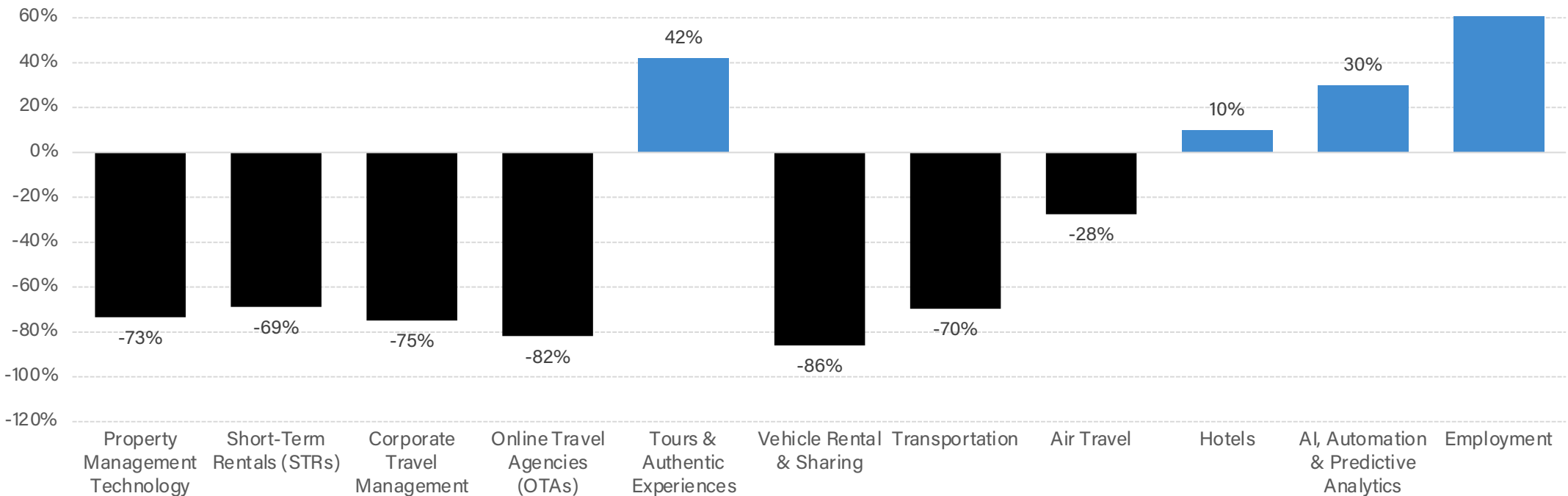
U.S. Interest Rate vs U.S. Travel Venture Capital Funding Raised



Experiences and AI Lead VC Investment

Though 2023 saw an overall decline in travel VC funding – with nearly all themes seeing a decline in VC funding in 2023 as compared to 2022 – there were pockets of growth within key areas of investor interest: **tours & activities** (+42% in 2023 vs 2022), **hotels** (+10%), **AI** (+30%) and **hospitality employment** (+442% – though this is a relatively small themed bucket).

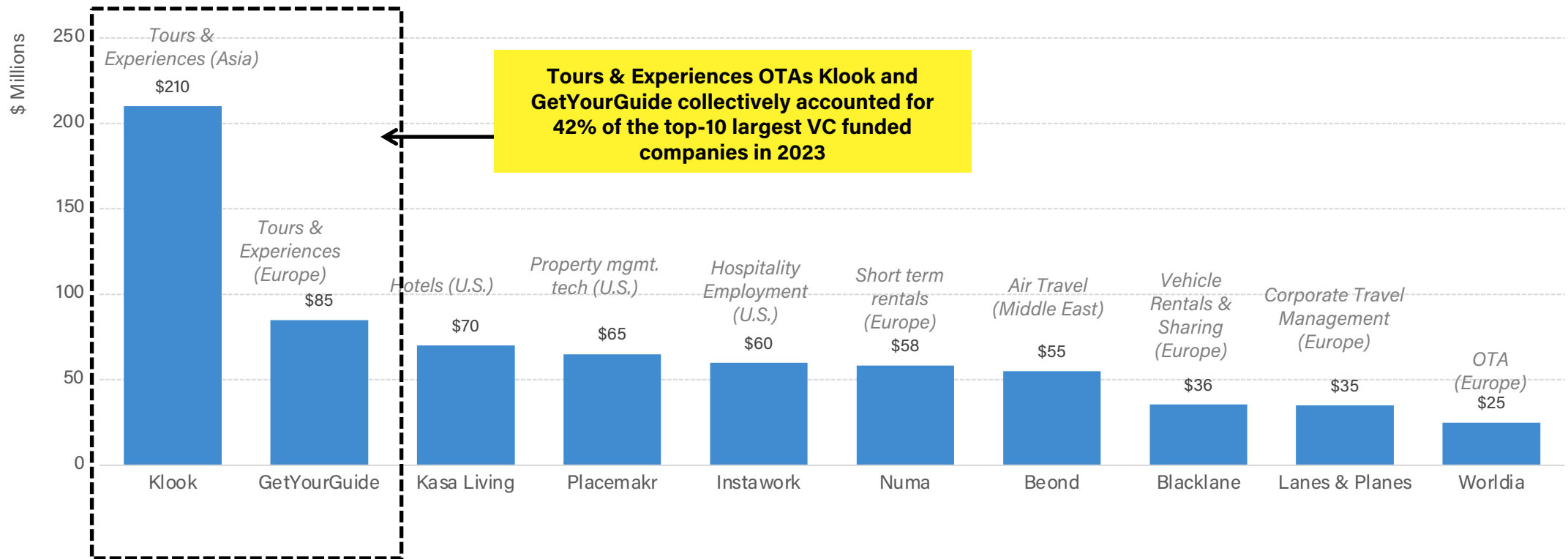
Travel Venture Capital Raised by Investment Theme - 2023 vs 2022 % Growth



Klook and GetYourGuide Have led VC rounds

There has been significant investment into Tours & Experiences OTAs Klook and GetYourGuide – which were the two largest VC funded companies in 2023.

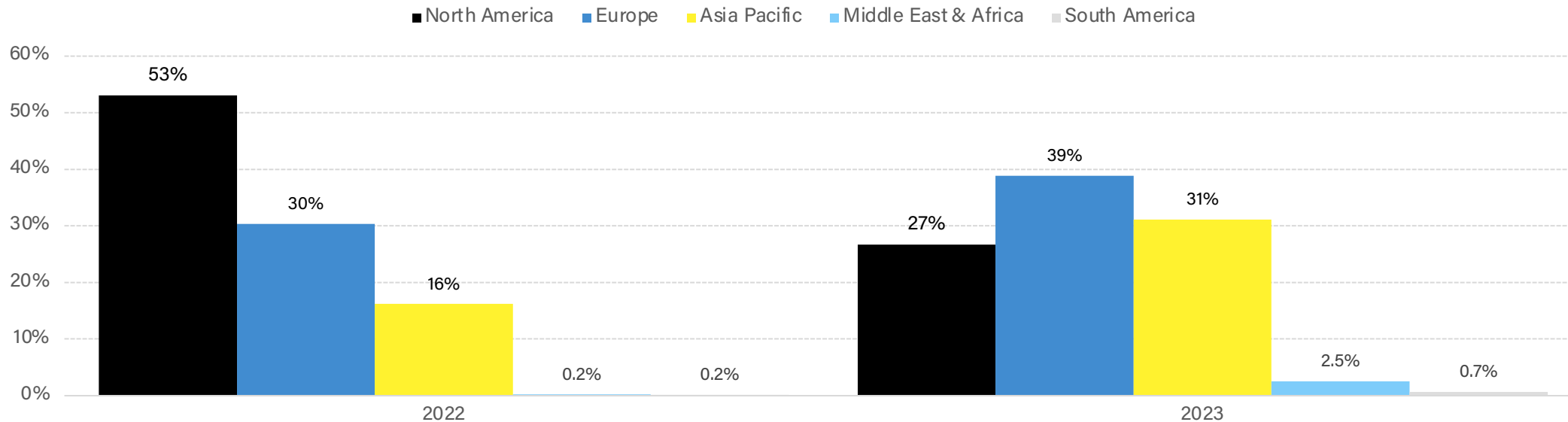
Top 10 Largest Venture Capital Funded Companies in 2023



A Shift Eastward in Sources of VC Investment

In 2023, as compared to 2022, we can see a shift away from North America towards Asia Pacific (which has doubled its share of the global travel VC market) and Europe. In Asia, VC funding was led by deals from Klook (tours and activities OTA), Huangbaoche (Chinese travel booking platform) and SAMHI Hotels (branded hotel ownership company in India). In Europe, funding was led by GetYourGuide (tours and activities OTA) and NUMA (German vacation rental provider). In 2023, North America lost its share of total capital raised, likely due to a tough financing environment, the SVB banking crisis and continuing macroeconomic uncertainty.

Travel Venture Capital Raised (\$M) - % Split by Region



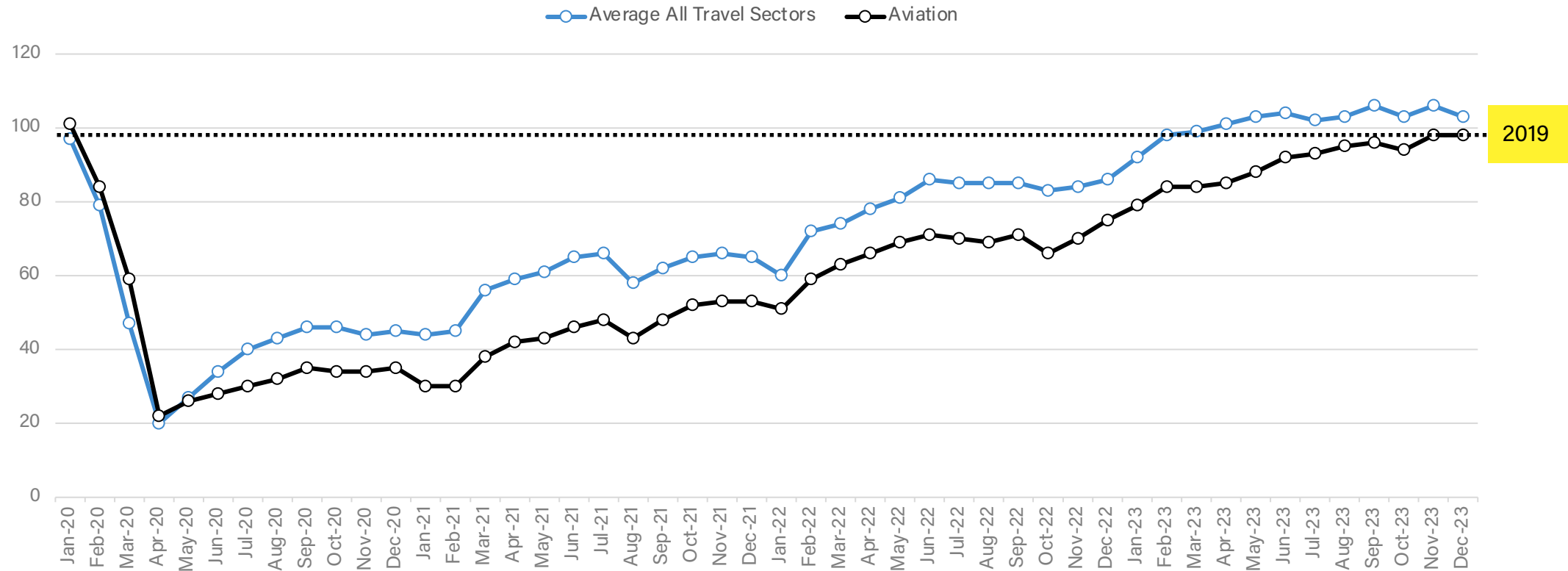


AIRLINES

Airline Sector Fully Recovers

The aviation sector has recovered, mainly due to strong international travel recovery according to our Skift Travel Health Index.

Global Travel Health Index Score by Sector



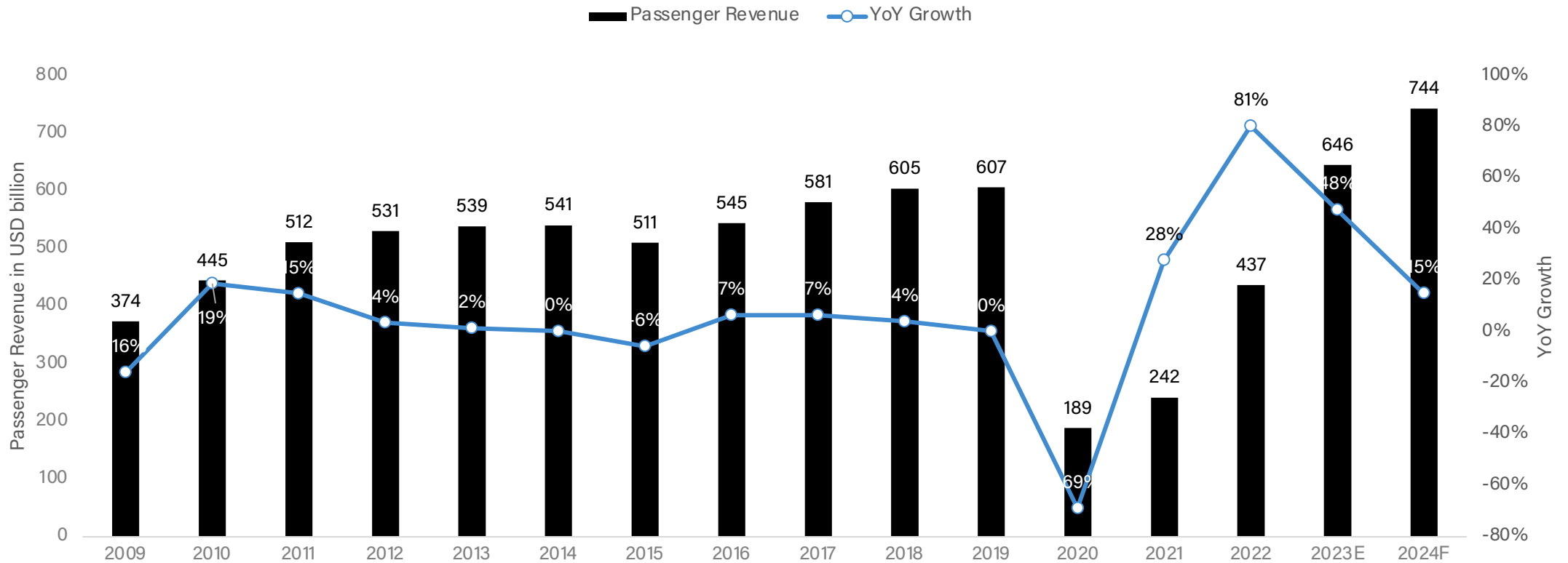
Source: Skift Travel Health Index, May 2024

Note: All data vs same month in 2019

Airline Sector Sees Record Highs

The airline industry is nearing record revenues in 2024 with passenger revenues up by over 20% from its pre-pandemic highs.

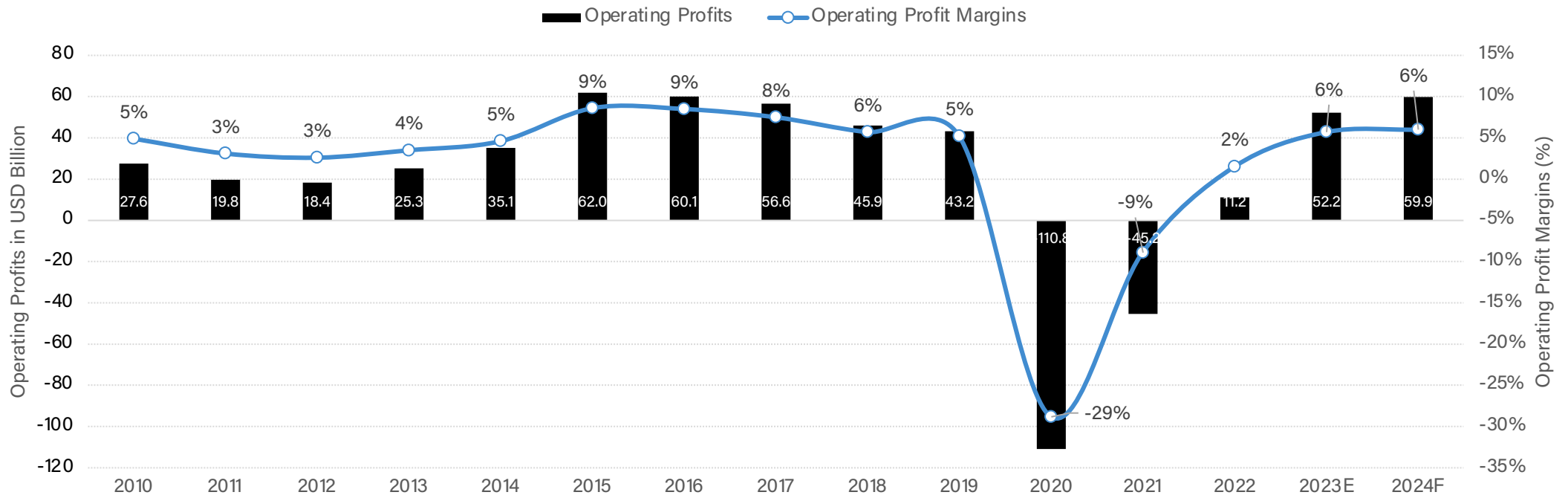
Global Airline Passenger Revenue, 2005-2024F



Operating Margins Recovering In Line With Revenues

Industry is poised for near-record profits in 2024

Global Commercial Airline Operating Profit in Billions, 2005-2023F

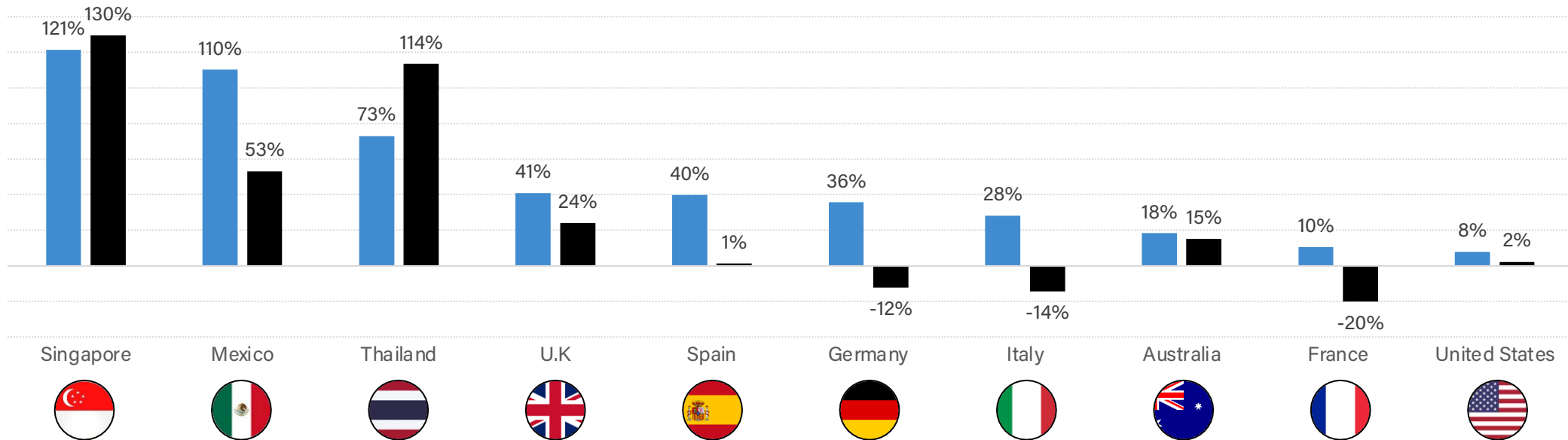


Strong Pricing Has Been Driving Sector Recovery

Data from Nium, a global real-time payment platform, shows that Southeast Asian countries like Thailand and Singapore have witnessed substantial growth in flight transaction values in the first half of 2024.

Growth in Average Flight Transaction Values

■ May 2024 vs May 2019 ■ May 2024 vs May 2023



Average Flight Transaction Values Have Grown

“It's no secret that the airline industry has demonstrated terrific post-pandemic recovery on a global scale. **That average flight transaction values have grown across all of Nium's top markets over the last five years is a testament to this.”**

To me, what's really exciting is the continued acceleration of this growth in APAC, with countries like Singapore and Thailand reaching an inflection point to drive exponential growth over the last 12 months.”



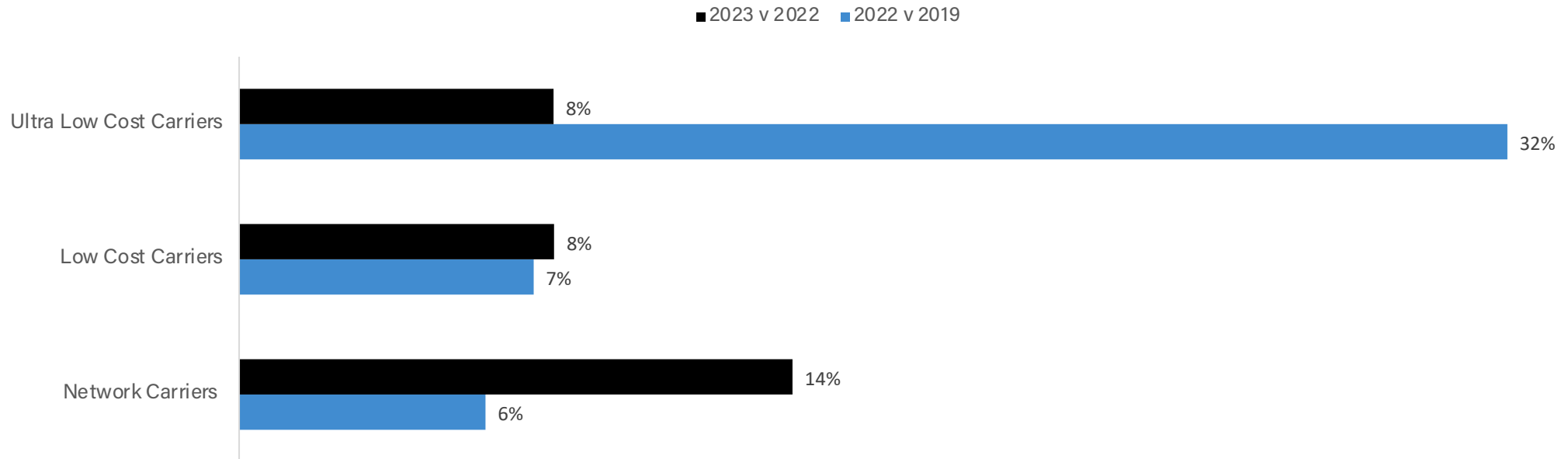
MAX LEHMANN

Senior Vice President - Travel, Nium

Low-Cost Carriers Recovered Quicker Than National Carriers

Although budget carriers had recovered quicker than their legacy peers in 2022 but as international border restrictions loosened and demand for international travel surged in 2023, legacy carrier revenues grew by 14% outpacing both LCCs and ULCCs in the U.S.

Total Revenue Recovery by Airline Type



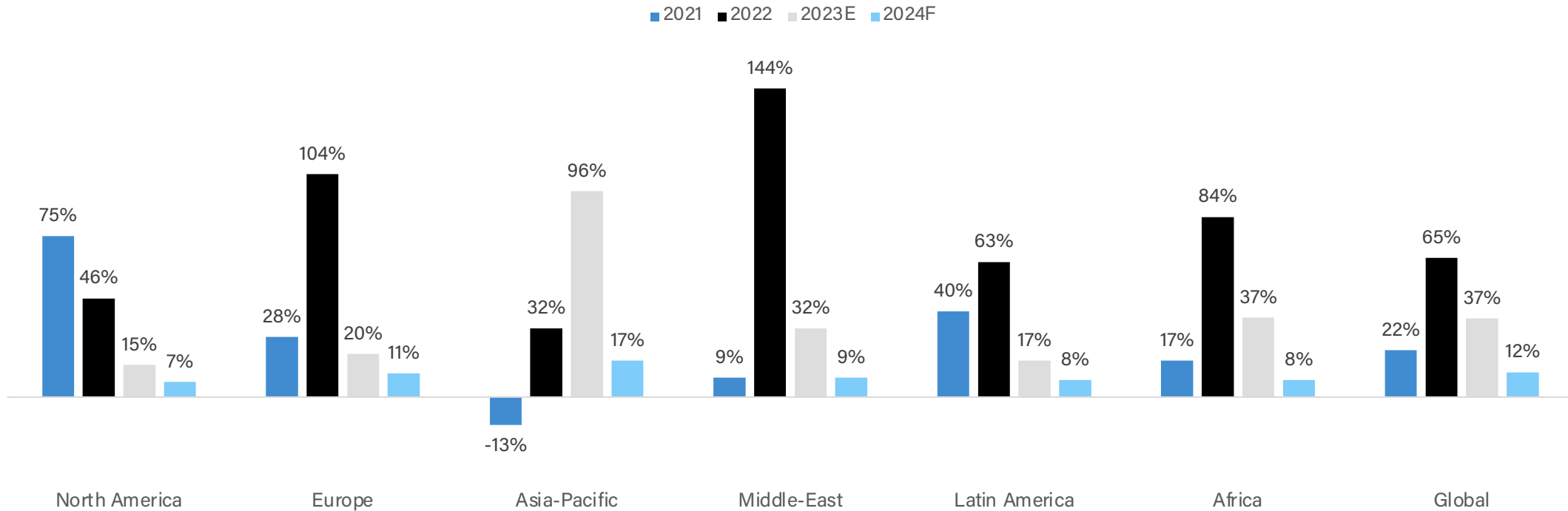
Note: Network Carriers – Delta, American & United; LCCs – Southwest, JetBlue, Alaska & Hawaiian; ULCCs - Spirit, Frontier, Allegiant Air & Sun Country.

Source: Skift Research from U.S. Department of Transportation and company filings, data as of June 2024.

Regional Passenger Demand Remains Strong

Passenger Demand in Asia Pacific grew by almost 100% in 2023 compared to the previous year. The region is also expected to grow by 17% in 2024, the highest among all regions.

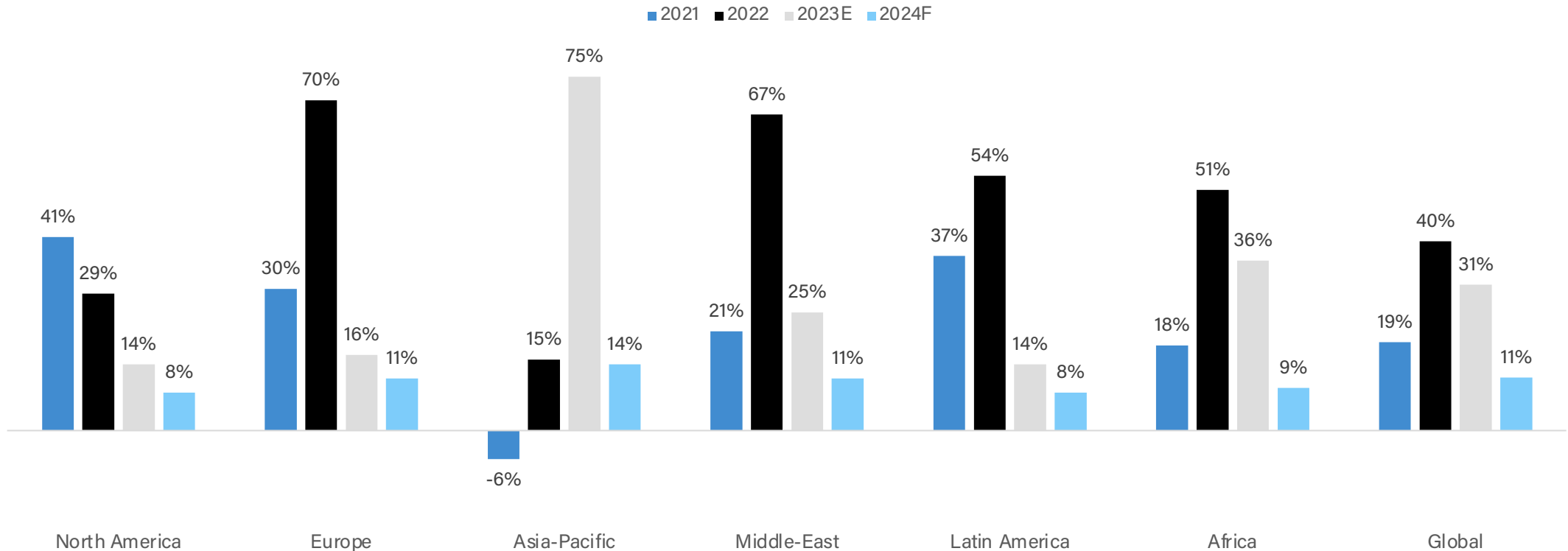
Passenger Traffic (RPK) by Regions - % Change vs Previous Year



Asia Pacific and Middle East Lead Capacity Growth in 2024

Asia Pacific led capacity growth in 2023 and is expected to drive capacity growth in 2024 as well.

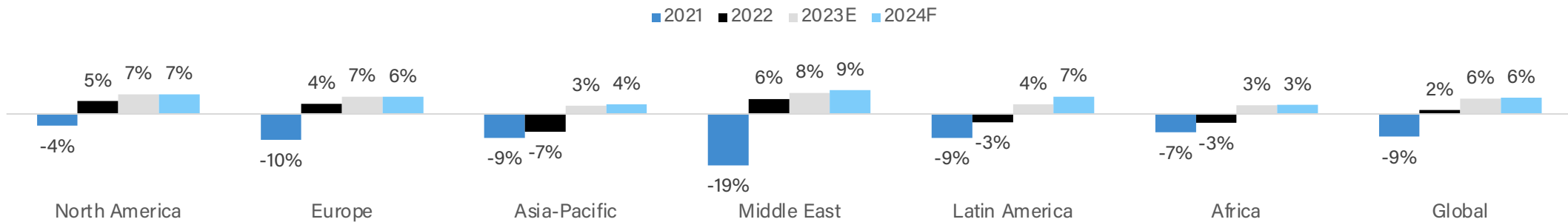
Passenger Capacity (ASK) by Regions - % Change vs Previous year



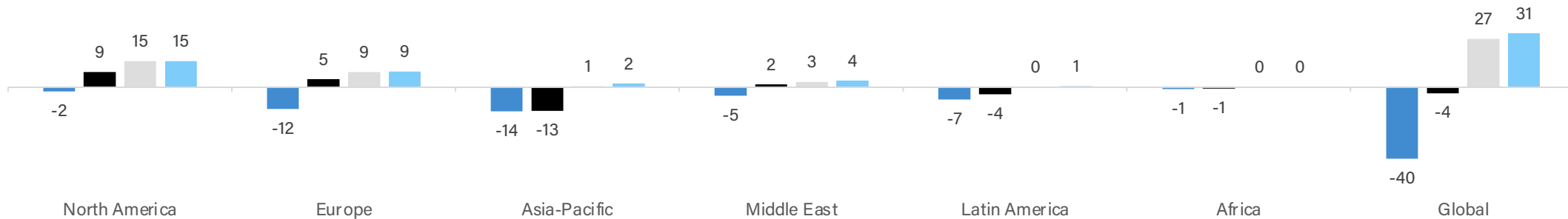
U.S. Adds Nearly Half of the Industry Net Profits

The size of the U.S. aviation market, along with its timely response to the pandemic, had put U.S. airlines in a position to benefit as travel demand surged post-pandemic.

EBIT Margin, % Revenues, by Region



Net Profit by Region (US\$ Billion)



Source: DATA SOURCE XXX. DATA AS OF YYY.

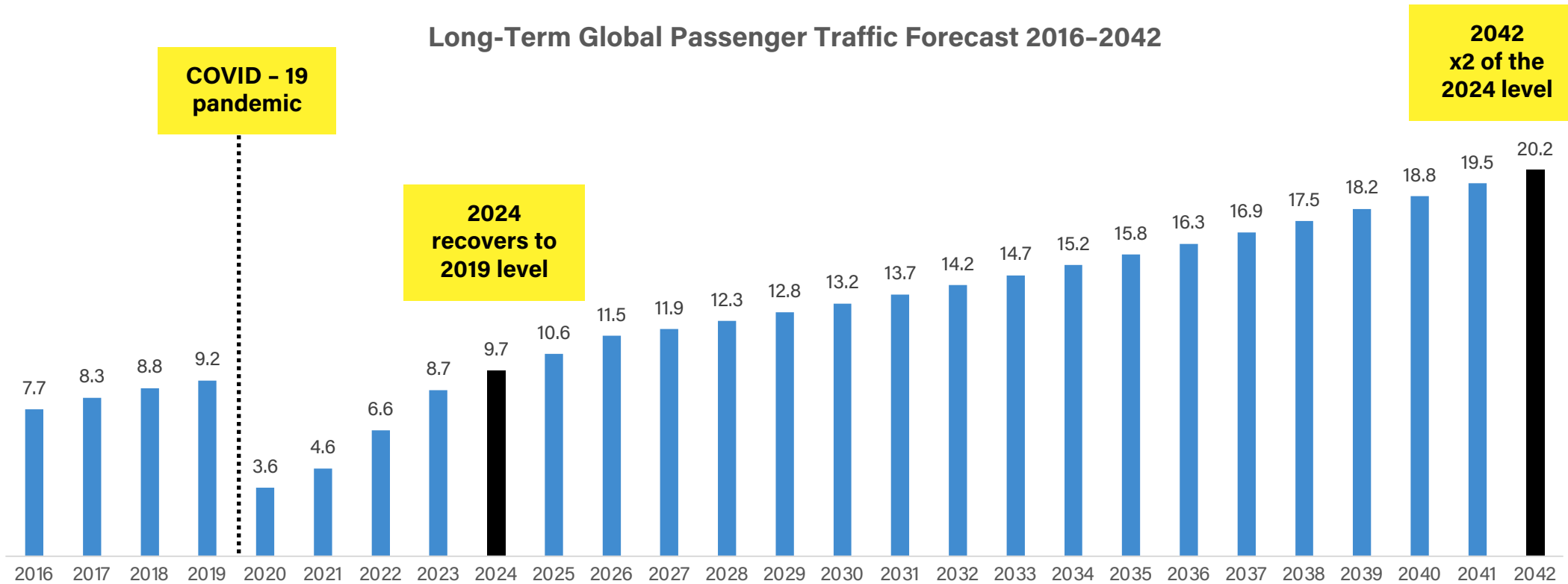
Reproduced from LINK TO RELEVANT SKIFT RESEARCH REPORT, AS OF YYY.



Passenger Traffic Returns to 2019 Levels

From 2023 to 2042, total passenger traffic worldwide is predicted to grow at a CAGR of 4.3%, with a steep recovery gradient observed in the first 3 years (9.1% CAGR for 2023 to 2026), then converging to the Pre-COVID 19 growth rate (3.3% CAGR for 2023 to 2042)

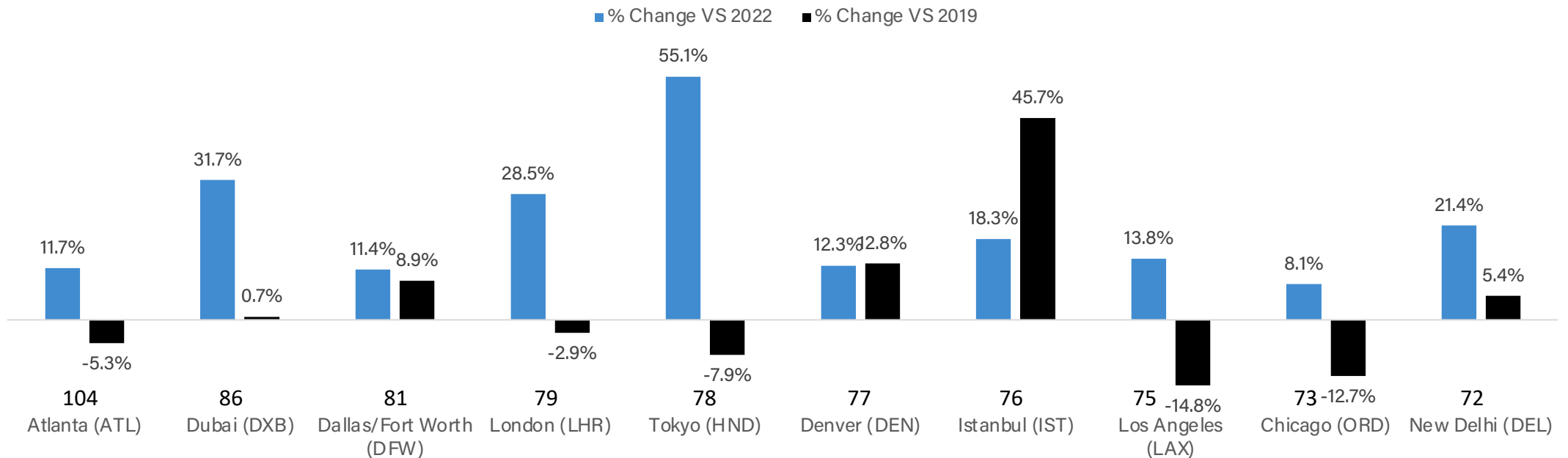
Long-Term Global Passenger Traffic Forecast 2016–2042



U.S. Dominates Top Busiest Airports for Passengers

Atlanta's Hartsfield-Jackson Atlanta International Airport holds onto the top rank and is followed by Dubai International Airport for the first time, surpassing Dallas Fort Worth International Airport in third position.

Biggest Airports by Passengers in 2023 (Passengers in Millions)



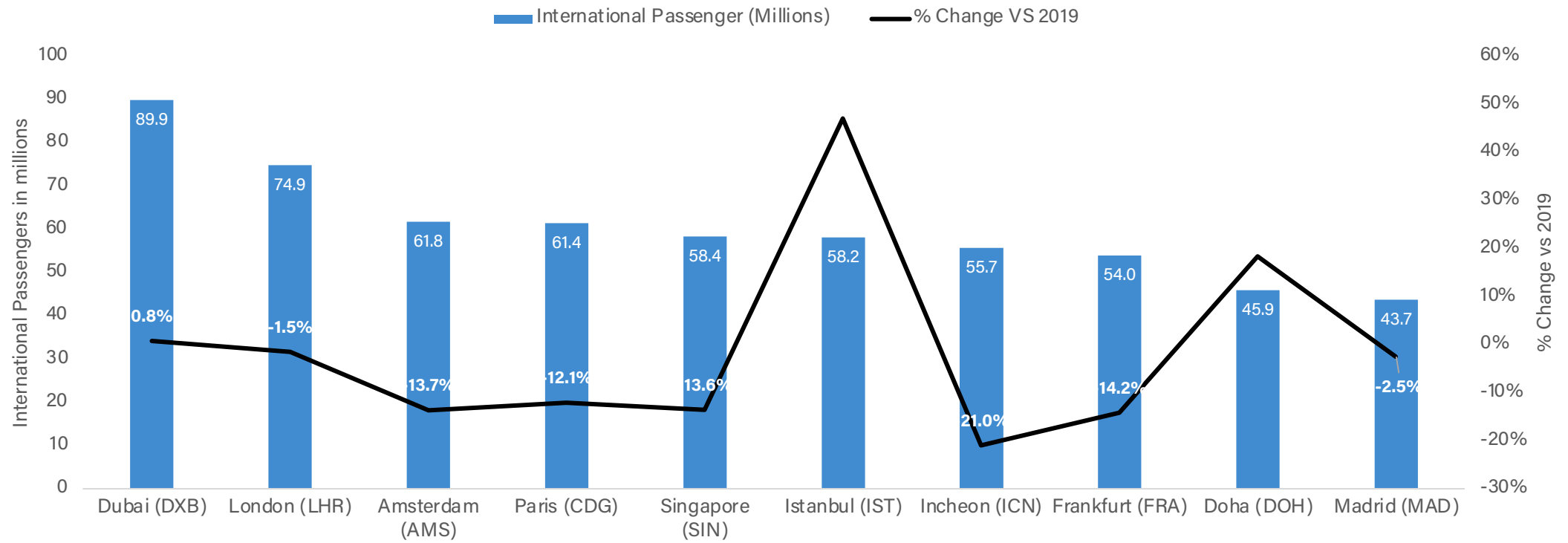
Source: ACI, data as of April 2024.

Note: Total passengers enplaned and deplaned, passengers in transit counted once

Dubai Airport Leads in International Passengers

Istanbul, Dubai and Qatar improved on their 2019 numbers while the rest of the top 10 airports still haven't recovered to pre-pandemic number

Biggest Airports by International Passengers in 2023 and % Change from 2019



Source: ACI, data as of April 2024.

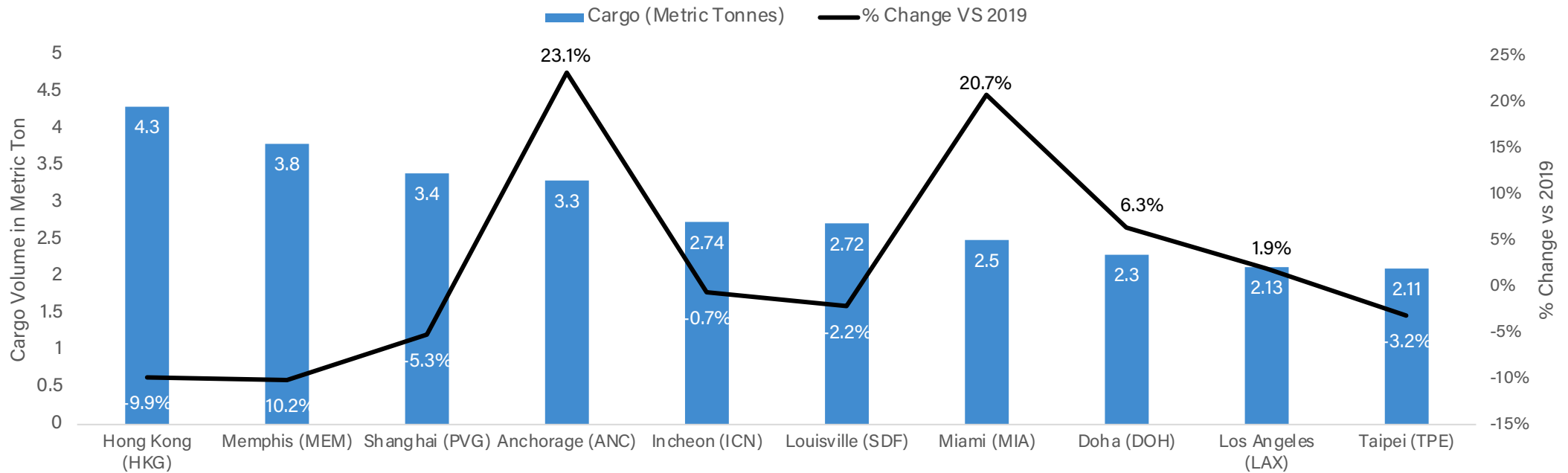
Note: International passengers enplaned and deplaned



Hong Kong Airport Retains the Top Rank in Cargo

Air cargo volumes are estimated to have decreased by 3.1% year-over-year (-4.6% versus 2019), to close to 113 million metric tonnes in 2023.

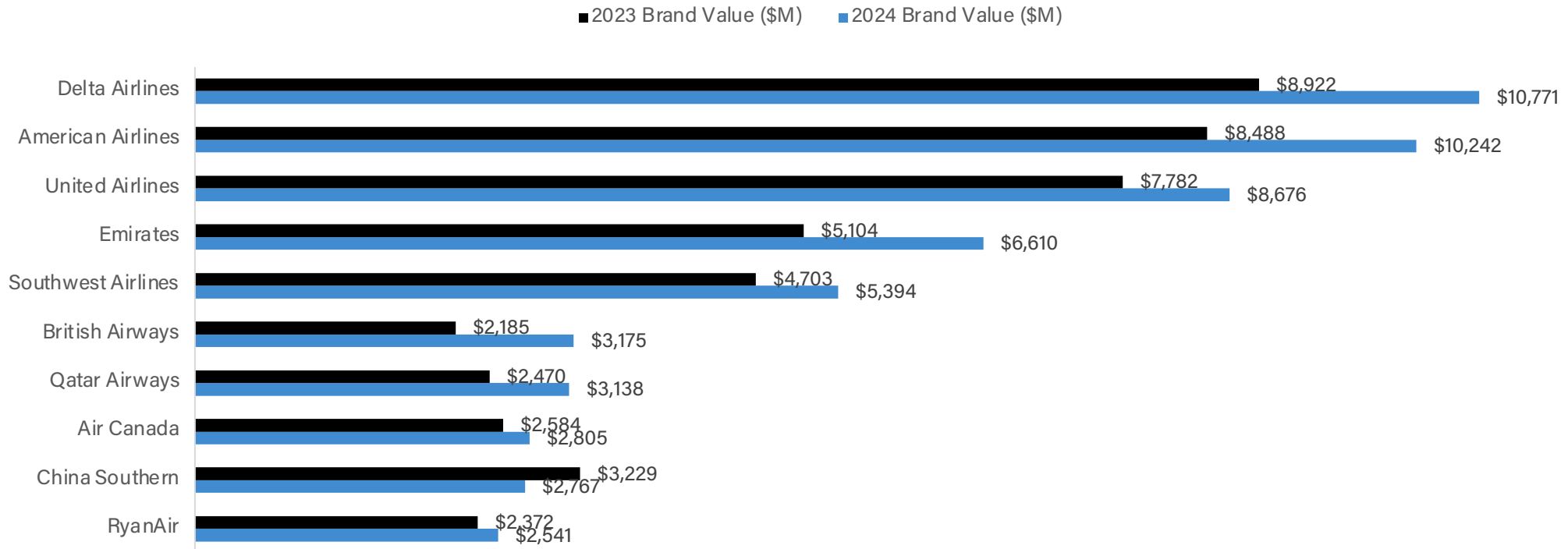
Biggest Airports by Cargo Volumes in 2023 and % Change from 2019



Most Valuable Airline Brands Ranking

Delta retained its 1st place among the most valuable airlines brands in this year's rankings. Similarly, other US brands, American Airlines, United Airlines and Southwest Airlines kept their places in 2nd, 3rd and 5th. Completing the world's top 5 most valuable airlines brands, Emirates defended its title as world's 4th most valuable airlines brand.

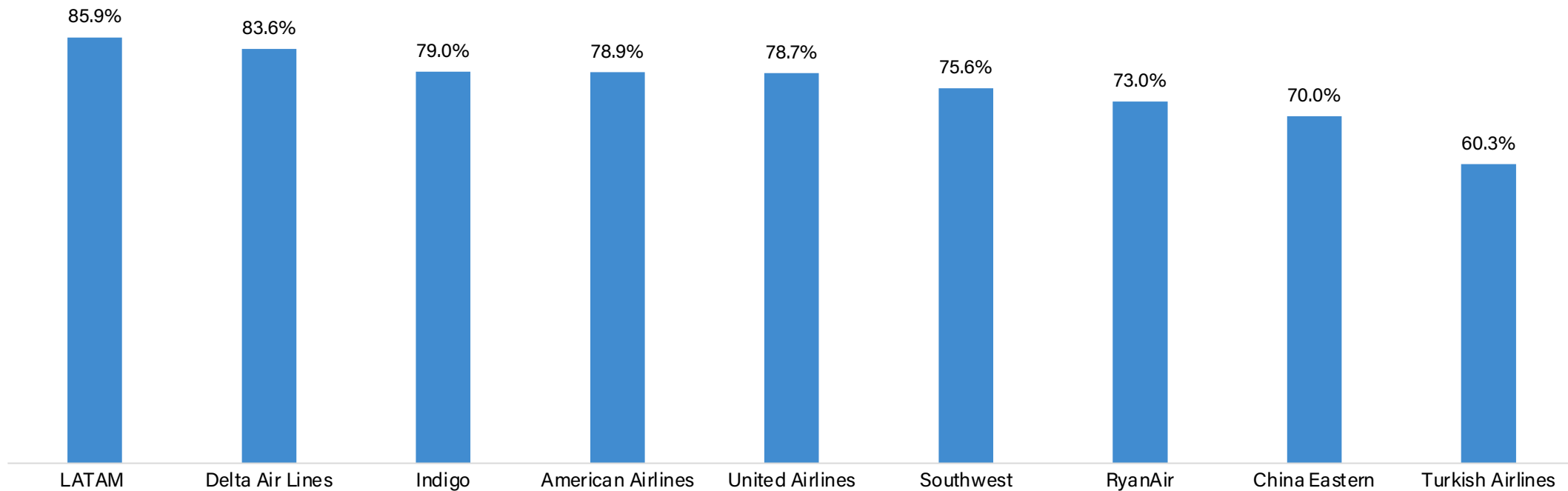
Airline Ranking by Brand Finance, 2023-2024



Airline Operational Performance: FSCs Lead

LATAM, Delta and Indigo take the top 3 spots, in that order. They are joined by US Legacy Carriers – American and United to complete the top 5 airlines by OTP.

On-Time Performance (%) of Top 9* Airlines, LTM - Feb-24



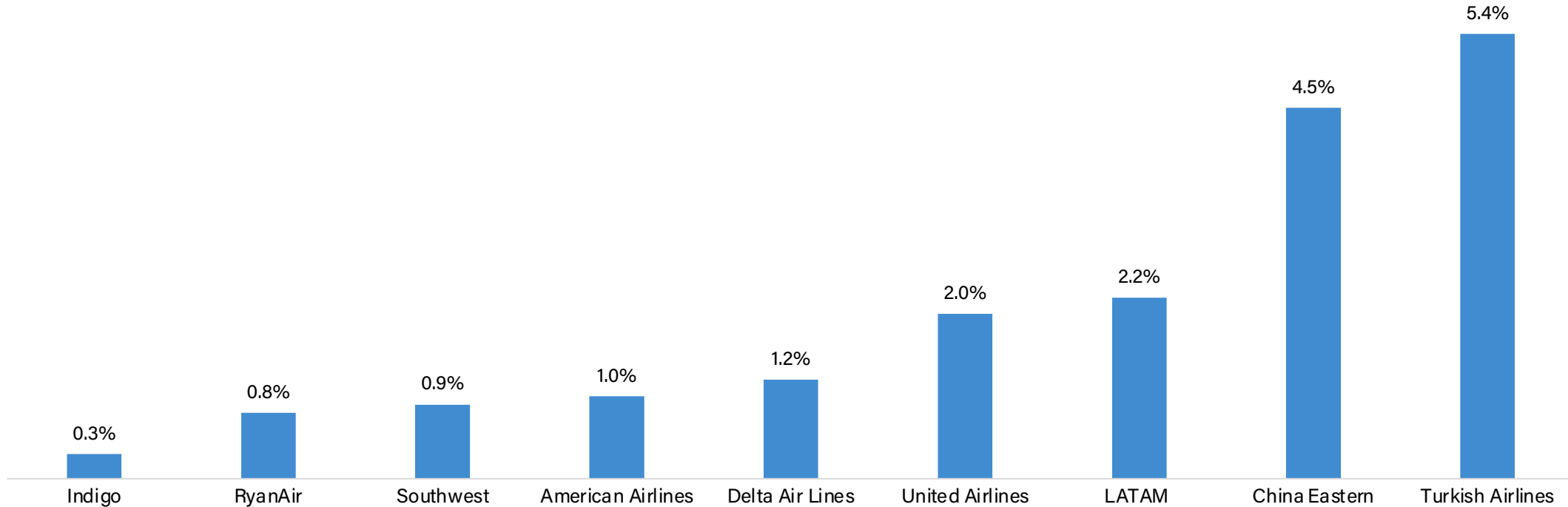
Source: Skift Research from OAG as of FY/CY23. Note: Top 9 Airlines based on the highest number of average monthly departures LTM Feb'24

Reproduced from [The Curious Case of Indigo Airlines, India's Largest Airline](#), as of June 2024.

Airline Operational Performance: LCCs lead

Indigo is the top-performing airline when compared to the largest carriers globally, with a cancellation rate of just 0.3%. Low-cost carriers (LCCs), with their focus on efficient operations and point-to-point networks, have fared better than traditional airlines.

Cancellation Rate (%) of Top 9* Airlines, LTM – Feb-24



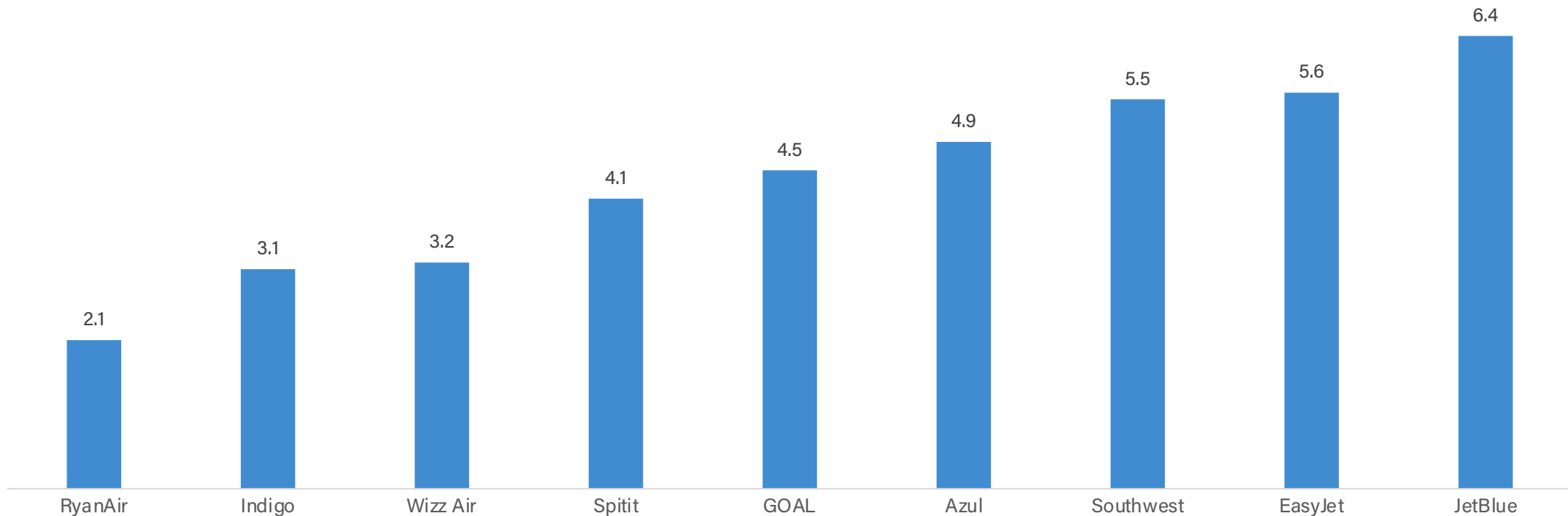
Source: Skift Research from OAG as of FY/CY23. Note: Top 9 Airlines based on the highest number of average monthly departures LTM Feb'24

Reproduced from [The Curious Case of Indigo Airlines, India's Largest Airline](#), as of June 2024.

RyanAir: Leading LCCs With Cost Leadership

RyanAir leads all LCCs in its cost leadership with a CASK of just 2.1 USD cents. It is followed by Indigo, India's largest airline with 3.1 USD cents.

CASK ex Fuel ex Special Items (USD Cents) for LCCs in FY23



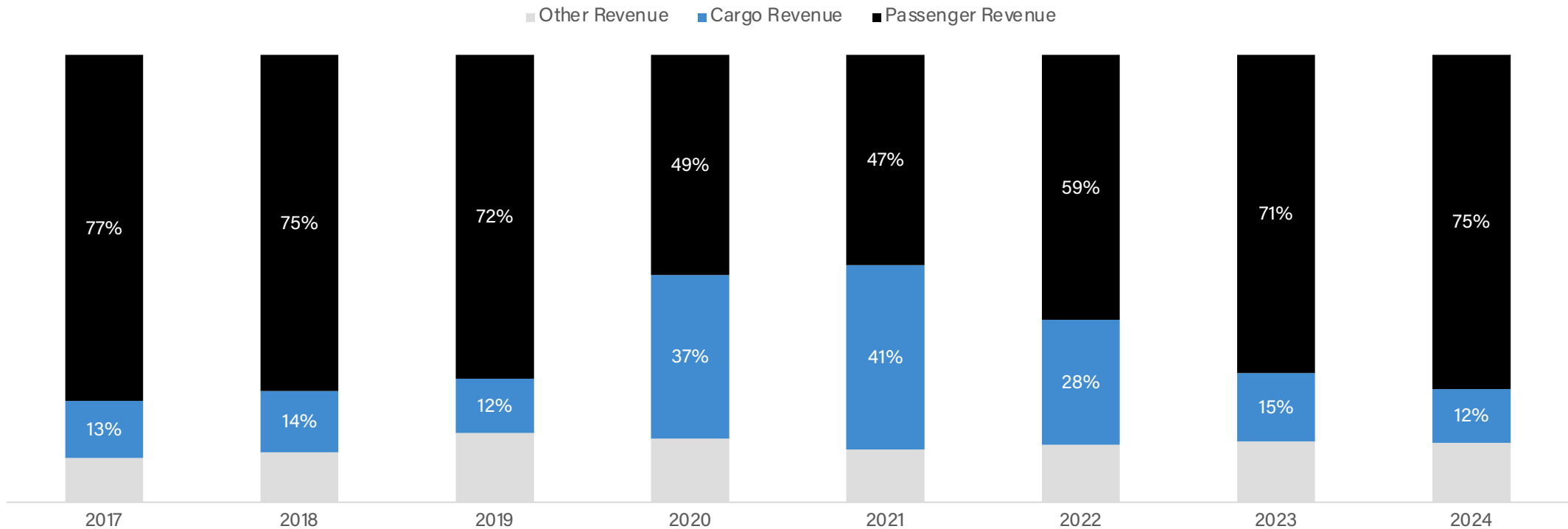
Source: Skift Research from Cirium Diio as of FY/CY23.

Reproduced from [The Curious Case of Indigo Airlines, India's Largest Airline](#), as of June 2024.

Cargo Revenue: Rationalizing to 2019 Levels

Cargo has remains pivotal for airlines and is still a major revenue generating business but has rationalized as passenger capacity is added in 2024.

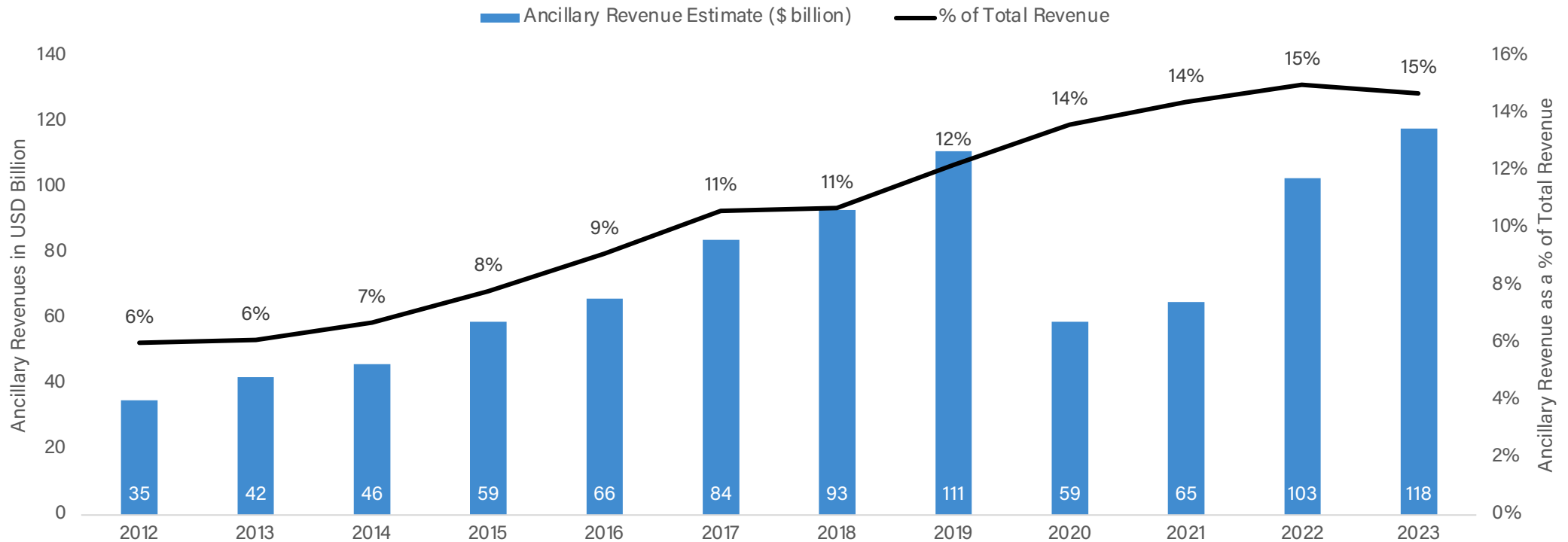
Airline Revenue by Source



Airline Ancillary Reach Record Revenues

Projected airline ancillary revenue will increase to \$117.9 billion worldwide for 2023, compared to \$102.8 billion for 2022 and well above the previous \$109.5 billion record in 2019.

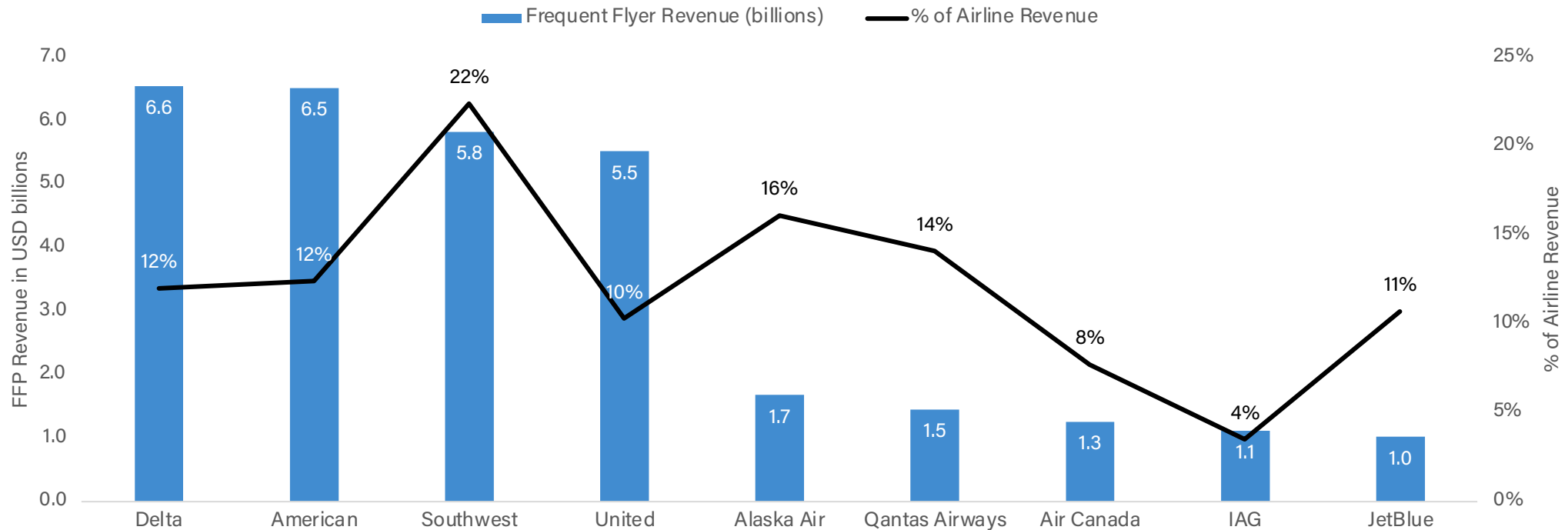
Worldwide Estimate of Ancillary Revenue



Airline Loyalty: Multi-Billion Dollar Club

The U.S. is the world's most productive market because it features favorable conditions like credit-oriented culture, strong bank support for co-branding and no interchange caps and airlines, both legacy and low cost, are taking full advantage of it by expanding their loyalty/FFP revenues

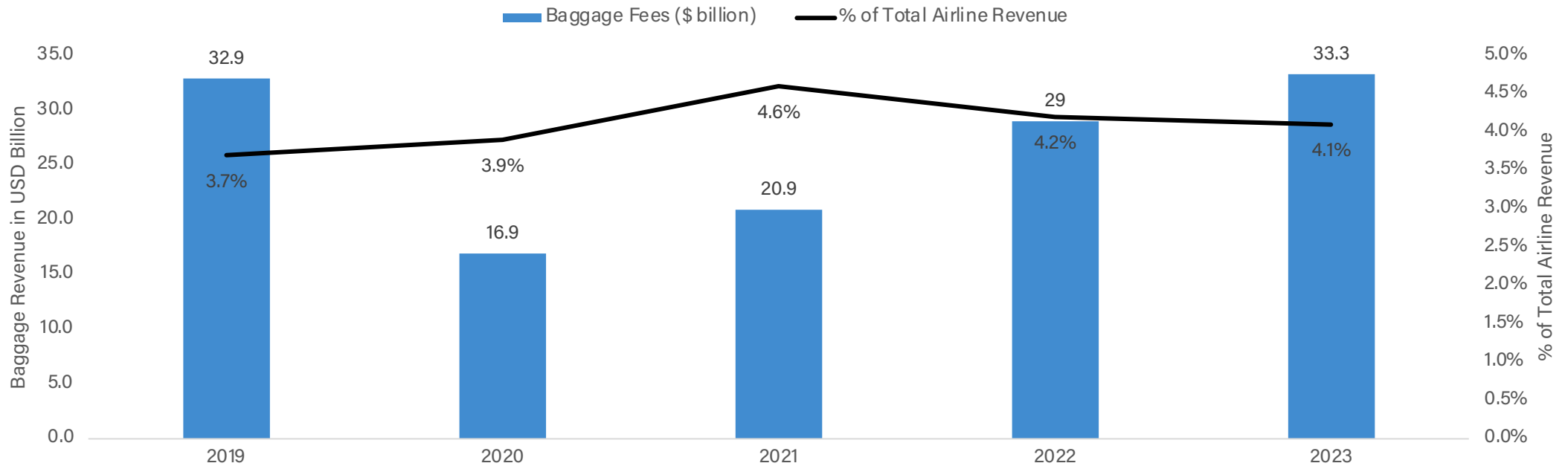
Biggest Airline Loyalty Program by Revenues, 2023



Ancillary Revenue: Importance of Baggage Fees

Global Bag Fee Revenue Rises to \$33.3 Billion finds a global estimate of baggage fee revenues, surpassing pre-pandemic revenues and growing 15% over 2022 estimates.

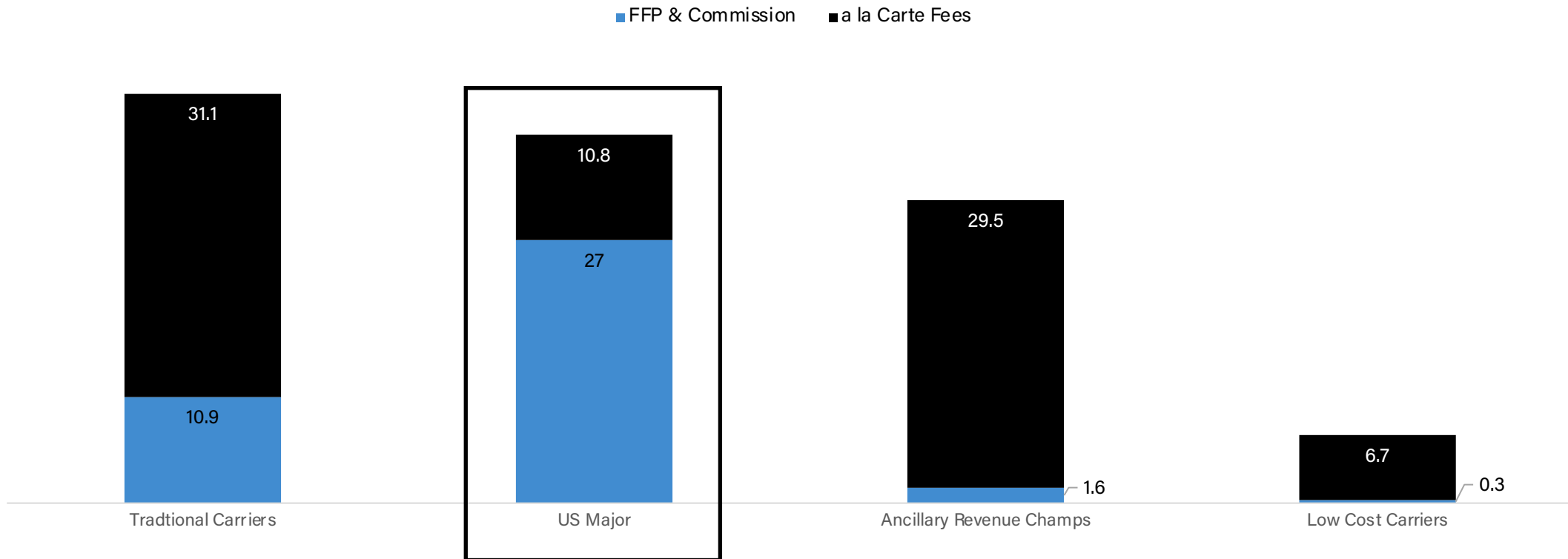
Global Estimate of Baggage Fee Revenue



Co-Branded Credit Cards Key for U.S. Airlines

A research reveals U.S. major airlines netted 32% of global ancillary revenue and nearly 68% of frequent flyer and commission-based revenue with US Major Airlines Receive More Than \$25 Billion in Ancillary Revenue from Co-Branded Cards

Estimated Ancillary Revenue Categories by Carrier Type, 2023



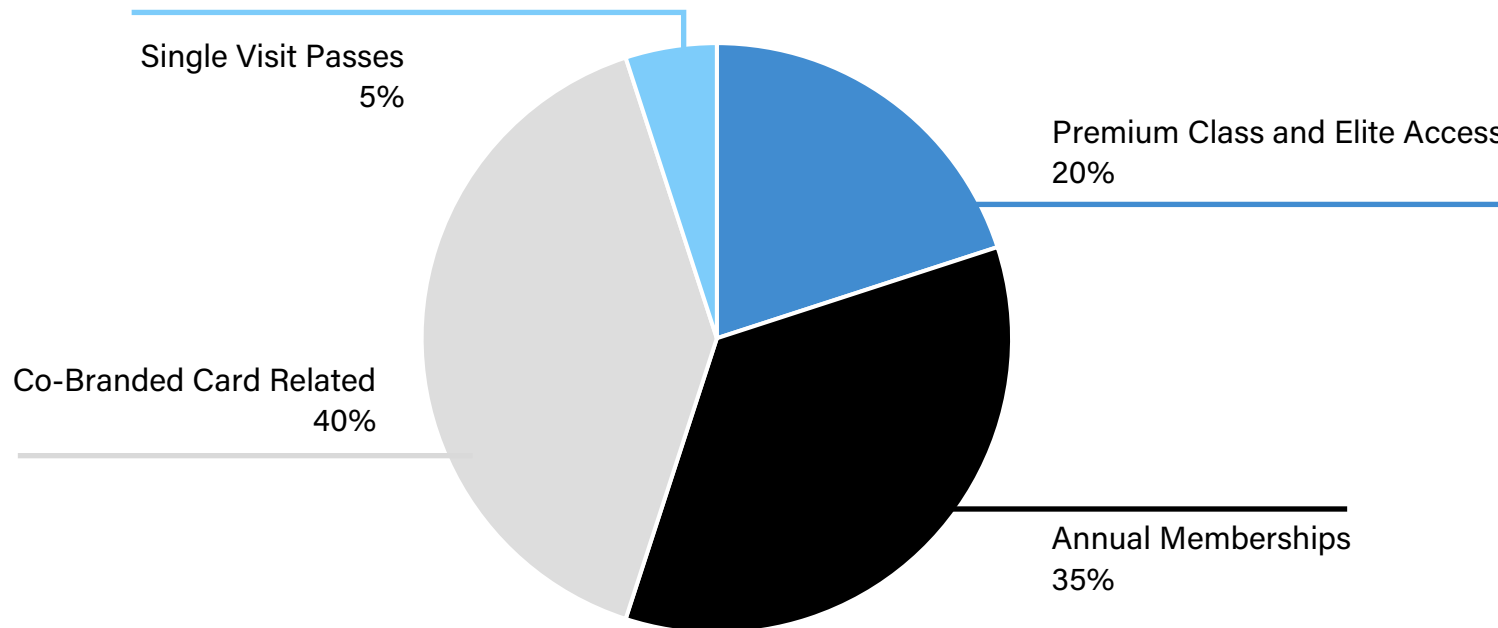
Source: IdeaWorks and CarTrawler, data as of January 2024.

Note: US Major Airlines include Alaska, American, Delta, Hawaiian, Southwest and United

Airport Lounges: Driving Co-Branded Credit Card Revenues

Airport Lounges have grown from a gift given to the few, to a strategic tool that delivers billions in premium class and co-branded revenue

Source Of Airline Lounge Visits, U.S. Network Carrier Example, systemwide estimate



Changing Face of Global Aviation

Not every country pair is connected with nonstop flights. Brazil is unconnected to several of the world's largest markets, which highlights its challenging geography. Indonesia has this problem too. International capacity to and from Turkiye has grown sharply in the past four years while Germany, Japan and China have struggled post COVID.

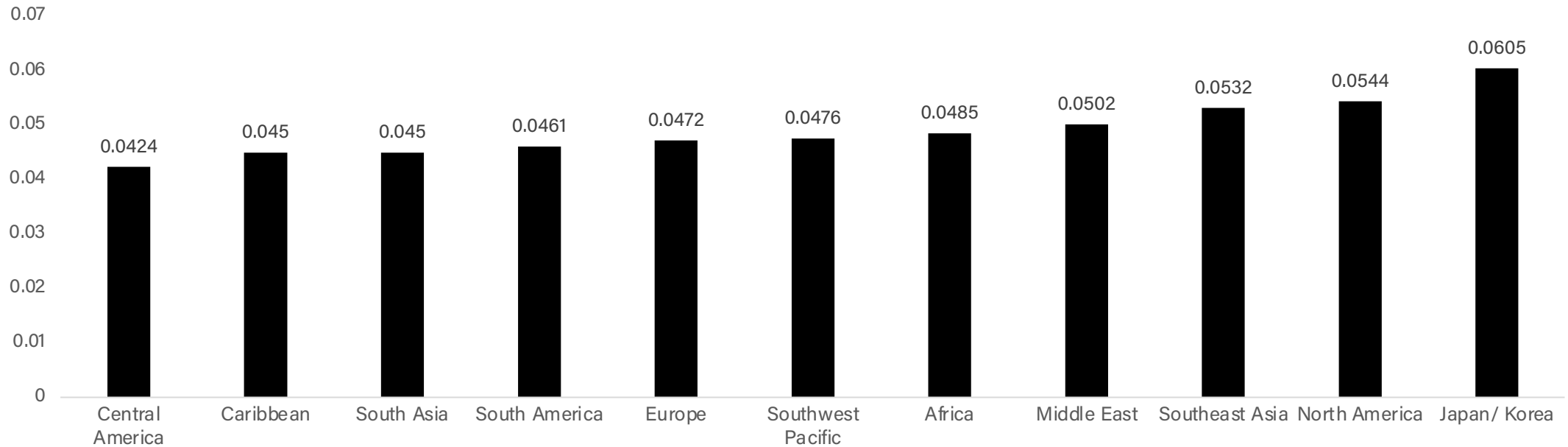
Q4 2023 vs Q4 2019, Change in Scheduled Seats Non-stop

	U.S.	CHINA	INDIA	JAPAN	U.K.	SPAIN	BRAZIL	INDONESIA	GERMANY	TURKIYE
U.S.	4%	-84%	25%	-13%	2%	1%	-9%		-1%	69%
China	-84%	23%		-49%	4%	-9%		-53%	-23%	1%
India	25%		-4%	-7%	53%			0%	6%	20%
Japan	-13%	-49%	-7%	3%	-21%			-33%	-32%	77%
U.K.	2%	4%	53%	-21%	-7%	7%	-12%		-15%	87%
Spain	1%	-9%			7%	8%	-21%		-1%	21%
Brazil	-9%				-12%	-21%	-3%		-23%	48%
Indonesia		-53%	0%	-33%				-26%		-1%
Germany	-1%	-23%	6%	-32%	-15%	-1%	-23%		-47%	18%
Turkiye	69%	1%	20%	77%	87%	21%	48%	-1%	18%	-6%

Concentration of Carbon Emissions in the West

Europe and North America currently dominate the industry's carbon footprint, accounting for the lion's share of emissions and fuel consumption. However, this narrative is poised for a shift, as Asia rapidly gains traction, positioning itself to overtake its Western counterparts in the near future

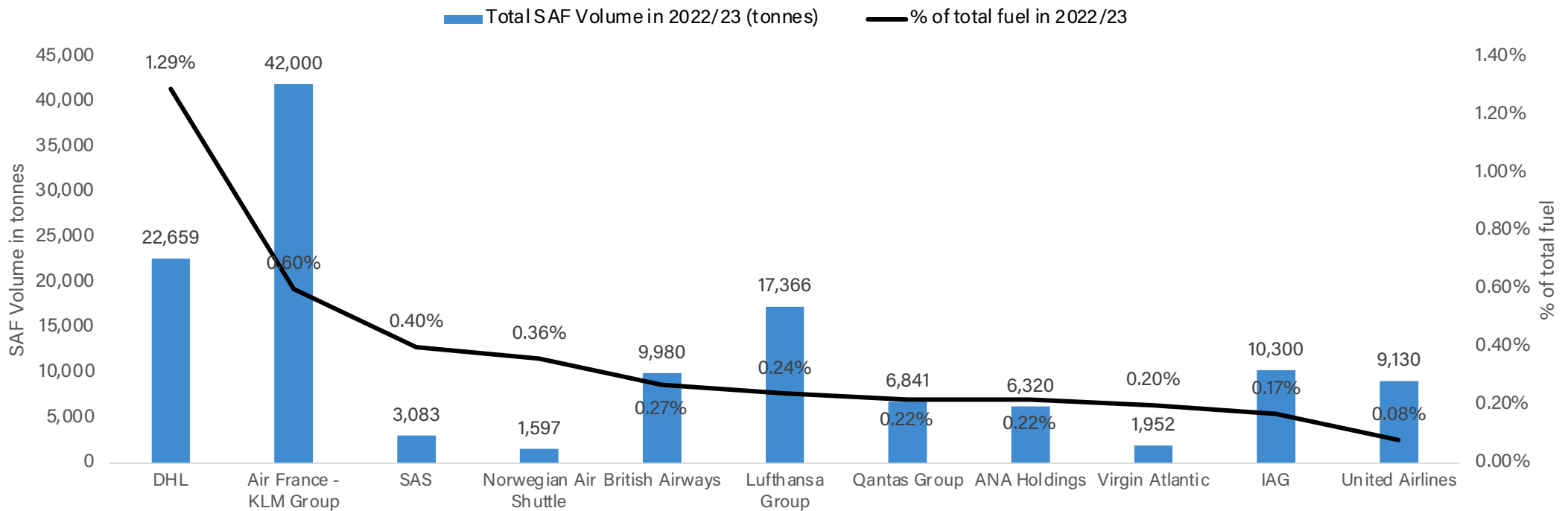
Airline CO2 Emission per Seat Mile in Different Regions in 2023 (kg)



SAF Adoption Is Rising, Slowly

The adoption of SAF remains abysmally low, with Air-France KLM leading the charge at a meager 0.6% of their overall fuel mix in 2022. On the procurement front, however, United Airlines stands out, having secured offtake agreements for nearly 3 billion gallons of SAF – a commitment that will materialize over an extended timeframe, potentially spanning a decade or more.

Top Airlines in Adopting SAF (2022/2023)



IATA: SAF Production Will Triple in 2024

The International Air Transport Association (IATA) has announced that its projections for a tripling of Sustainable Aviation Fuels (SAF) production in 2024 to 1.9 billion litres (1.5 million tonnes) are on track. This is positive progress, but ultimately will only account for 0.53% of aviation's fuel need in 2024, highlighting the need for further rapid growth in SAF production and the need for governments to take action on policy measures.



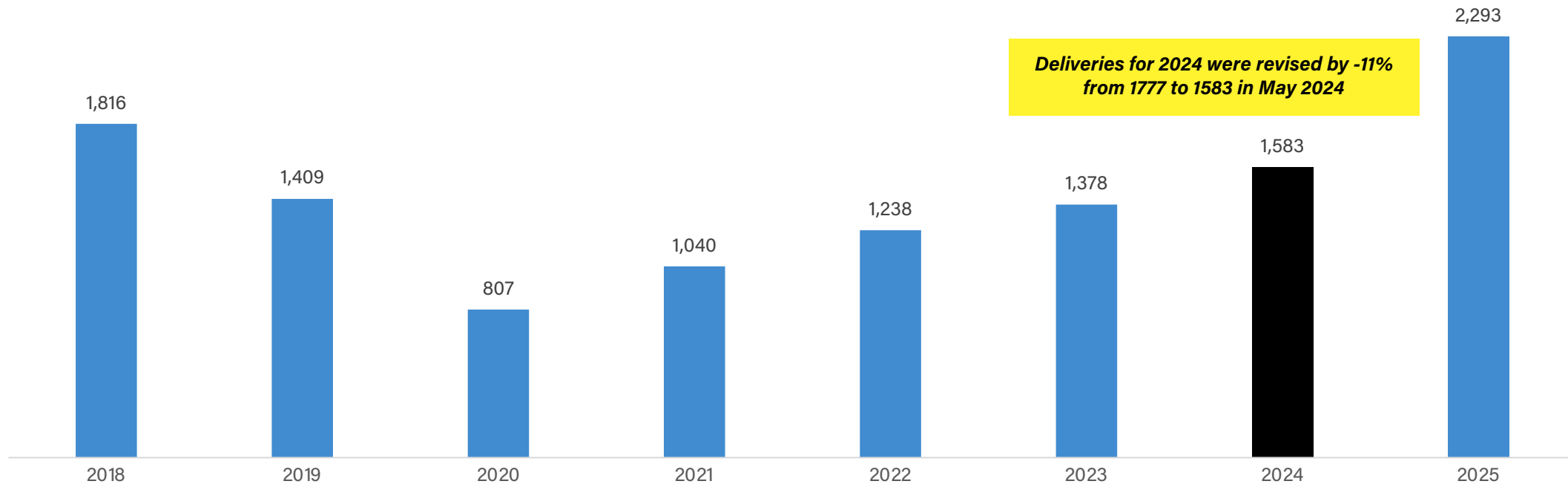
“The interest in SAF is growing and there is plenty of potential [...] but the concrete plans that we have seen so far are far from sufficient. They now need to implement policies to ensure that airlines can actually purchase SAF in the required quantities”

WILLIE WALSH
Director General, IATA

Aircraft Deliveries Revised for 2024

In 2024, there is an impressive increase in scheduled deliveries, with the highest number since 2018 and a 17% year-over-year increase. However, ongoing supply chain issues have limited the number of deliveries. The scheduled deliveries for 2024 have dropped to 1,583 from the previously reported 1,777, indicating an 11% decrease in capacity added.

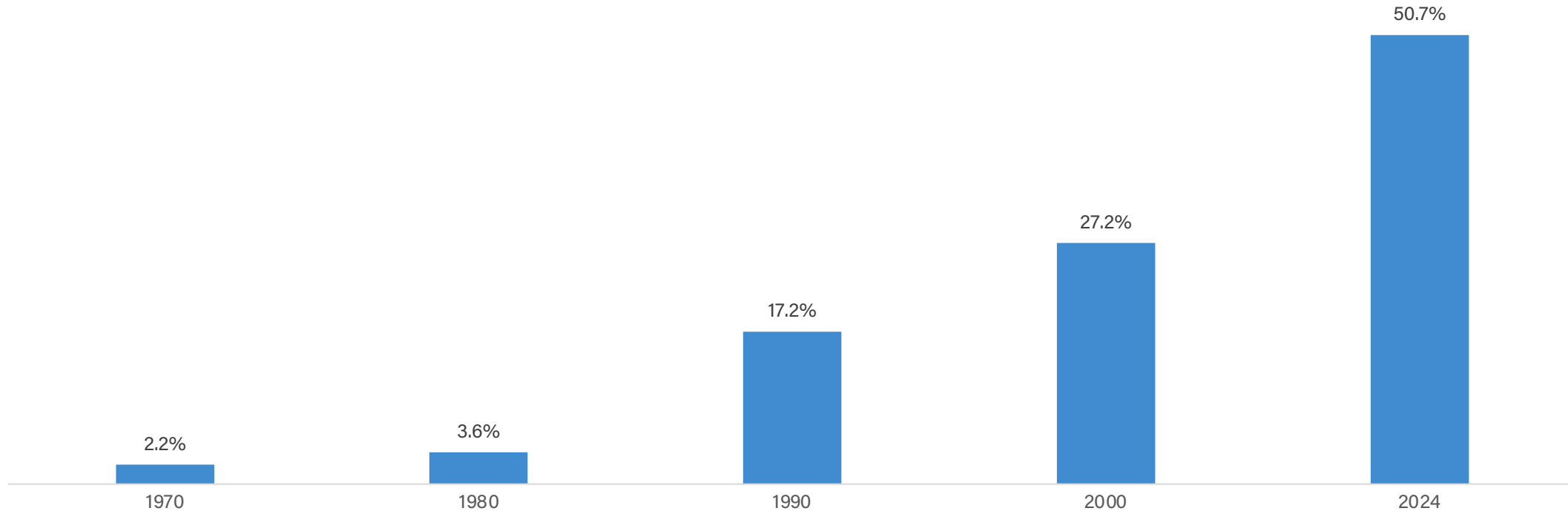
Scheduled Aircraft Deliveries, 2018-2025



Aircraft Leasing: Favorite Form of Financing

Leasing has been steadily taking market share. More than half of the aircrafts in the industry are now leased.

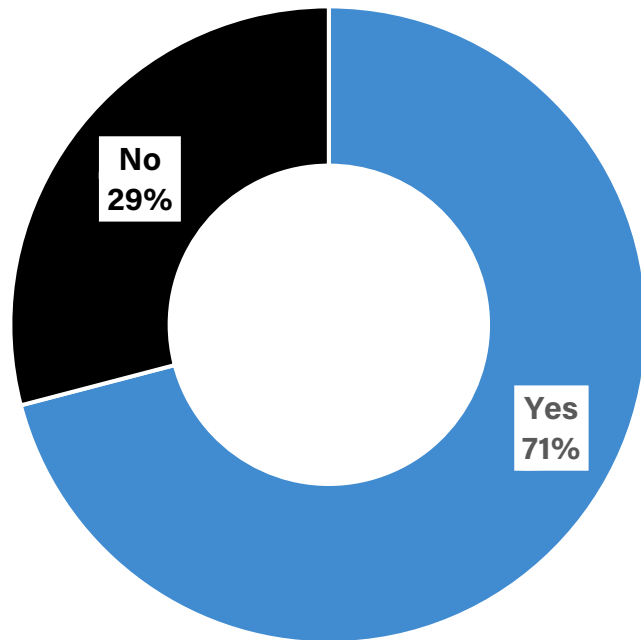
% of Leased Aircrafts in the Industry



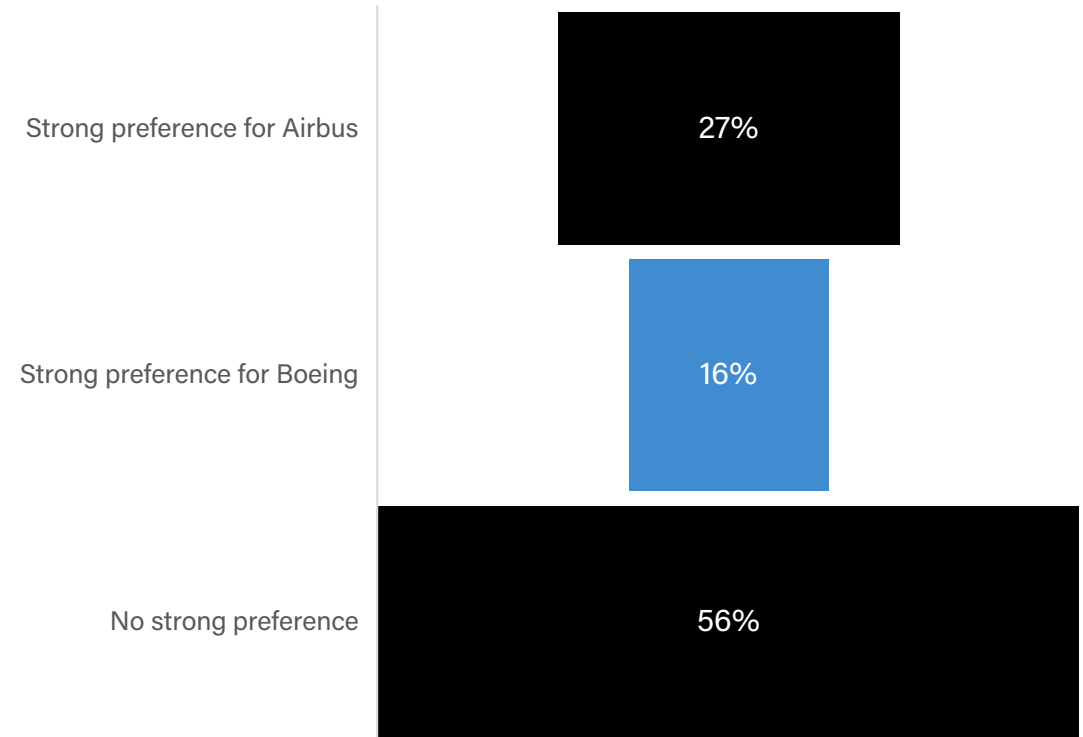
Fear of Flying Boeing

Skift Research's survey revealed how travelers are getting more conscious and concerned about Boeing's safety standards

Would You be Concerned if You Are Flying on a Boeing Aircraft?



Do You Have a Preference for Airbus or Boeing?



Source: Skift Research .

Reproduced from [Navigating Q4 2023: Analysing the Value of Travel Credit Cards in the U.S.](#), as of February 2024.



Airline Consolidation Sweeps Across Europe

Lufthansa's agreement to buy a stake in ITA Airways was the first major post pandemic airline merger in Europe. Air France – KLM followed suit by acquiring a 20% in SAS. TAP Portugal and Air Europa are all on the horizons of Europe's Big Three.



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Why Are Airlines so Eager for a Piece of TAP Air Portugal?

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Lufthansa to Buy 41 Percent of Italy's ITA Airways for \$348 Million

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In This Issue

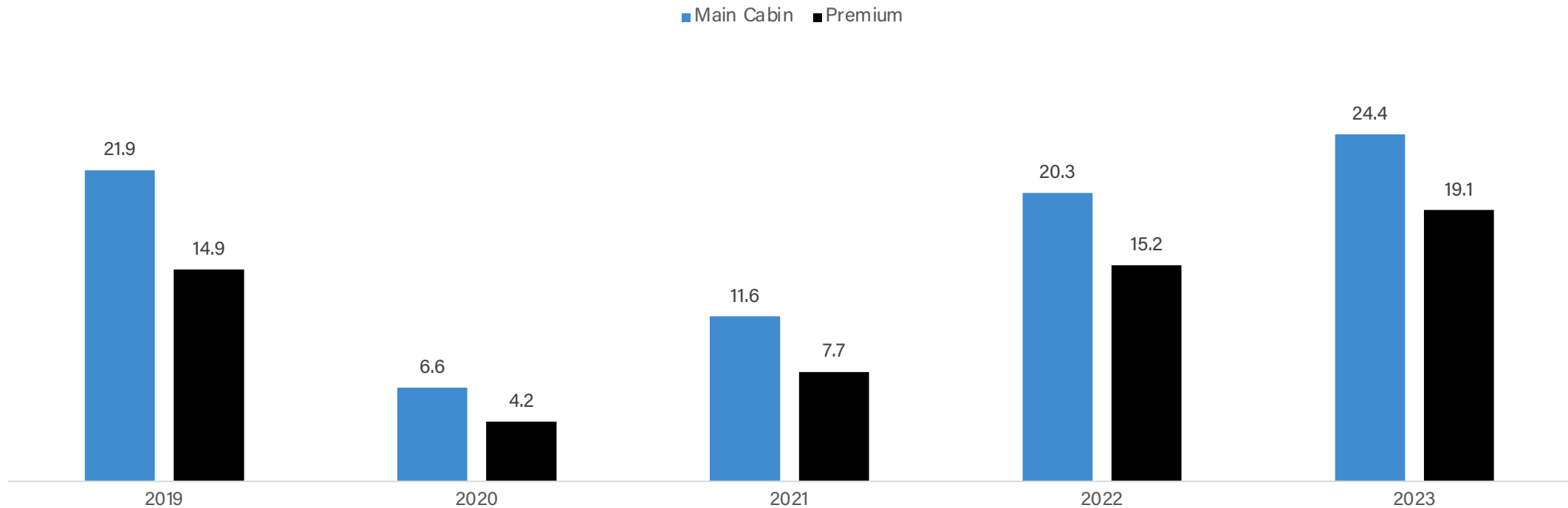
Air France-KLM Bets on SAS

ITA (Alitalia's successor)? "We did take a close look [but] ... at the end, it didn't make sense for us."

North America: Premium Revenues Surge

Premium Cabin Revenues in North America have grown nearly 30% over 2019 levels in 2023 while the main cabin revenues have only grown 11% from its 2019 highs.

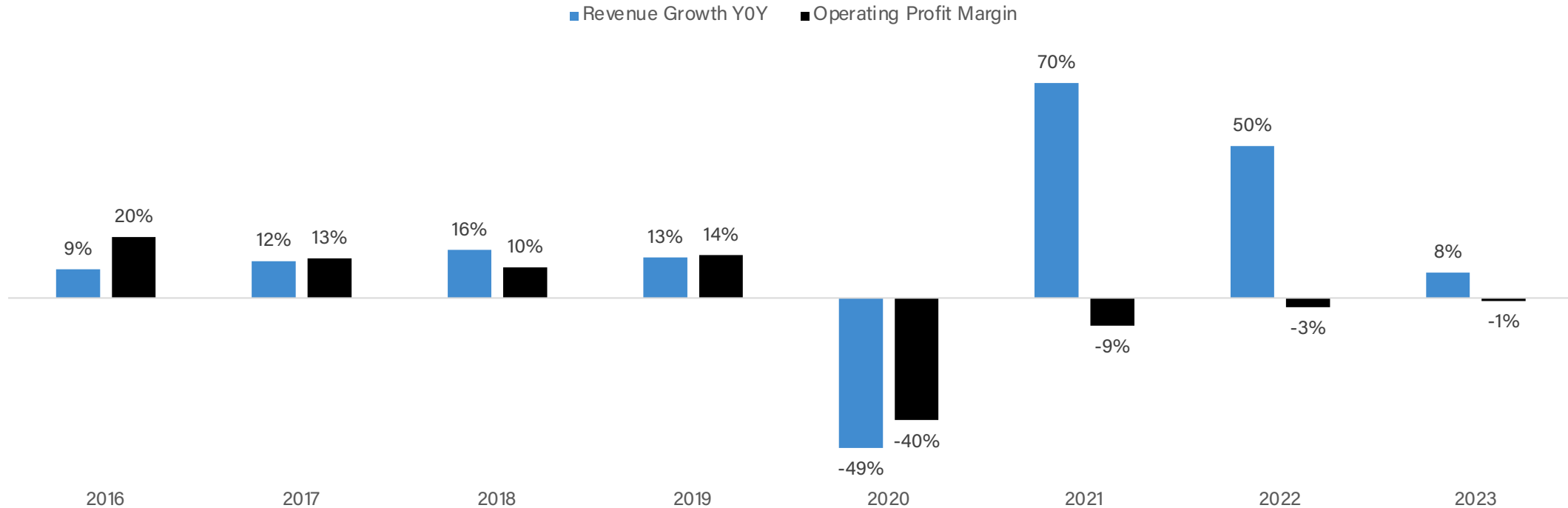
Main Cabin and Premium Cabin Revenues (Billions) of Delta Air Lines, 2019-2023



North America: ULCCs Struggle for Profits

While Allegiant and Sun Country have been profitable in 2023, Spirit and Frontier's 2023 struggles have kept the category's overall performance negative in 2023.

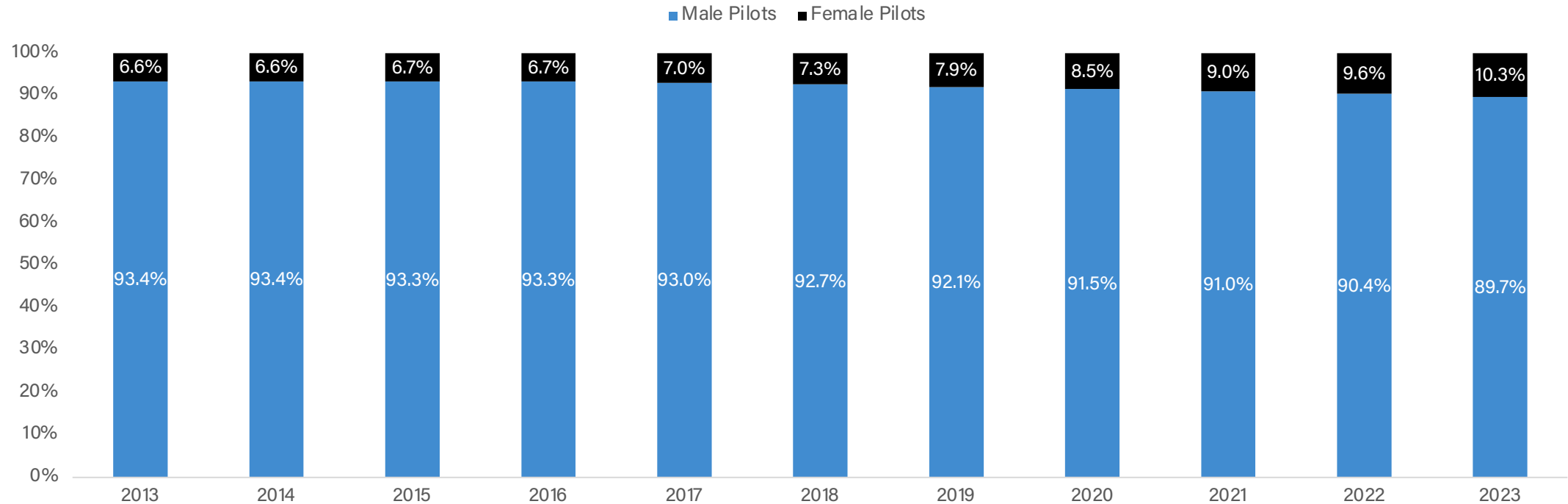
Ultra LCC Revenue Growth Year over Year and Operating Profit Margin, 2016-2023



North America: Gender Diversity Improving

The industry is making progress in improving the gender balance. In the US, the percentage of active pilot licenses (including student, private, and commercial licenses) held by women increased from 6.6% in 2013 to 10.3% in 2023.

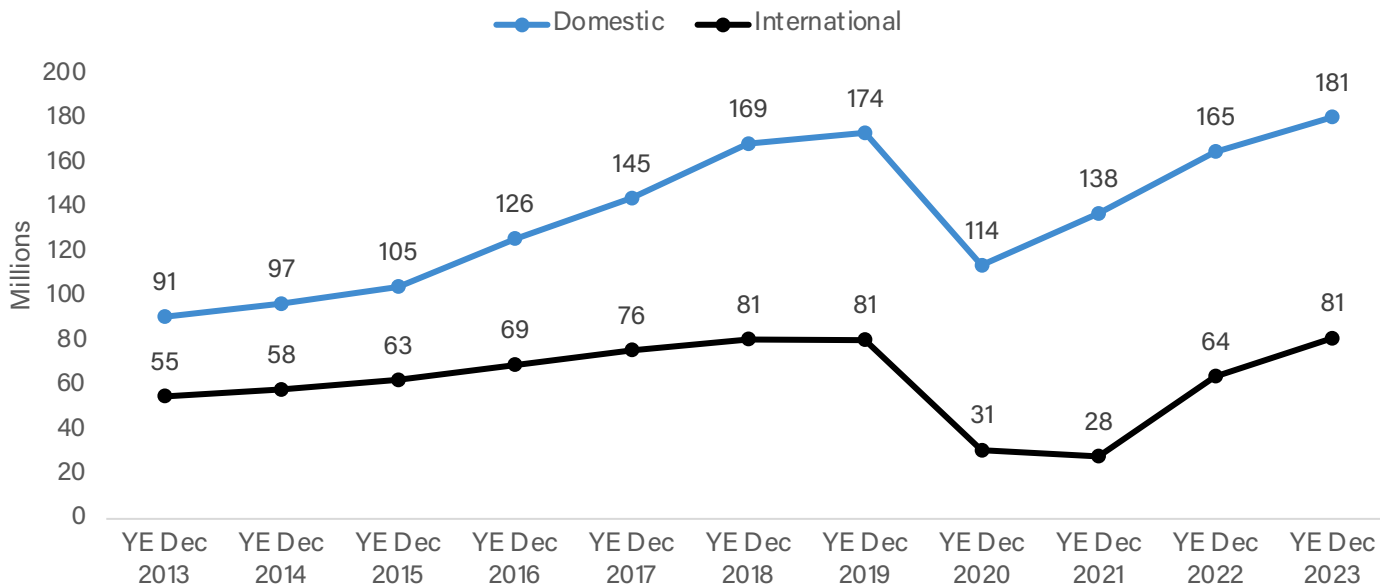
Proportion of Pilots in the U.S., 2013-2023



Asia Pacific: India Continues to Outgrow the Region

India doubled its domestic airline capacity from 2013 to 2023 and became the third biggest domestic aviation market in 2024 on the back of strong airport infrastructural development in the country. India's international prospects are supported by growth ambitions of both Indigo and Air India.

India's Domestic and International Seat Capacity, 2013-2023



2030 Projections for the India Aviation Market

Passenger Traffic: 690M

Freight Traffic: 5.8 MMT

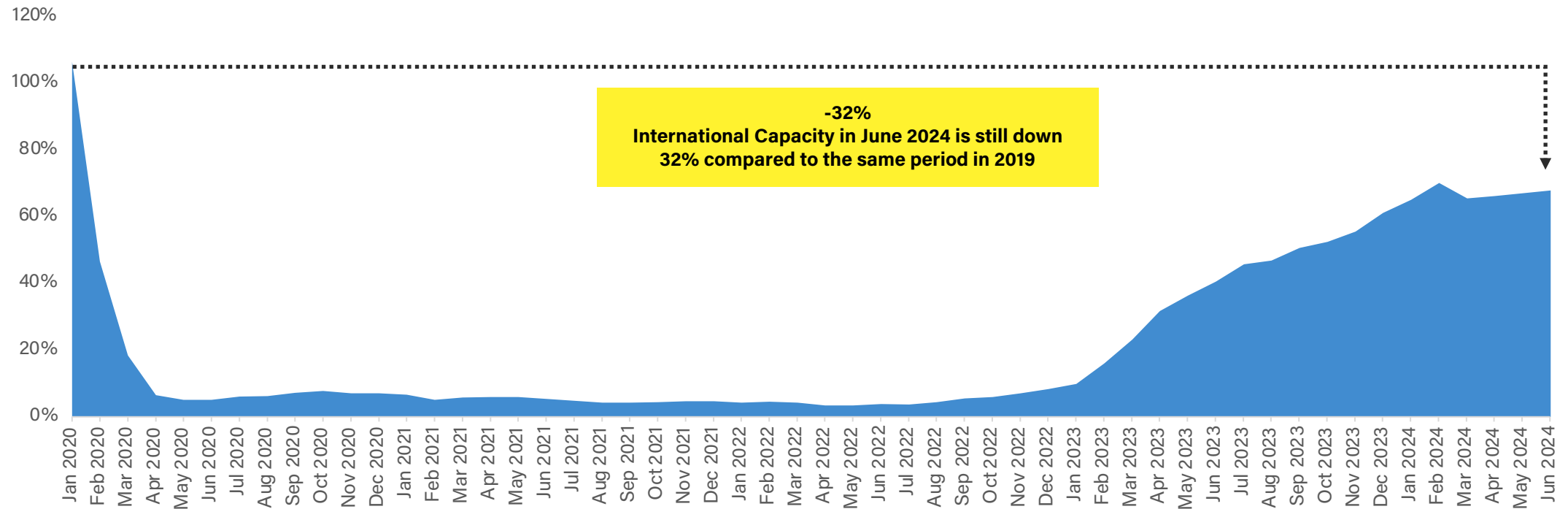
Will need 125 new airports

CAPEX \$28 billion

Asia Pacific: China Struggles Internationally

International seat capacity has shown great momentum since China removed international travel restrictions in January 2023 but remains fairly below its pre-pandemic international capacity

China International Airline Capacity Recovery (2024 vs 2019)

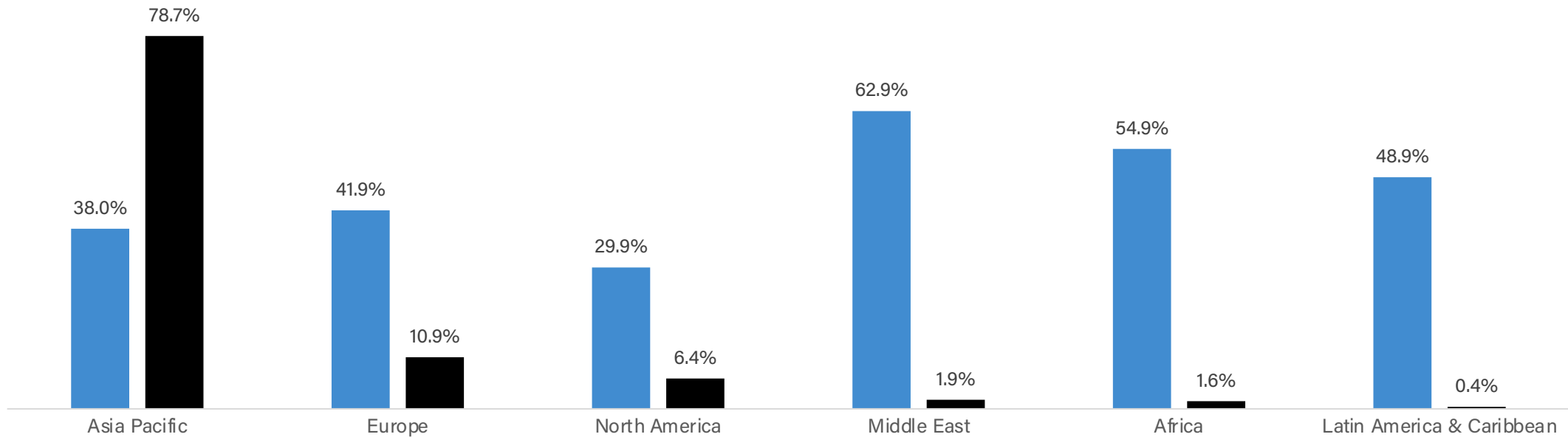


Asia Pacific: China Struggles Internationally

Passenger flows from major markets, such as Asia Pacific, Europe, and North America, had the slowest recovery, while traffic from the Middle East reached the highest level among all regions, at 62.9% of pre-pandemic levels in 2023.

International Traffic Between China and Specific Regions

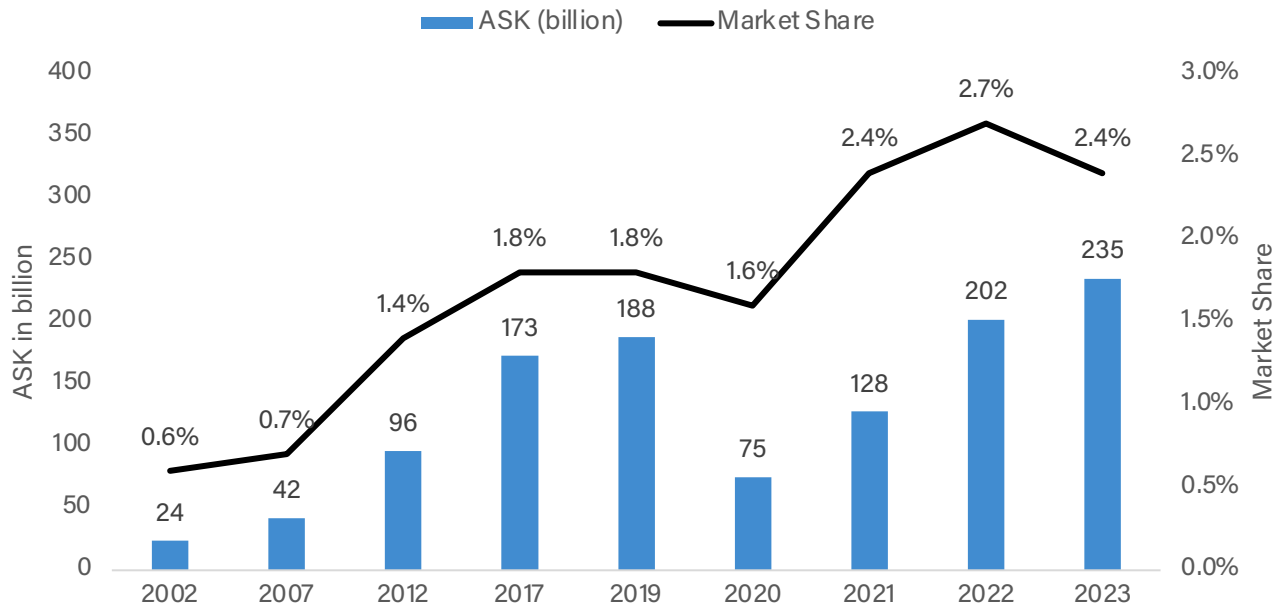
■ China International Passenger Traffic Recovery (2023 vs 2019) ■ Regional % Market Share with China in 2019



Europe: Rise of Turkish Airlines

Turkish Airlines experienced a robust recovery after the initial shock of the pandemic and significantly increased its market share. It also became the only airline to gain the most market share between 2010-2023.

Turkish Airlines Market Share Development by Airline Capacity



Ranked #1 in the World by international destinations

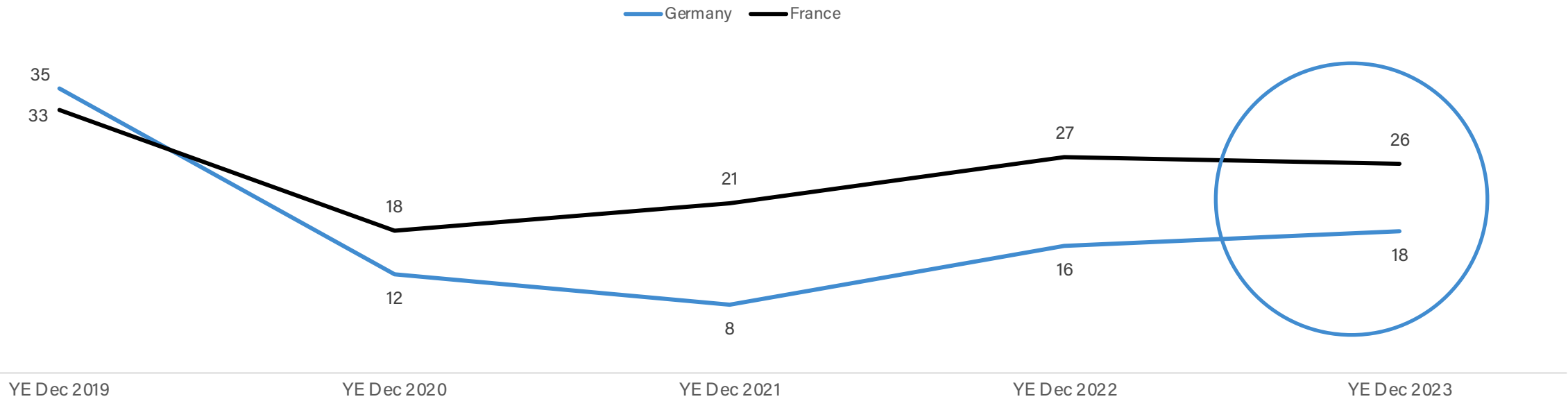
295

international destinations in
130 countries

Europe: France and Germany Domestic Struggle Continues

In 2019, France and Germany had almost the same airline seat capacity in their domestic markets. However, four years after the pandemic, both countries have faced difficulties in returning to pre-pandemic levels. By 2023, Germany had only reached 50% of its pre-pandemic capacity, while France had nearly reached 80% of its pre-pandemic capacity.

Germany and France Domestic Airline Seat Capacity (Millions), 2019-2023



Europe: RyanAir and EasyJet Dominate

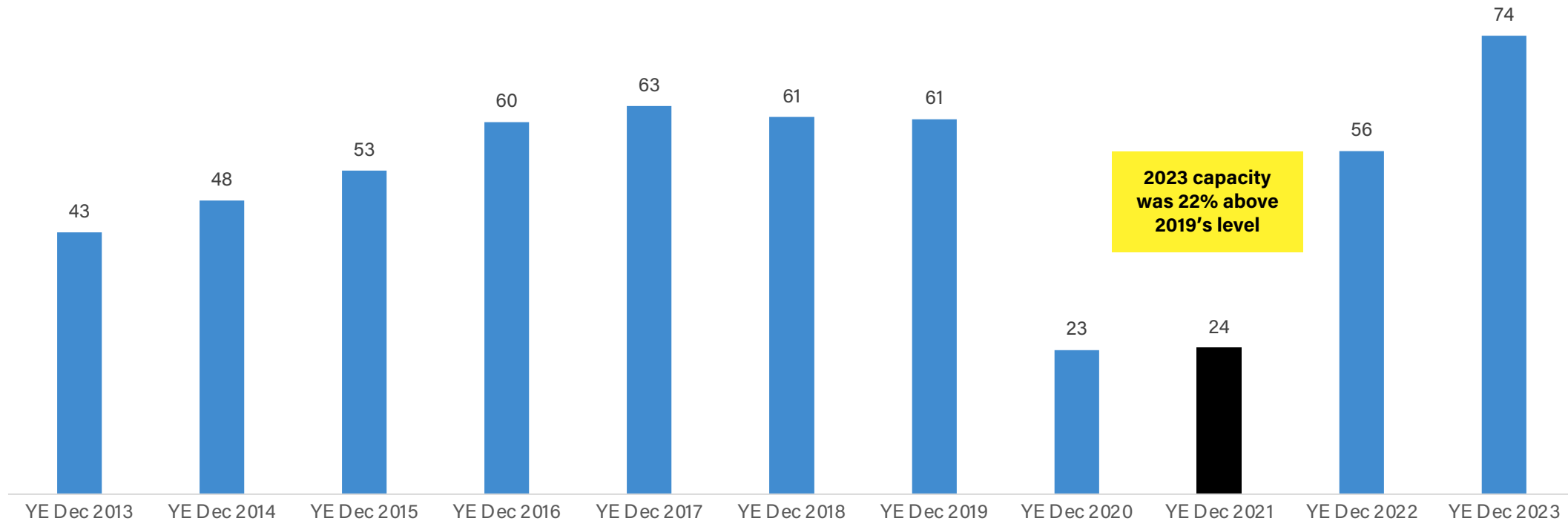
European budget carriers dominate flights in and out of some of the biggest cities in Europe, with Ryan Air as the biggest carrier in cities like Milan and Berlin

CITY	BIGGEST CARRIER	2ND	3RD	4TH	5TH
London	British Airways	EasyJet	RyanAir	Wizz Air	Virgin Atlantic
Paris	Air France	Transavia	EasyJet	Vueling	RyanAir
Berlin	RyanAir	EasyJet	Lufthansa	Eurowings	Austrian Airlines
Milan	RyanAir	EasyJet	ITA Airways	Wizz Air	Neos
Madrid	Iberia	Air Europa	Iberia Express	RyanAir	Air Nostrum
Barcelona	Vueling	RyanAir	EasyJet	Iberia	Lufthansa

Middle East: Saudi Arabia's Rise

The Kingdom of Saudi Arabia is undergoing a massive transformation, which is significantly impacting the nation's aviation sector. Outbound airline capacity has grown by over 22% of its pre-pandemic levels.

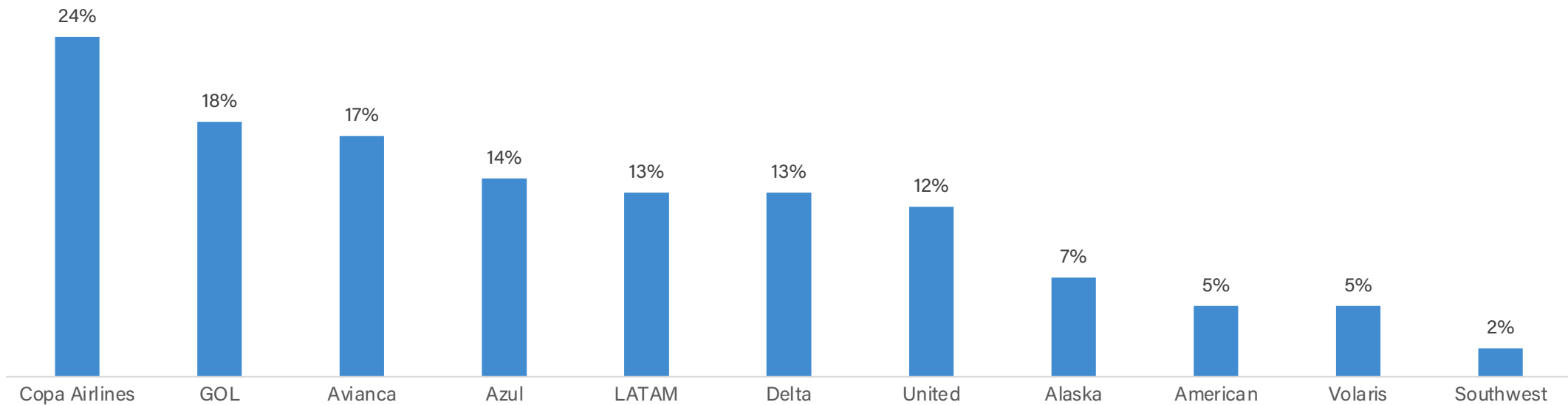
International Outbound Seat Capacity (Millions) From Saudi Arabia, 2013-2023



Latin America: Airline Paradox

At first glance, South America's post-pandemic airline industry looks like a junkyard of bankrupt companies. Latam: bankrupt in 2020. Avianca: also bankrupt in 2020. Gol: bankrupt in 2024. Azul: Narrowly avoided bankruptcy in 2023. The reality, however, is different. It's not a junkyard. It's a collection of gems. Today, these four airlines are among the world's most profitable, reporting double-digit operating margins throughout 2023.

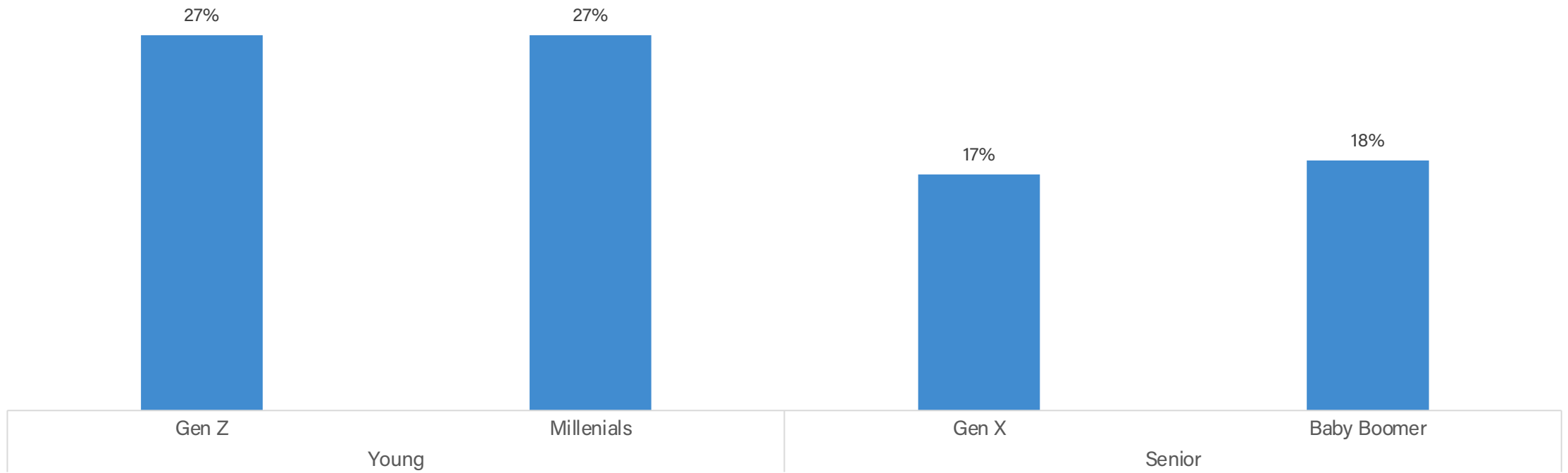
Q3 2023 EBIT Margin



Young Travellers Value Experience Over Costs

OAG surveyed 2,000 North American travelers and discovered an unexpected trend: young people prioritize experiences over cost.

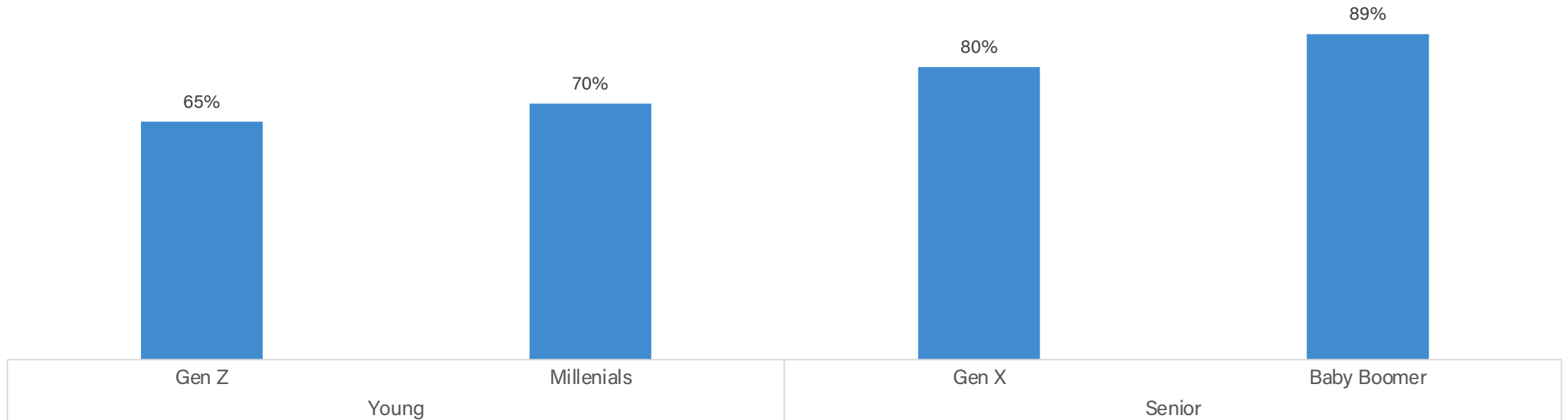
Share of Travelers Willing to Pay Upto US\$100 More to Fly With Legacy Carriers Over Low-Cost Options



Young Travellers Less Likely to Commit to Airline Loyalty

OAG's survey also shows that only 65% of Gen Z and 70% of Millennials are enrolled in airline loyalty programs, compared to 89% of Baby Boomers and 80% of Gen X.

Share of Travelers Enrolled in an Airline Loyalty Program



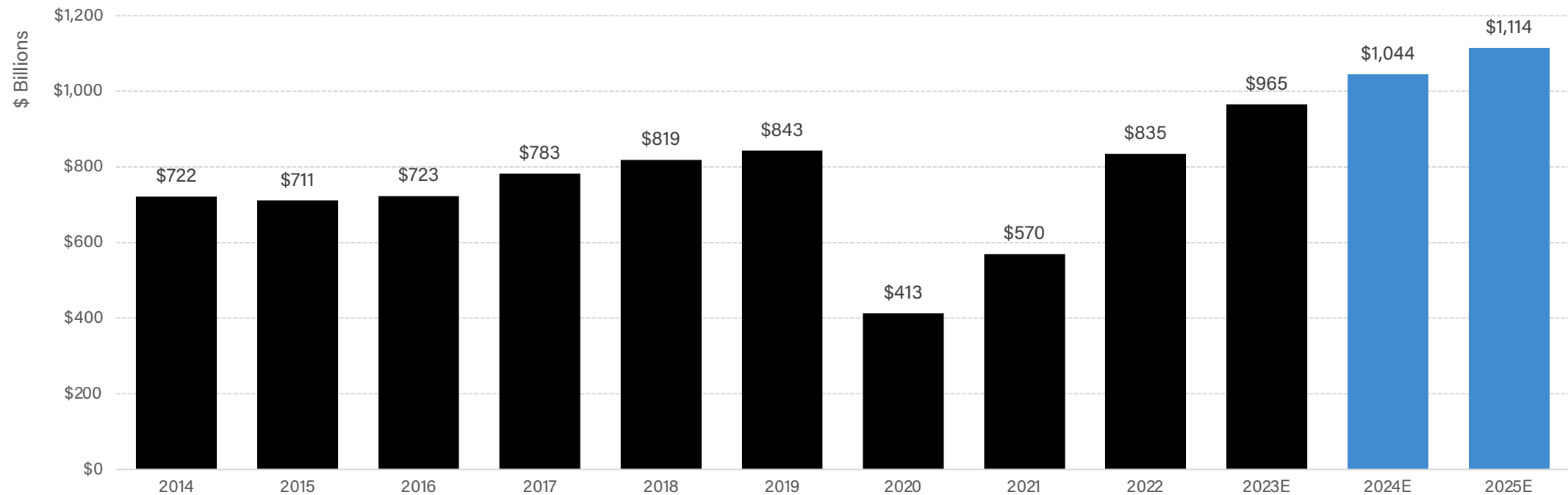


HOTELS

Global Hotel Revenues Are Set for a Strong Comeback

2023 saw global hotel revenues exceed 2019 levels for the first time since the pandemic. We expect further growth into 2024 and 2025.

Global Hotel Revenues (\$ Billions)

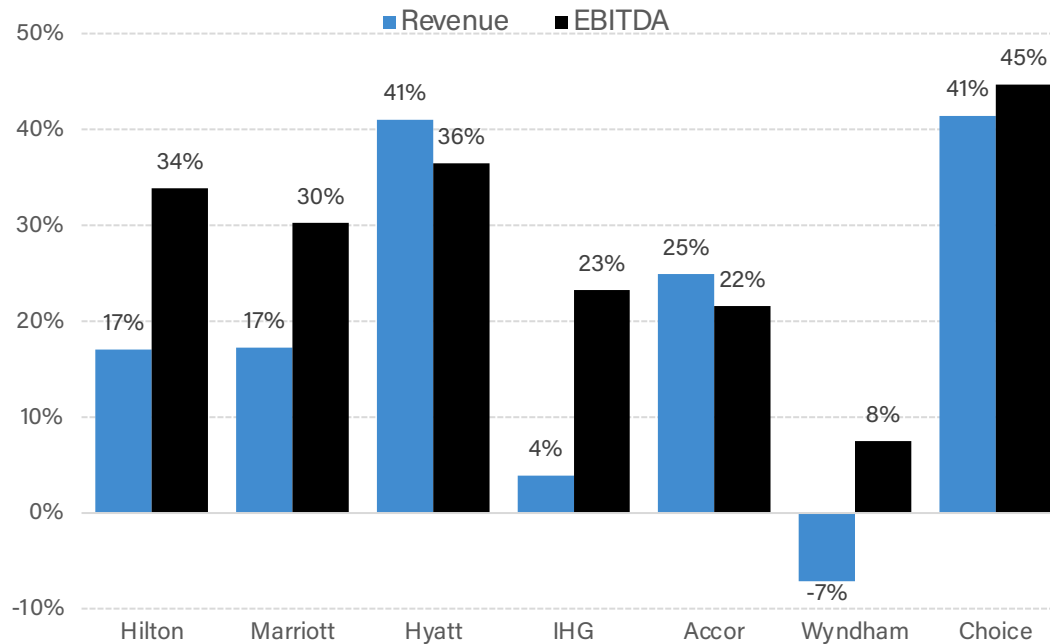


- Source: Company financials, Skift Research and estimates. Data as of January 2024
- Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.

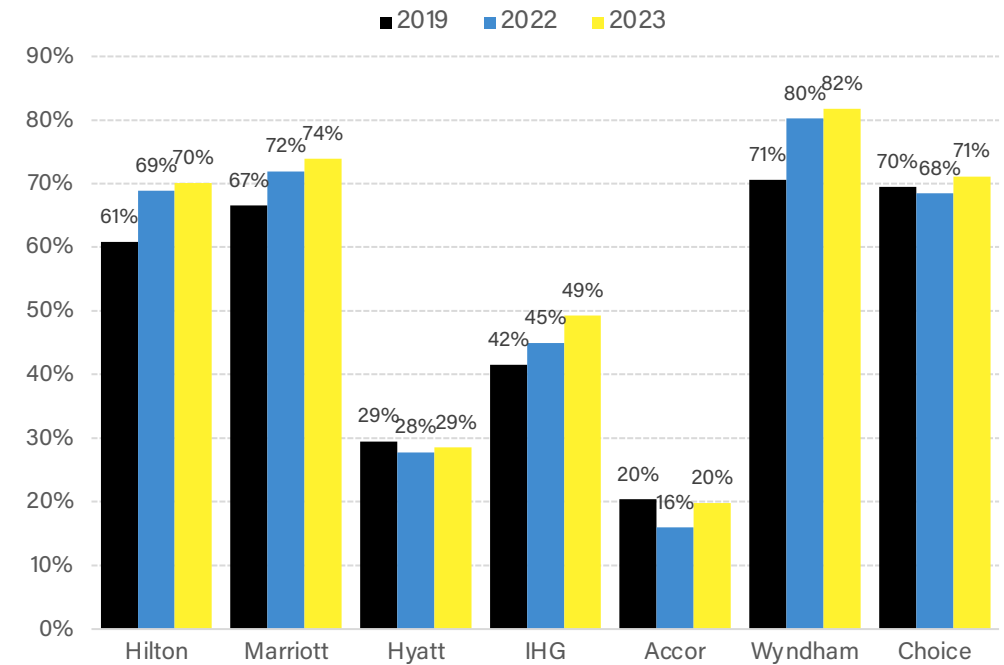
Branded Hotels Have Grown Through Covid

Since 2019, most of the major branded hotel groups have seen double-digit top-line and bottom-line growth. Companies, particularly in the U.S., such as Hilton and Marriott have seen impressive margin expansion through the pandemic on the back of increased operation efficiencies.

2023 Revenue and EBITDA Growth vs 2019 Levels



EBITDA Margins %: 2019 vs 2022 vs 2023

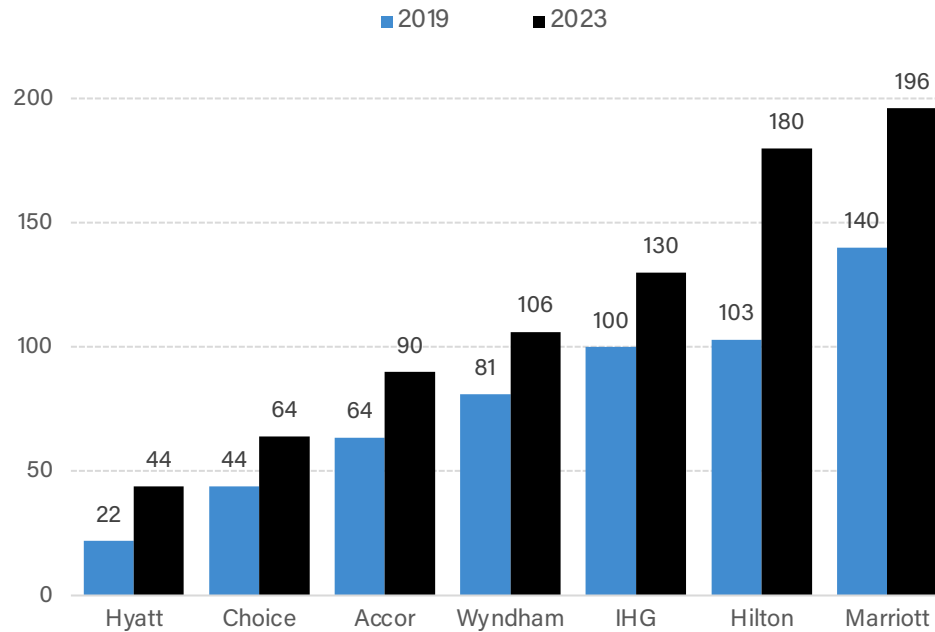


Source: Company reports, Skift Research and analysis. Notes: 1. For the hotel groups, cost reimbursement revenues and system fund revenue have been removed from total reported revenue. 2. EBIT used for IHG, adjusted EBITDA for all other companies. 3. Hyatt acquired Apple Leisure Group at end of 2021 and Choice acquired Radisson Americas in 2022. Data as of March 2024

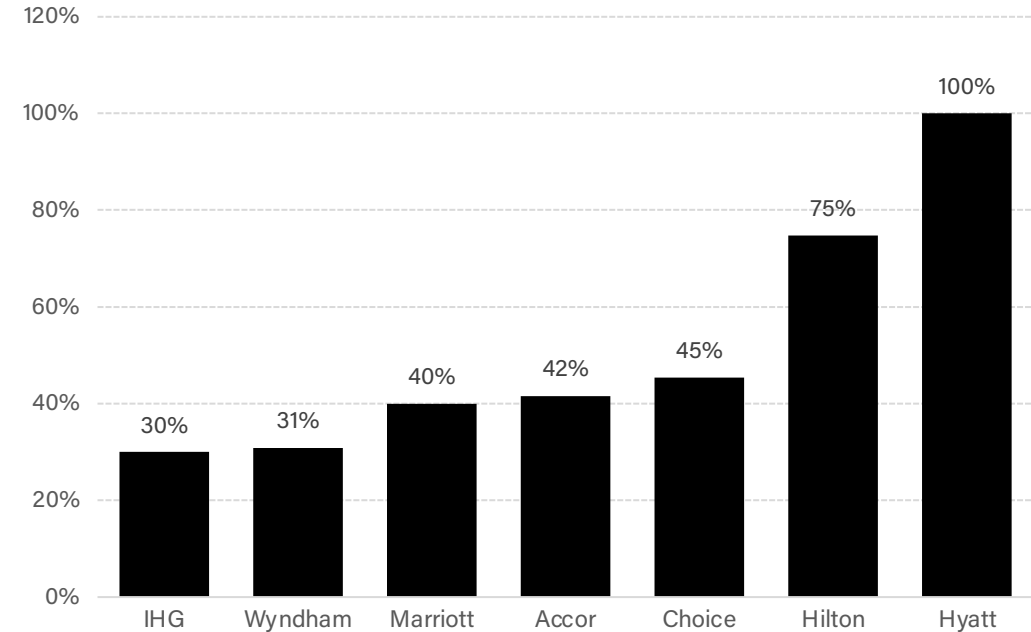
Hotel Groups See Significant Growth in Their Loyalty Programs

As a result of marketing campaigns and increased investment into loyalty, the major hotel groups have grown their loyalty programs by double-digits since 2019, with brands like Hyatt doubling its members over the last 4 years.

Loyalty Members, Millions



2023 vs 2019 Growth in Loyalty Members %

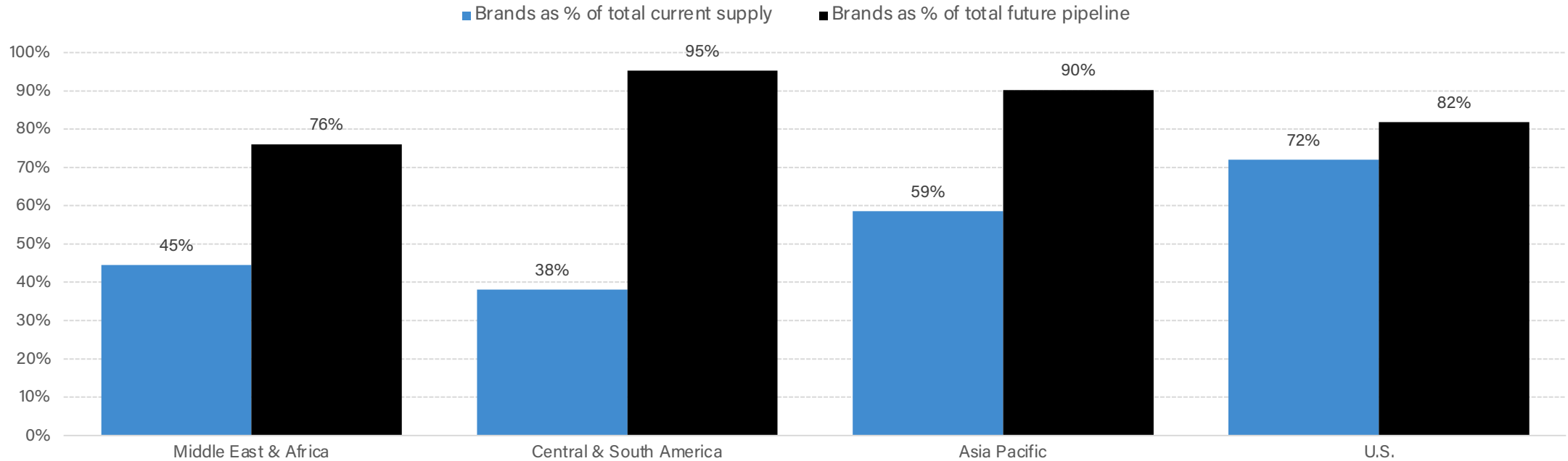


Source: Company financials, Skift Research. Data as of full-year 2023. Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Branded Hotels to Gain Share From Independents

There is a long-term structural shift towards direct bookings. Branded Hotel brands are expected to gain share from independent hotels in every region of the world.

Hotels: Branded Existing Supply vs Future Pipeline



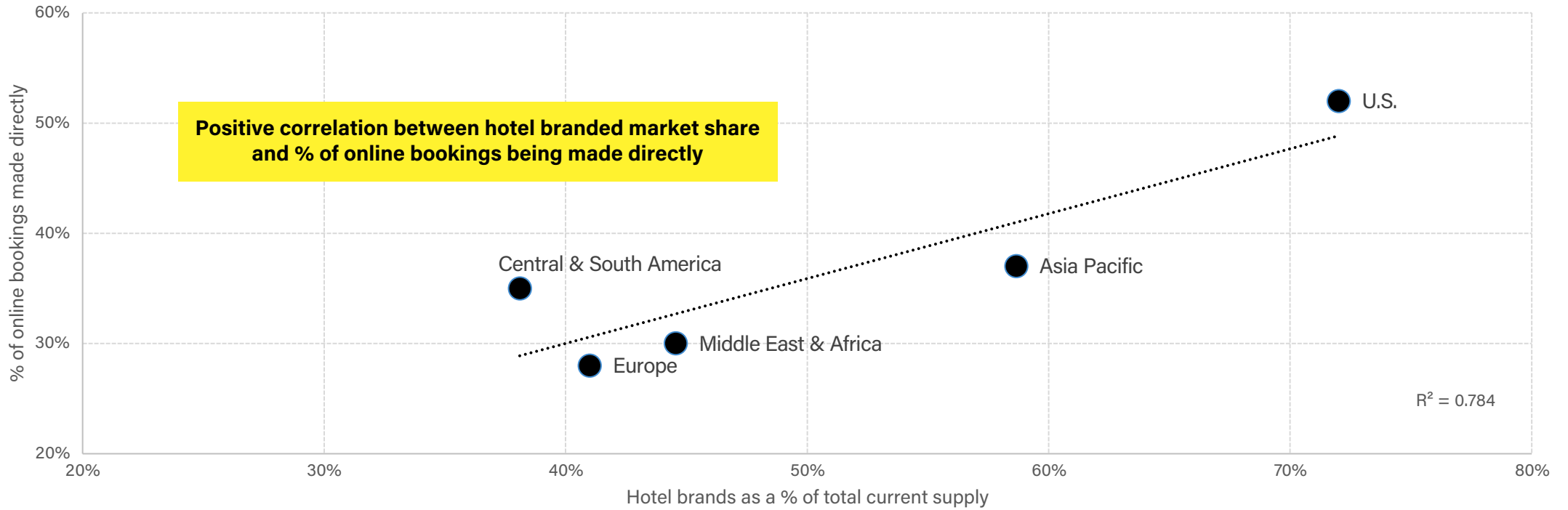
Source: STR, Skift Research. Data as of November 2023.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Branded Share Gains = More Direct Bookings

There is a strong correlation between branded market share and the share of bookings made directly. As hotel brands continue to gain share from independent hotels (as shown in the previous chart), we can expect to see an increase in direct bookings.

Hotel Brands Market Share vs Share of Direct Bookings



Marriott Increases Share of Direct Distribution

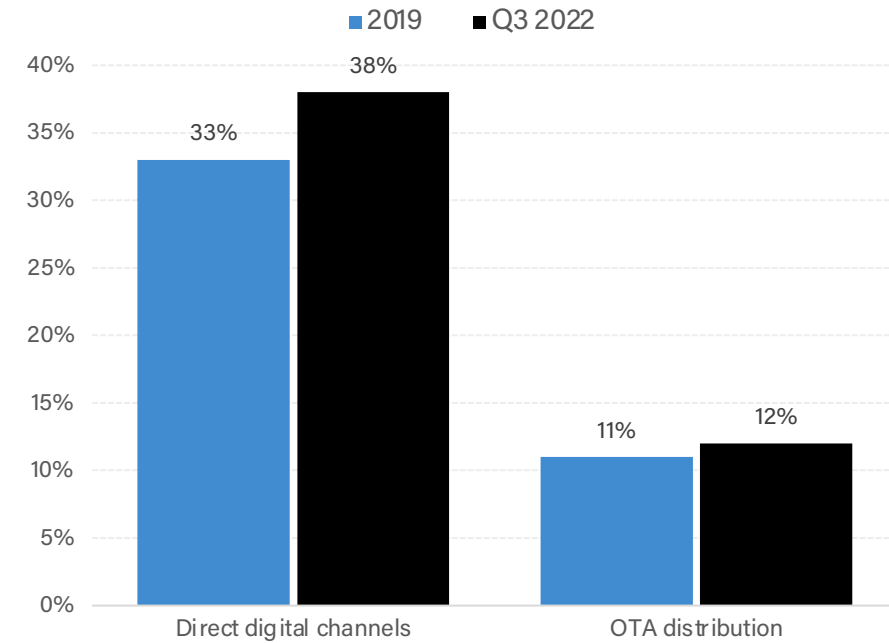
As a result of rapidly growing loyalty programs, investment into digital booking platforms, and an industry-wide shift to direct bookings through the pandemic, hotel brands such as Marriott have seen direct digital channels gain share of their total distribution mix since 2019. In turn this has boosted owner and franchise profitability and contributed to margin expansion.



“Our Bonvoy members have been increasingly interacting with the platform through our direct digital channels, which helps boost owner and franchisee profitability.”

LEENY OBERG
CFO of Marriott

Marriott's Sources of Distribution vs 2019



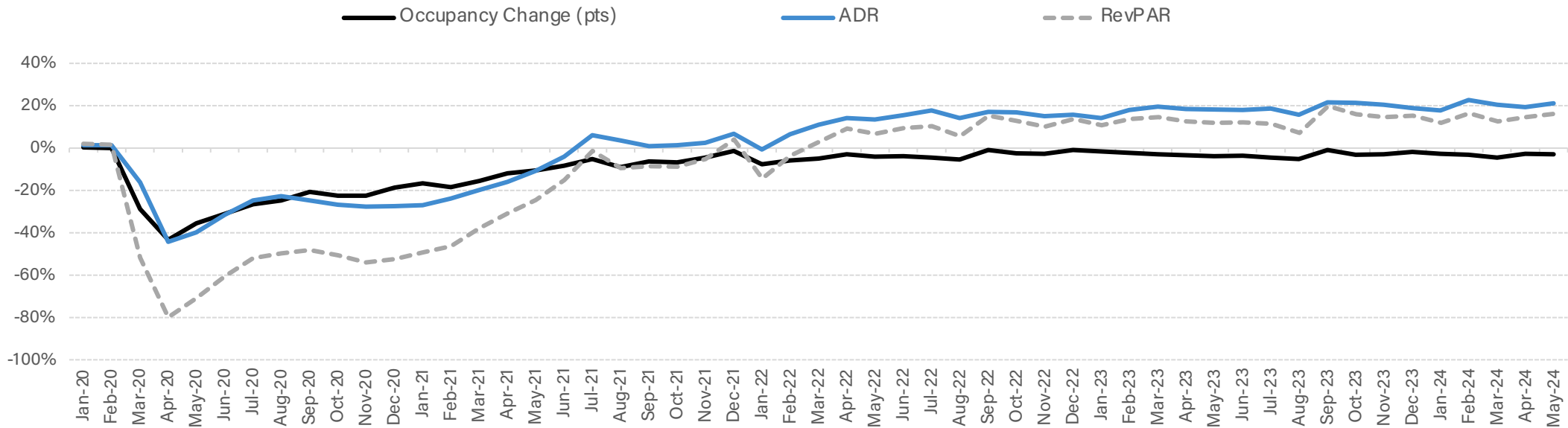
Source: Company transcripts from Marriott's Q3 2022 earning calls, Skift Research. Data as of Q3 2022.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

RevPAR Recovery Continues To Be Led by Pricing Growth

As of 2024, U.S. RevPAR is +16% above 2019 levels. As has been the case through much of the pandemic recovery RevPAR recovery continues to be led by pricing growth, with ADR (Average Daily Rate) +21% above 2019, whilst occupancy (-3%pts below 2019) is still yet to recover to pre-pandemic levels.

U.S. Occupancy, ADR and RevPAR vs 2019 levels



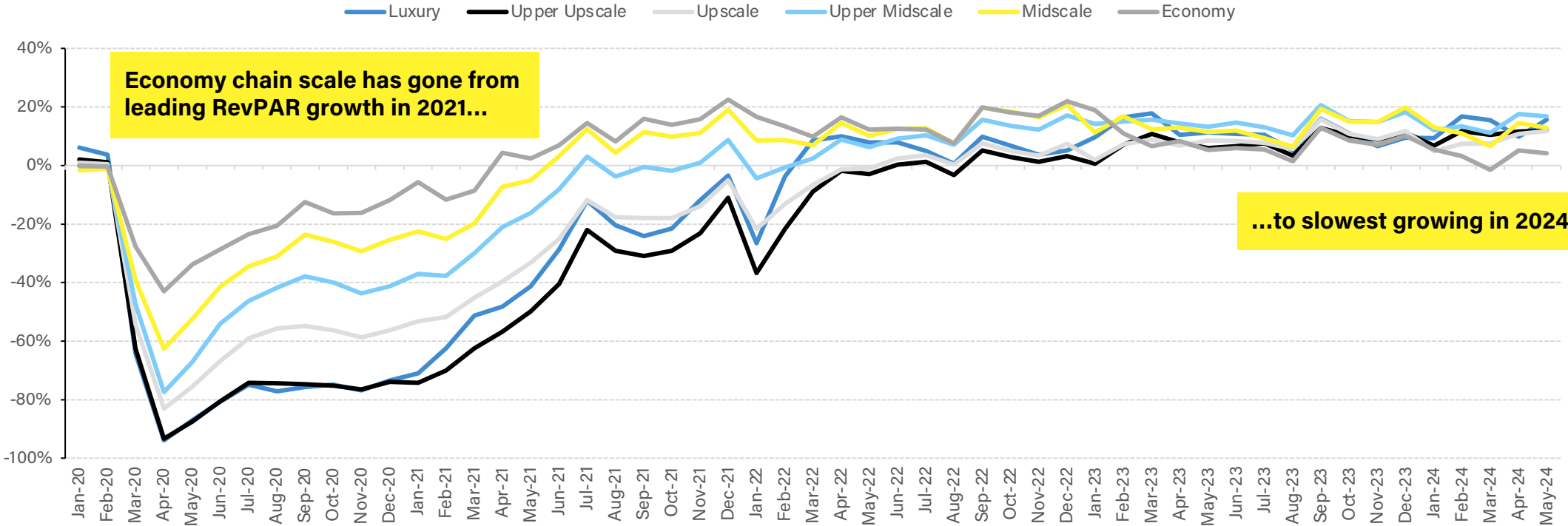
Source: STR, Skift Research. Data as of May 2024. Note, ADR is an abbreviation of Average Daily Rate (i.e. Nightly Pricing) and RevPAR is Revenue per Available Room. RevPAR is calculated as Occupancy x ADR

Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.

Economy Hotels See Slowing Growth

Hotels in the economy chain scale have gone from leading RevPAR growth in 2021 to being the slowest growing in 2024. Today, luxury and midscale are growing RevPAR the fastest at ~+16% above 2019 levels.

U.S. by Chainscale - RevPAR vs 2019 Levels



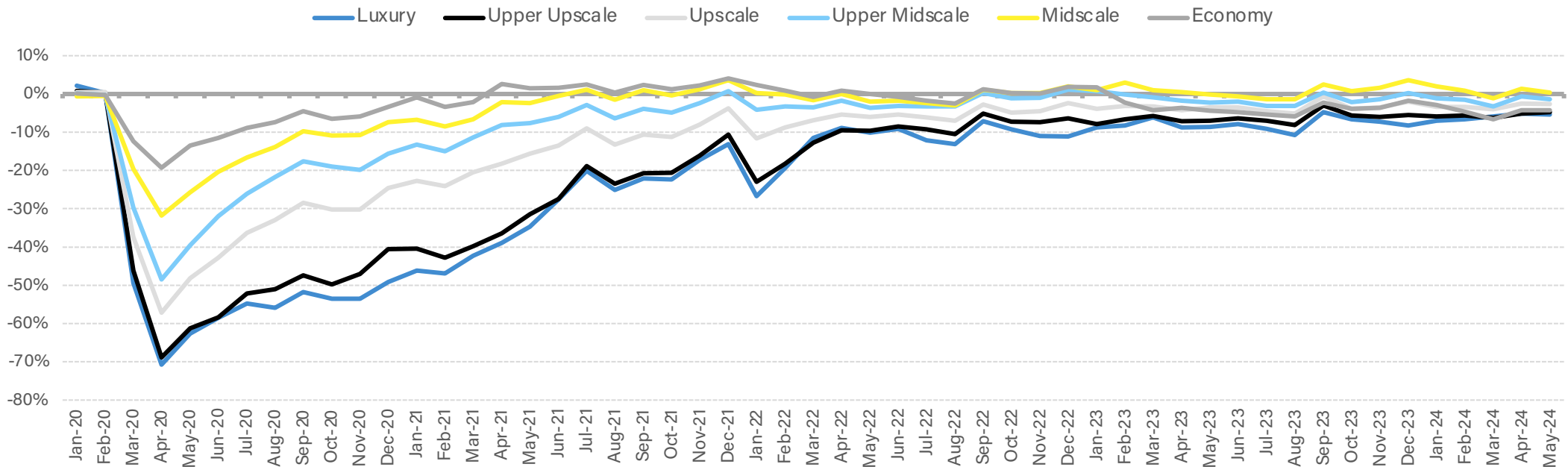
Source: STR, Skift Research. Data as of May 2024. Note, RevPAR is Revenue per Available Room. RevPAR is calculated as Occupancy x ADR

Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.

Luxury Occupancy Is the Least Recovered Chainscale

As of May 2024, luxury occupancy levels are still more than 5%pts below 2019 levels, whilst midscale is the only chain scale to see occupancy levels above 2019 levels.

U.S. by Chainscale - Occupancy Levels Change vs 2019



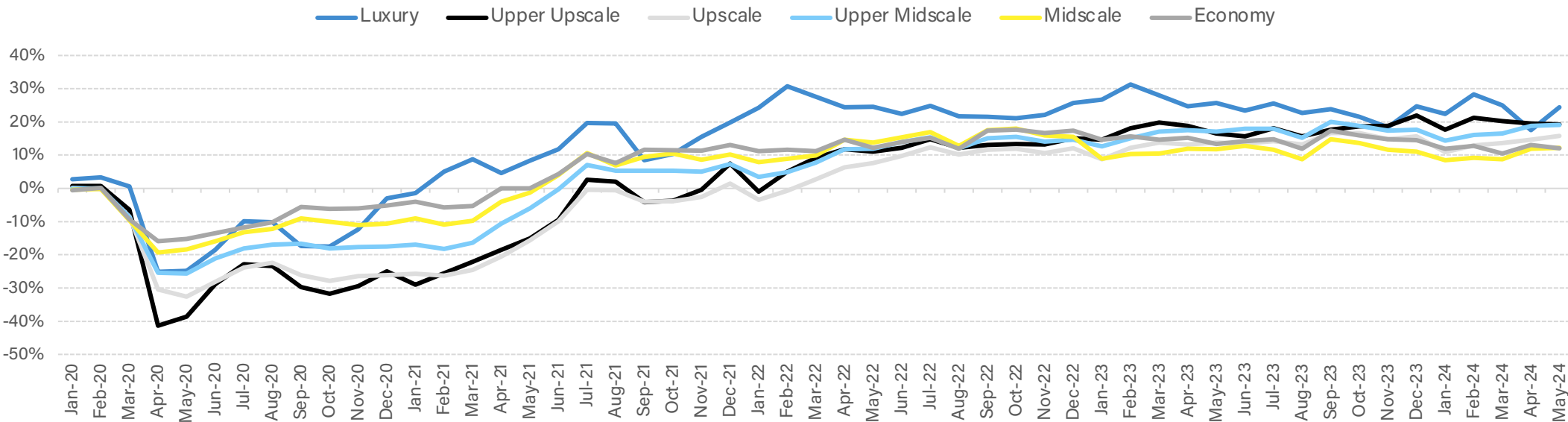
Source: STR, Skift Research. Data as of May 2024.

Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.

Luxury Pricing Leads Other Chainscales vs 2019 Levels

As of May 2024, all chain scales are trending at pricing growth of at least +10% above 2019 levels. Luxury pricing growth continues to lead other chain scales, at +20-30% above 2019 levels. As we saw in the previous slide, luxury occupancy is still the least recovered out of any chain scale, meaning that further occupancy recovery is yet to come – and this should see further pricing growth.

U.S. by Chainscale - ADR vs 2019



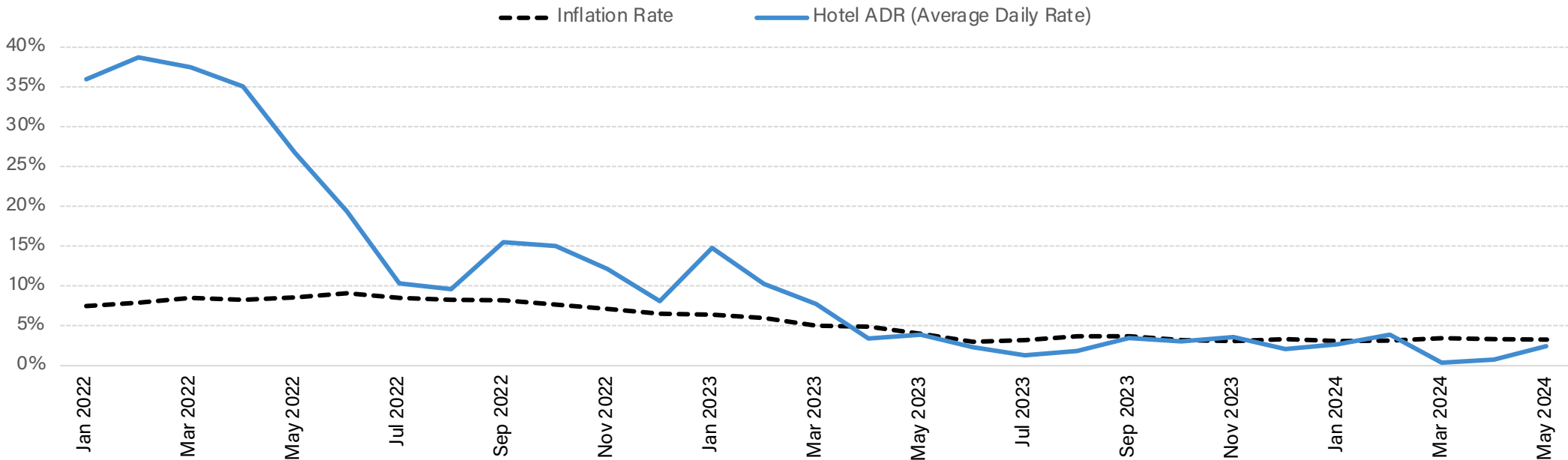
Source: STR, Skift Research. Data as of May 2024. Note, ADR is an abbreviation of Average Daily Rate (i.e. Nightly Pricing)

Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.

Hotel Pricing Growth in Line With Inflation Rates

Though hotel rates benefitted on the back of rising inflation rates in 2022 and 2023, a stabilization of inflation rates in 2024 doesn't mean that hotel ADR growth will stagnate – hotel pricing will still continue to grow, likely in line with inflation rates, but admittedly not at growth levels seen in the last couple of years.

U.S. Inflation Rate vs Hotel Pricing Growth



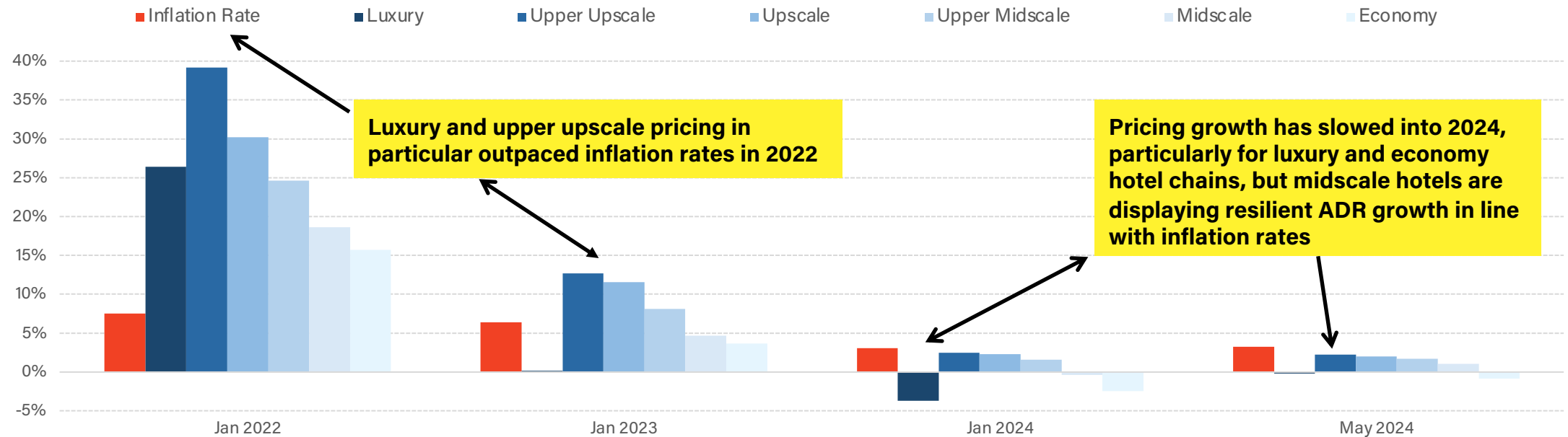
Source: STR, Skift Research. Data as of May 2024. Note, ADR is an abbreviation of Average Daily Rate (i.e. Nightly Pricing)

Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.

Luxury & Economy ADR Growth Slowing Down, But Midscale Still Displaying Pricing Strength

Luxury hotels saw huge pricing growth in 2022 and 2023. This rate of growth is slowing in 2024. For chainscales outside of luxury, we are seeing resilient pricing strength, particularly for midscale hotels which are pricing in line with inflation rates.

U.S. YoY ADR Growth by Chainscale - vs Inflation Rate



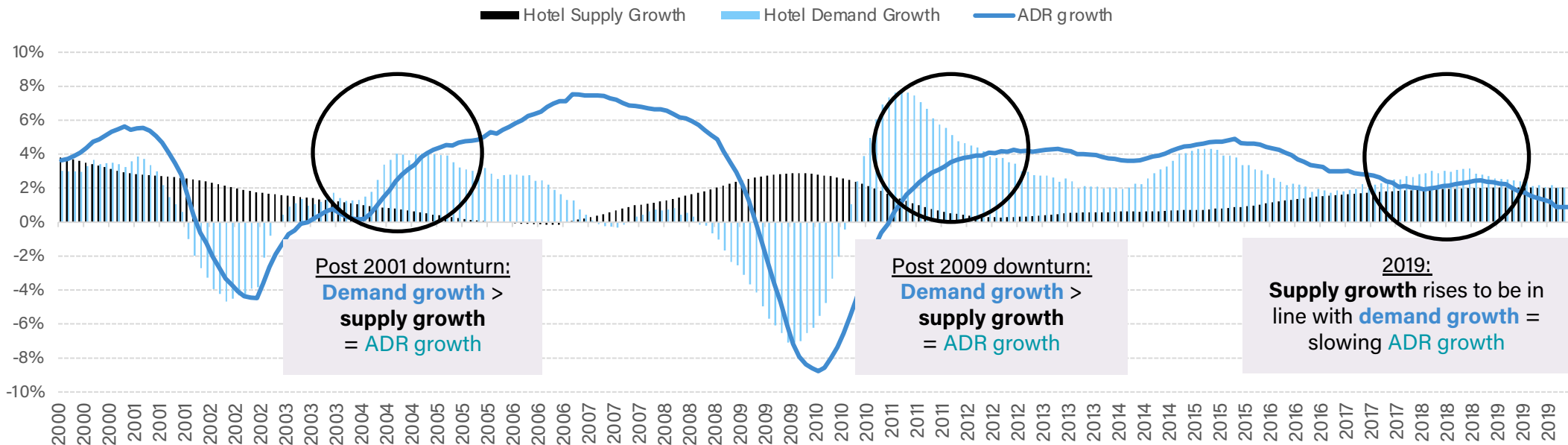
• Source: STR, Skift Research. Data as of May 2024. Note, ADR is an abbreviation of Average Daily Rate (i.e. Nightly Pricing)

• Reproduced from [Skift Research Global Travel Outlook 2024](#), as of January 2024.

Demand and Supply Dynamics Dictate Pricing Growth

Understanding hotel pricing movements ultimately comes down to understanding hotel supply and demand dynamics. This chart shows that in times of demand growth > supply growth, hotels have pricing power and we see hotel ADR growth. In times of downturn when hotel demand < hotel supply, ADR growth tends to see sharp declines.

U.S. Hotel Supply/Demand Dynamics And Its Impact on ADR growth



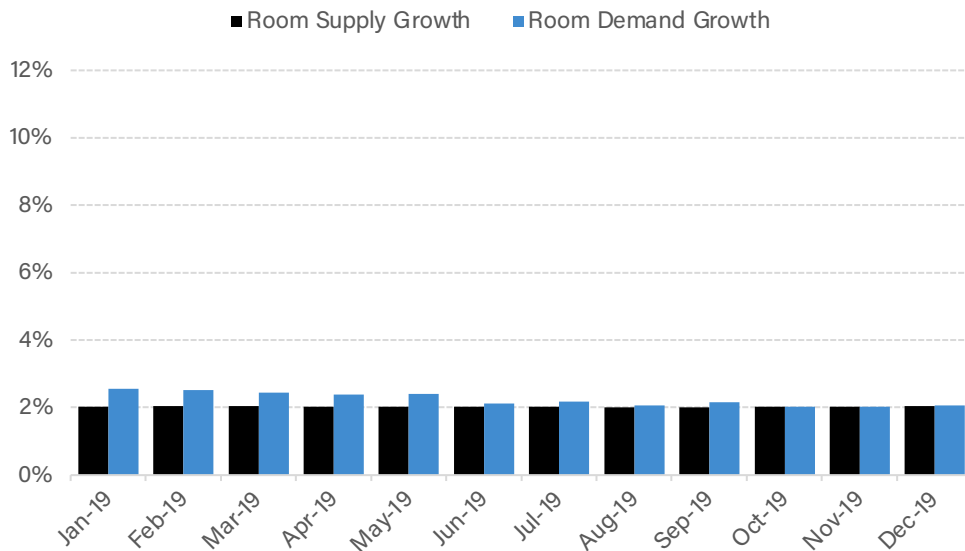
Source: STR, Skift Research. Data as of December 2019.

Reproduced from [Will Hotel Pricing Strength Continue into 2024?](#), as of January 2024.

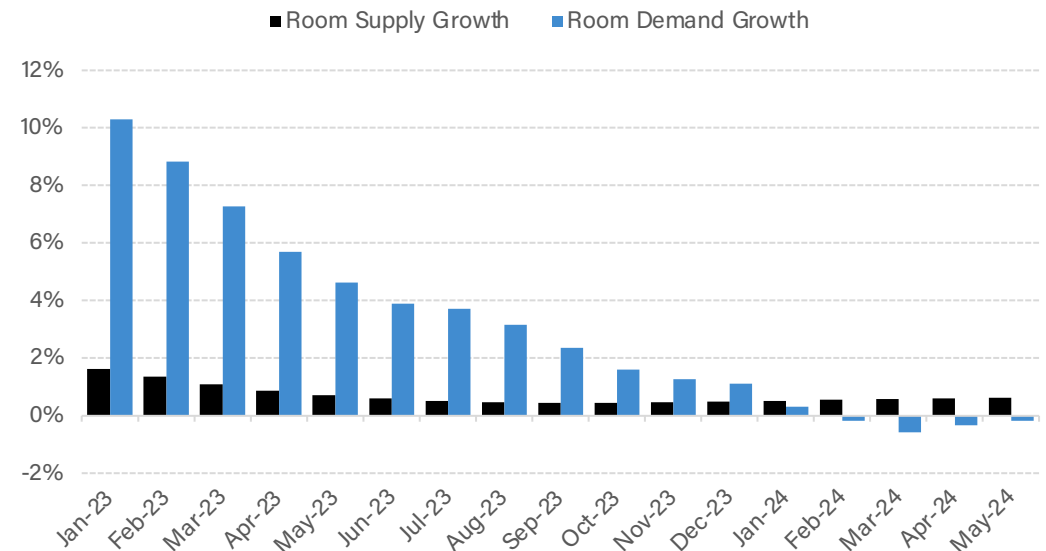
Demand Growth Has Fallen Materially in Last Year

In 2023, hotel demand growth significantly outstripped supply growth, with hotel supply constrained in the U.S. post pandemic, held back by high interest rates and construction costs. This environment where demand growth > supply growth contributed to pricing growth. In 2024, supply growth has continued at 1-2% YoY growth, but hotel demand growth has significantly dropped vs a year ago – from more than 10% growth in Jan 2023 to -0.2% in May 2024.

U.S. Hotel Room YoY Supply and Demand



U.S. Hotel Room YoY Supply and Demand



Source: STR, Skift Research. Data as of May 2024.

Reproduced from [Will Hotel Pricing Strength Continue into 2024?](#), as of January 2024.





SHORT- TERM RENTALS



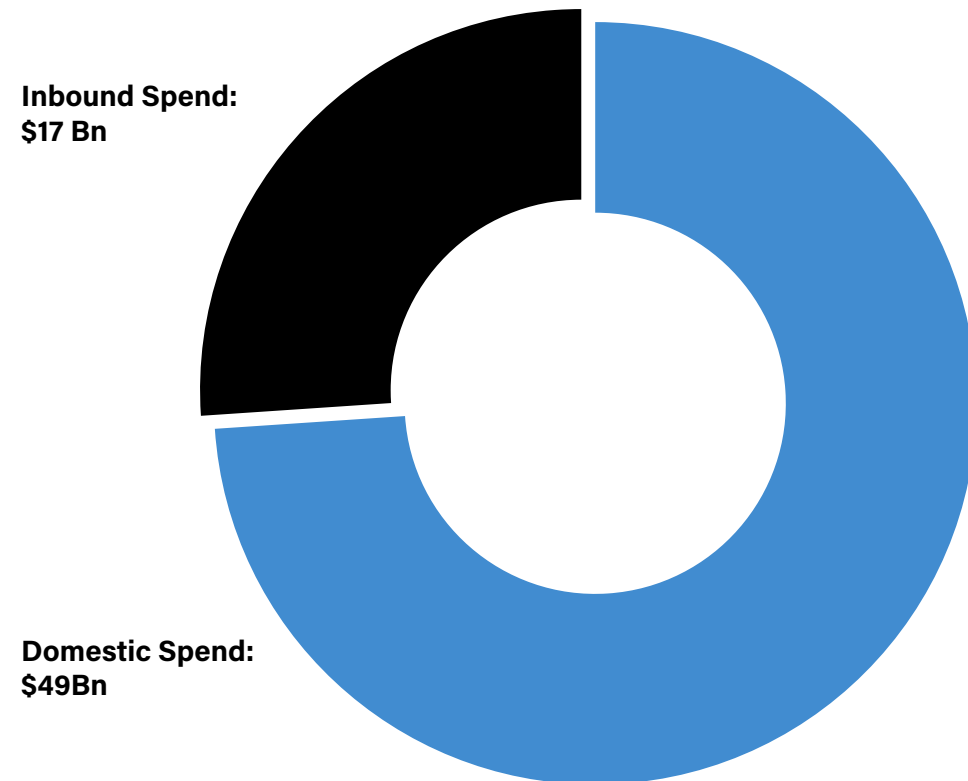
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**SHORT-TERM
RENTAL
PERFORMANCE**

U.S. Short-Term Rental Sector Is a \$66 Billion Market

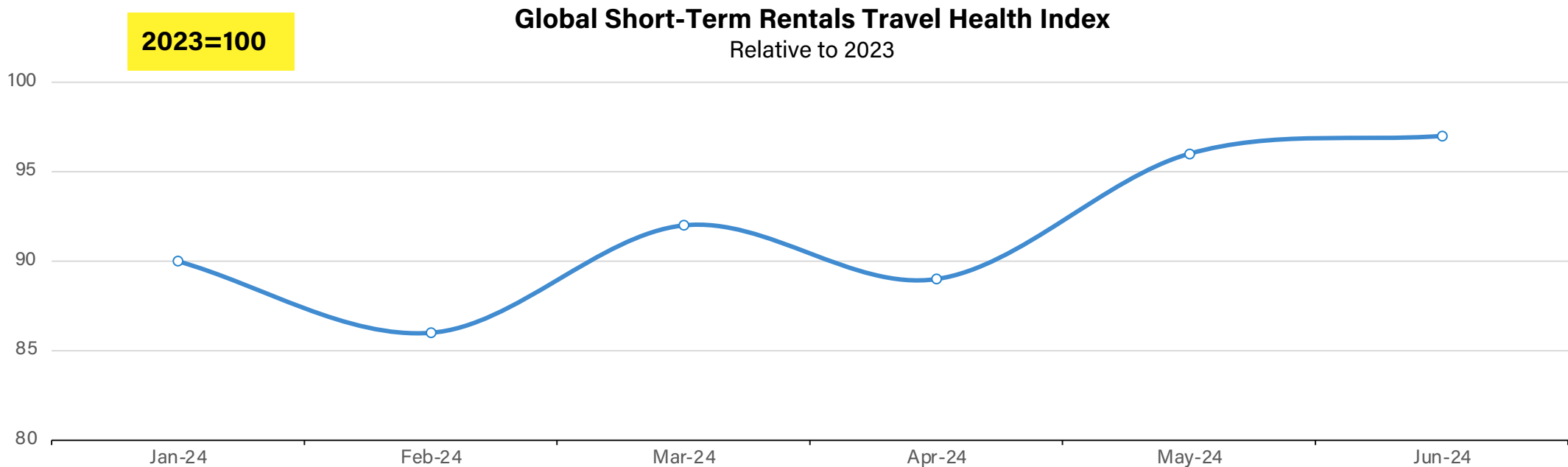
Skift Research estimates that the U.S. short-term rentals are a \$66 billion market in 2023, accounting for 20% of the overall U.S. accommodation sector.

U.S. Short-Term Rental Market Size (In US\$ Billion)



But Global Short-Term Rental Performance Is Softening Over Last Year

The short-term rental sector boomed through the pandemic, overcoming pre-pandemic performance levels by early 2022. However, the exponential growth appears to be moderating. While the sector's performance remains above levels seen before the pandemic, it has softened over the last year. As of June 2024, the vacation rental index was 97, indicating a 3% decline over June 2023.

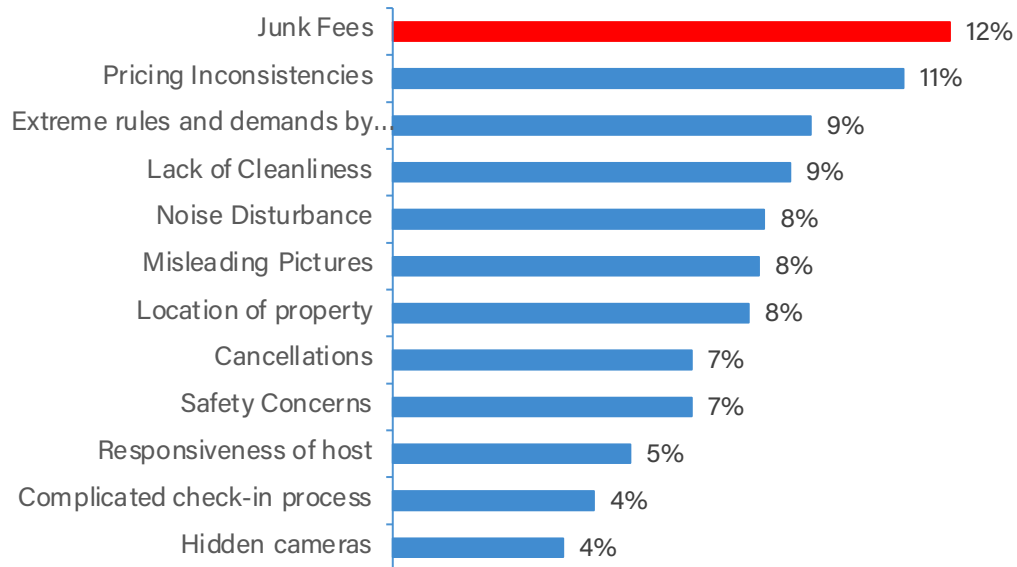


'Unexpected' Junk Fees Are the Biggest Pain-Point

The median cleaning fees in U.S. STRs can be as high as \$75 per night. Prices displayed to guests while booking are, on average, 20% lower than the total amount charged. This is causing significant dissatisfaction among guests.

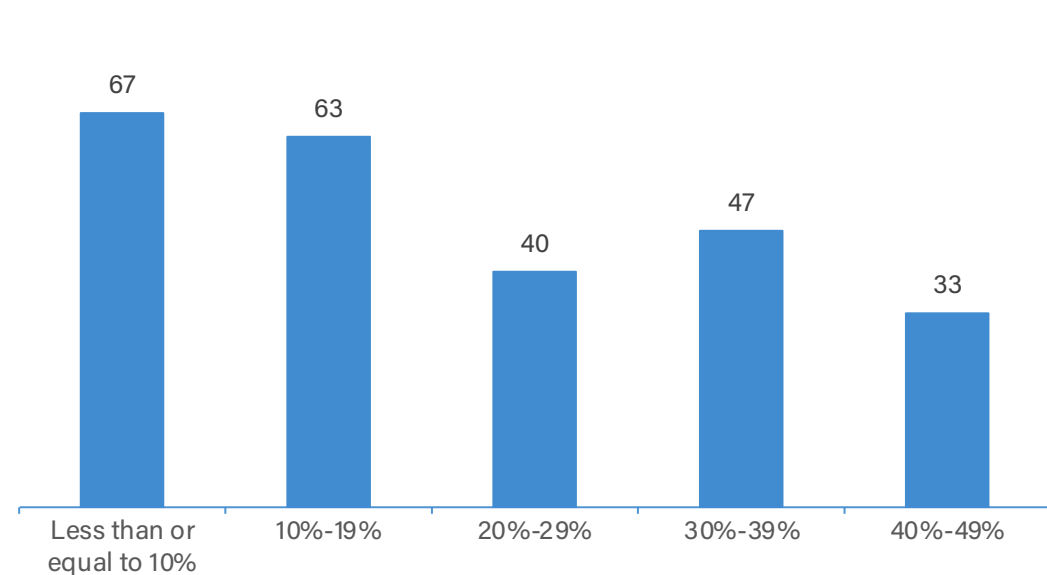
Top Issues and Challenges With Vacation Rentals

% of Travelers Who Stayed in Short-Term Rentals



Net Promoter Scores by % of Cleaning Fees Paid

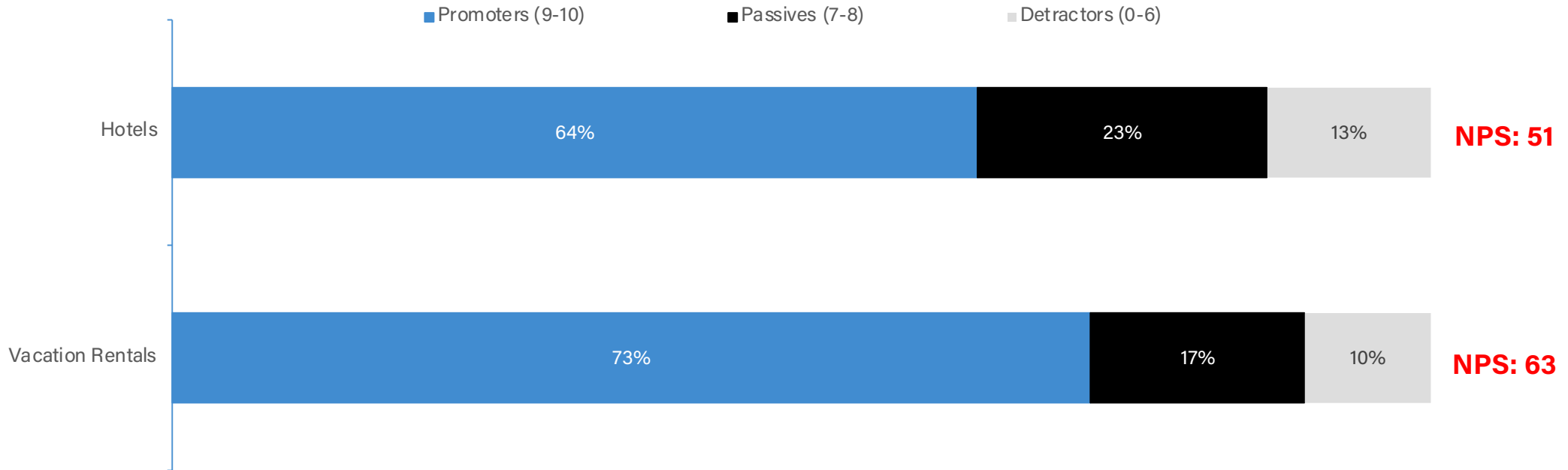
By Travelers Who Stayed in Short-Term Rentals



And Yet, Travelers Show Greater Satisfaction Levels With Short-Term Rentals

However, short-term rentals continue to be a popular accommodation category among travelers. In fact, they show greater satisfaction with STRs compared to hotels.

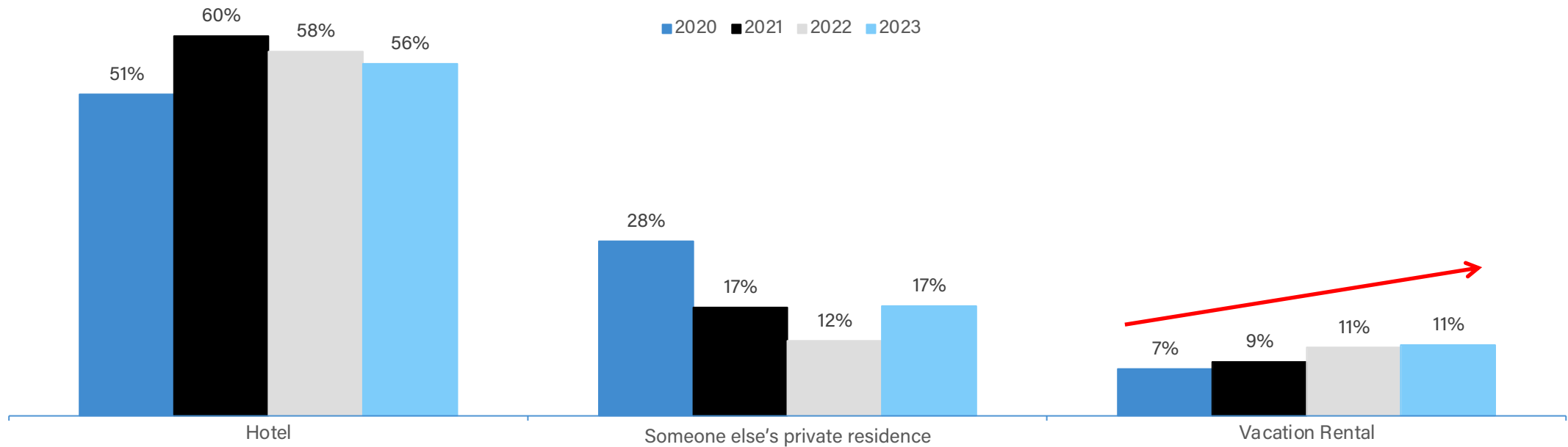
Net Promoter Scores of Hotels vs. Vacation Rentals Used in Q1 2024



Preference for Short-Term Rentals Is Growing While Hotels Is Declining

More and more American travelers are choosing STRs over hotel accommodations. Travelers choosing STRs has increased from 7% in 2020 to 11% in 2023.

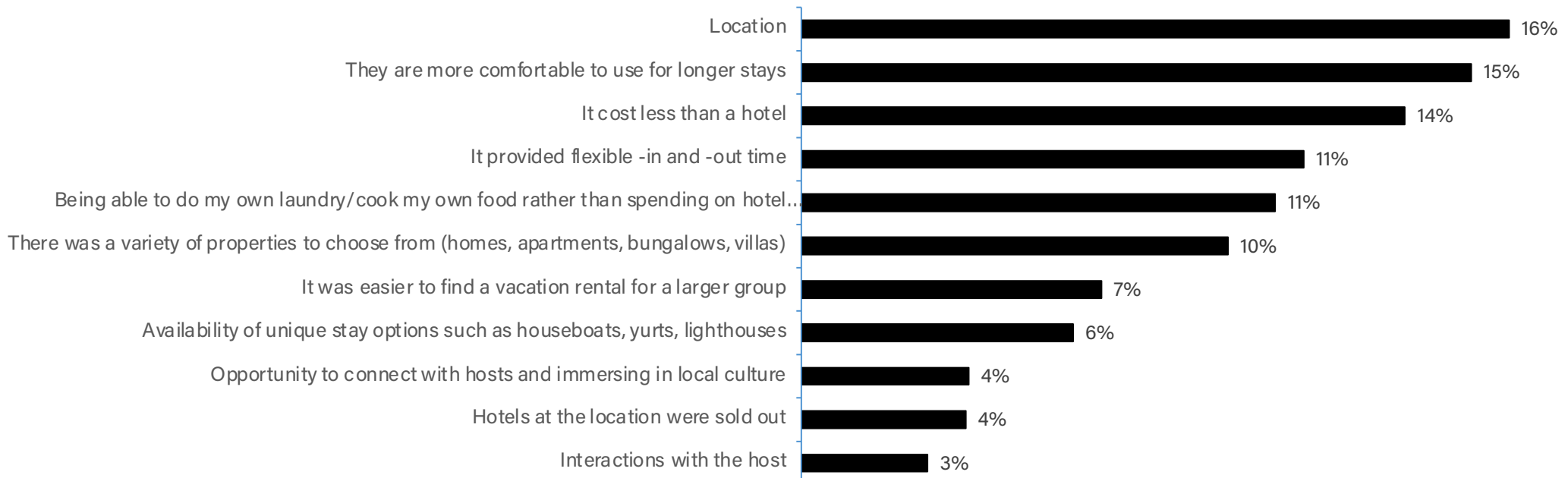
Top U.S. Traveler Accommodation Preferences (2020-2023)
% of Travelers Using the Accommodation Type



Travelers See Great Value in STRs

STRs often provide access to unique or scenic locations that traditional hotels might not. They offer a home-away-from-home feel with amenities such as a kitchen, play area, pool, laundry facilities, and larger living spaces. So, comfort, flexibility, and affordability are the other reasons why people choose STR stays.

Top Reasons Why Consumers Chose to Stay in Vacation Rentals in 2023
% of Travelers Who Stayed in Short-Term Rentals

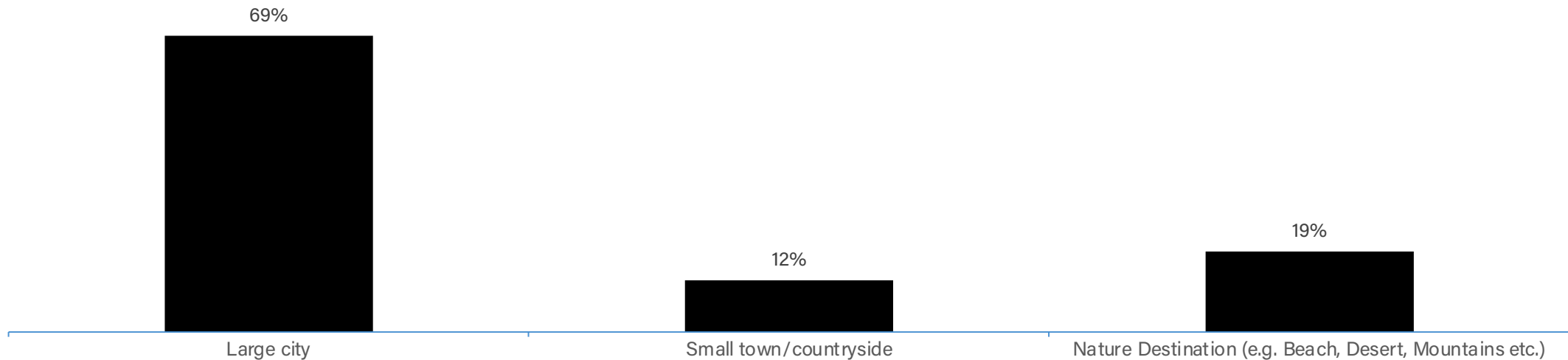


Urban Destinations Are Popular for Short-Term Rental Stays

Beyond exotic locations, travelers prefer to stay in STRs in urban locations. In major cities, where hotels can be expensive, STRs might offer a more budget-friendly option. This can be particularly attractive for more extended stays or travelers on a tighter budget. Unlike a cramped hotel room, STRs, especially apartments or vacation homes, often provide more space for families or groups traveling together. This allows for greater comfort, sometimes at a lower cost.

Top Destination Characteristics for Short-Term Rental Stays

% of Travelers Who Stayed in Short-Term Rentals



Growing Demand in Urban Destinations

On average, demand for short-term rentals in urban destinations, with the highest supply, grew 21% year-on-year in 2023.

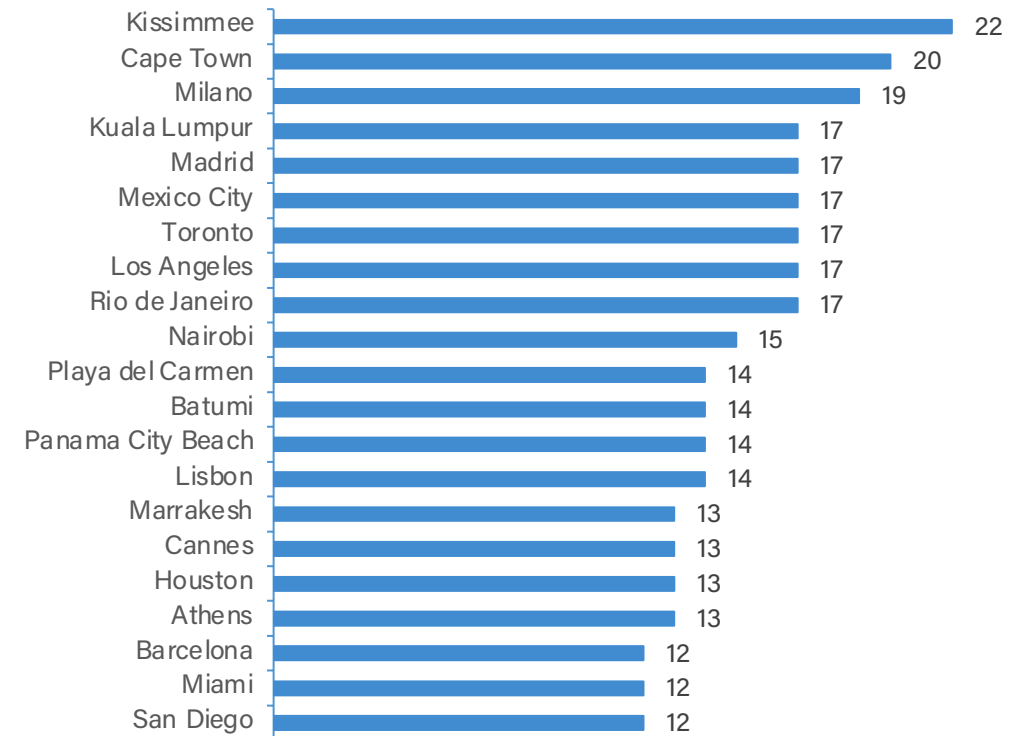
Destinations	Y-o-Y Demand Growth in 2023
Marrakesh	+84%
Toronto	+78%
Kuala Lumpur	+66%
Dubai	+61%
Batumi	+46%
London	+42%
Rio de Janeiro	+39%
Mexico City	+35%
Cape Town	+26%
Madrid	+24%
Milano	+23%
Paris	+21%

Destinations	Y-o-Y Demand Growth in 2023
Panama City Beach	+18%
Athens	+14%
Playa del Carmen	+14%
Miami	+14%
Los Angeles	+14%
Barcelona	+8%
Rome	+8%
Houston	+7%
San Diego	+4%
Lisbon	+3%
Cannes	+2%
Kissimmee	-9%

Urban Markets Saw Explosive Supply Growth in 2023

London, Paris, and Rome had the highest active supply in 2022 and 2023. The U.S. accounts for the greatest proportion of the largest short-term rental markets, with an average inventory change of +6% in 2023.

Top 25 Global Destinations With the Highest Vacation Rental Active Supply in June 2023 (in '000s)



Occupancy Levels Are Showing Moderate Growth

The pandemic boom led to a significant rise in STR supply across the U.S. This influx of new vacation rentals led to a decline in overall occupancy rates in 2023. As the surge in supply is moderating in 2024, U.S. STR occupancy is slowly recovering.

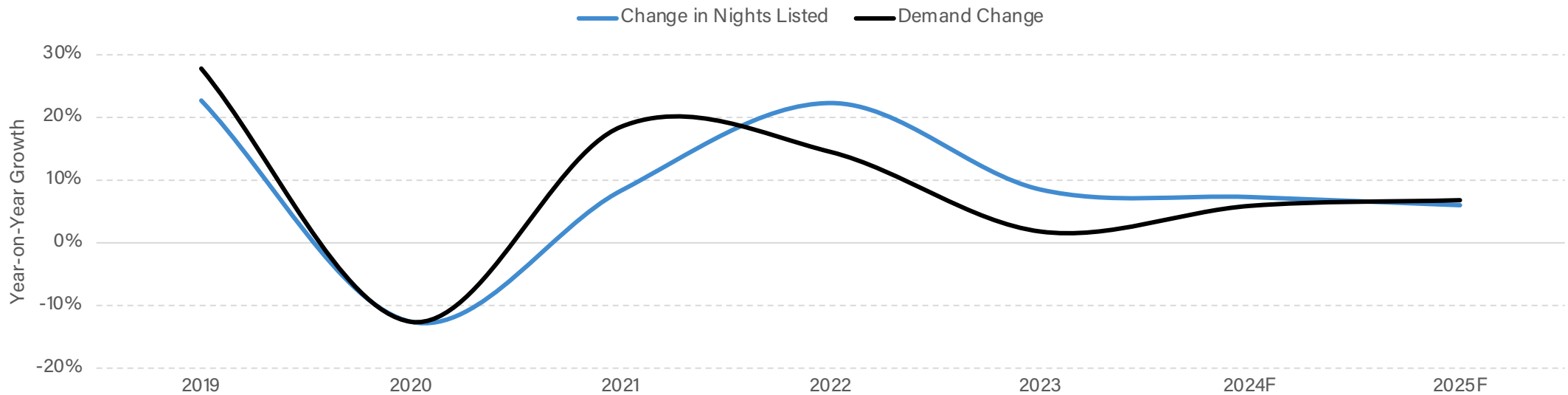
U.S. STR Year-On-Year Occupancy Growth



Supply and Demand Growth Expected to Find an Equilibrium

According to AirDNA, with inflation easing and recession fears fading, year-to-date demand is already 7% higher than in 2023. This trend is expected to continue, leading to a 6% year-on-year demand growth in 2024. Looking ahead to 2025, demand will remain strong, growing 7% year-on-year. High mortgage rates are expected to persist through 2025, potentially making it harder for people to invest in new properties. This could potentially slow supply growth compared to the rising demand.

U.S. STR Demand and Supply Outlook
Year-on-Year Growth





2

**PROFESSIONAL
PROPERTY
MANAGERS**

Professional Short-Term Rental Managers Make More Money

Professional property managers are able to drive higher Average Daily Rates (ADRs) for the properties they manage compared to individual hosts. This difference in ADRs has steadily increased since 2023, suggesting a growing advantage for professionally managed STRs.

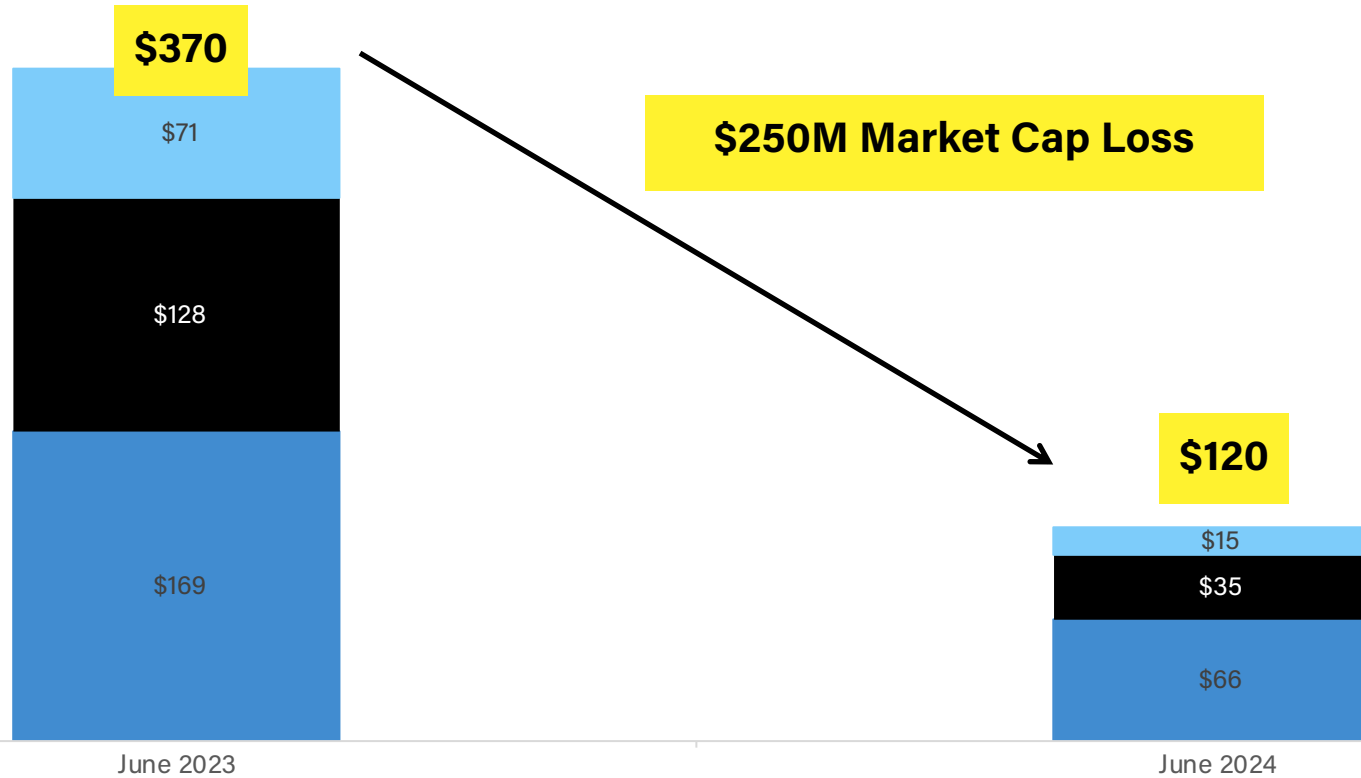
ADR Premium of Professional Property Managers Over Individual Hosts



But Professional Managers Are Struggling

Select Branded Short-Term Rental Market Caps (in US\$ Million)

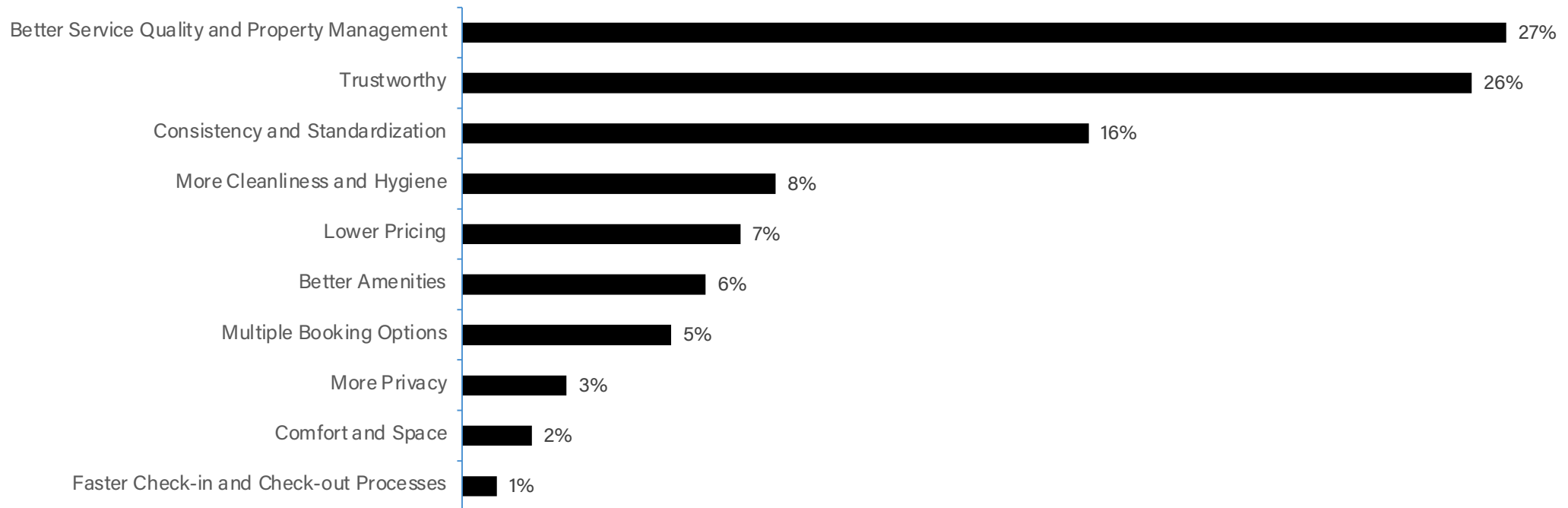
■ Vacasa ■ Sonder ■ Inspirato



Do Guests Care About Professionalization?

Guests do care about the management of the short-term rentals they book. Skift Research’s survey results show that 76% of travelers checked whether the property is managed by a professional manager or an individual host.

Top Reasons Why Travelers Like Professionally Managed Homes
% of Travelers Who Stayed in Short-Term Rentals

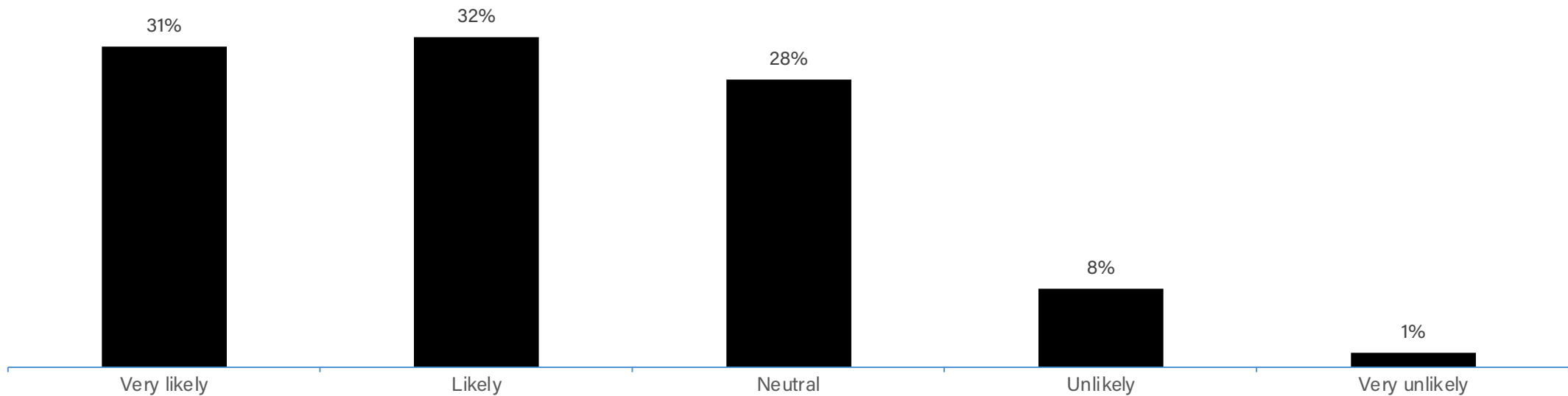


The Market for Branded, Professional Short-Term Rentals Has Growth Potential

Travelers are increasingly seeking hotel-like standardization in their STR stays. Professional property managers are well-positioned to bridge this gap between the traditional hotel experience and the unique charm of STRs. This indicates a growth opportunity for property managers.

Likelihood of Staying in Vacation Rentals if They Had Standardized Rooms like Hotels

% of Travelers Who Stayed in Short-Term Rentals





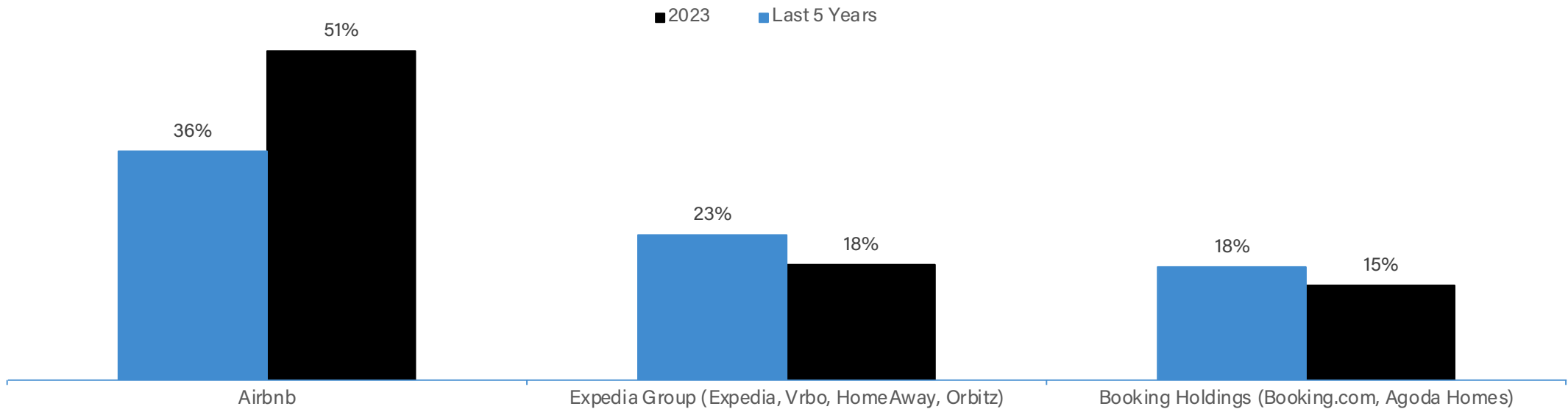
3

DISTRIBUTION

Preference for Airbnb Has Grown as Urban and International Travel Have Come Back

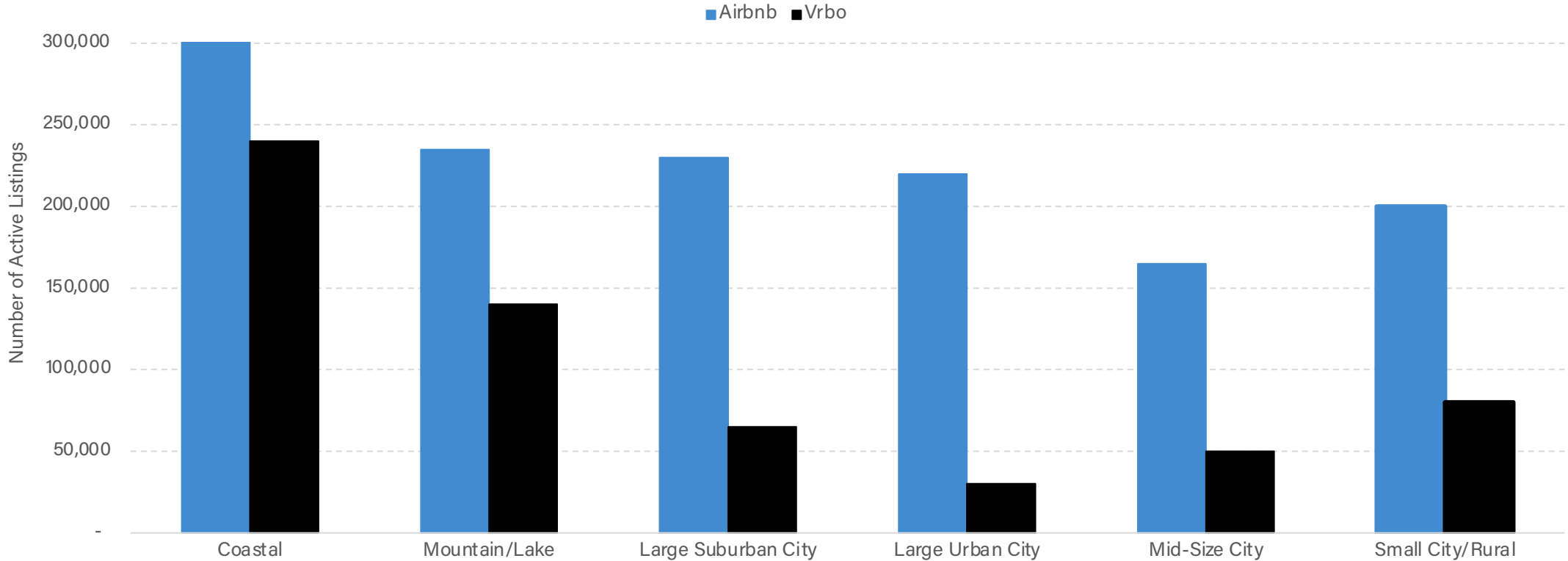
Airbnb offers a wide array of accommodation options, especially in urban locations, catering to various budgets and preferences. Airbnb's presence in many markets worldwide has made it a convenient choice for international travelers looking for accommodation in familiar or unfamiliar cities. As a result, as international travel bounced back, Airbnb gained popularity in 2023.

Top Vacation Rental Booking Sites by Consumer Usage
% of Travelers Who Stayed in Short-Term Rentals



Airbnb Is More Prevalent in Urban Markets in the U.S.

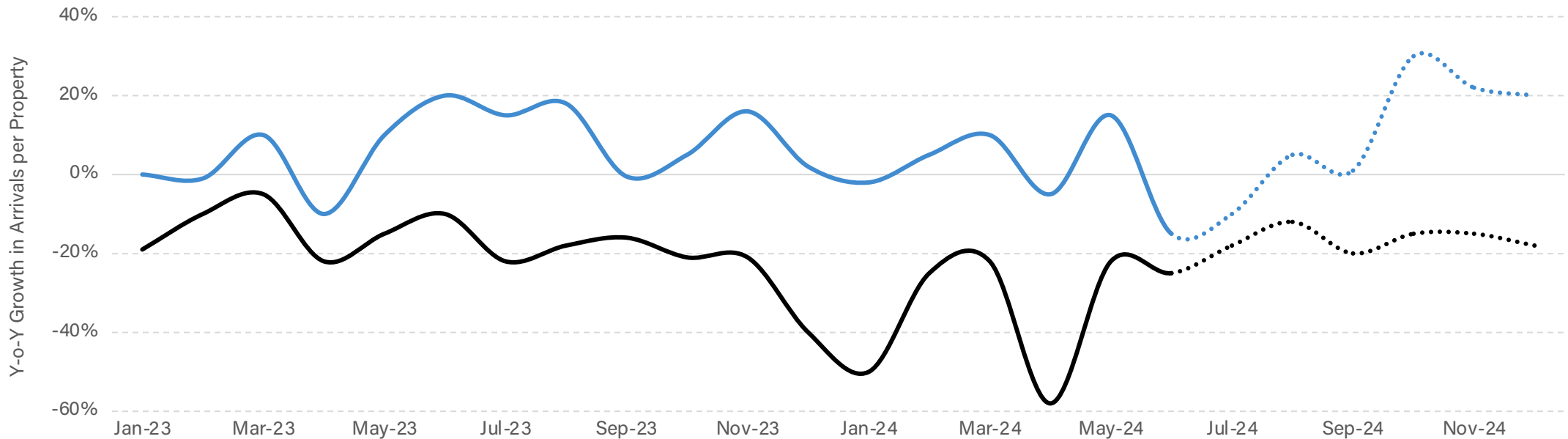
Airbnb and Vrbo Active Listings by Destination (Apr 2024)



Guest Arrivals Per Property Are Declining But Airbnb is Expected to Pick Back Up

Guest arrivals per property have been declining year-on-year. For professional property managers on the Key Data platform, Airbnb, however, is projected to rebound later this year, but Vrbo seems to be facing more significant hurdles.

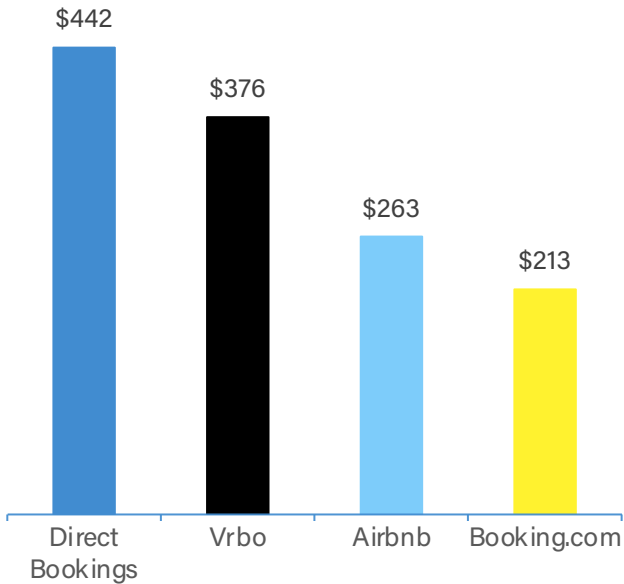
Year-on-Year Change in Guest Arrivals per Property in the U.S.



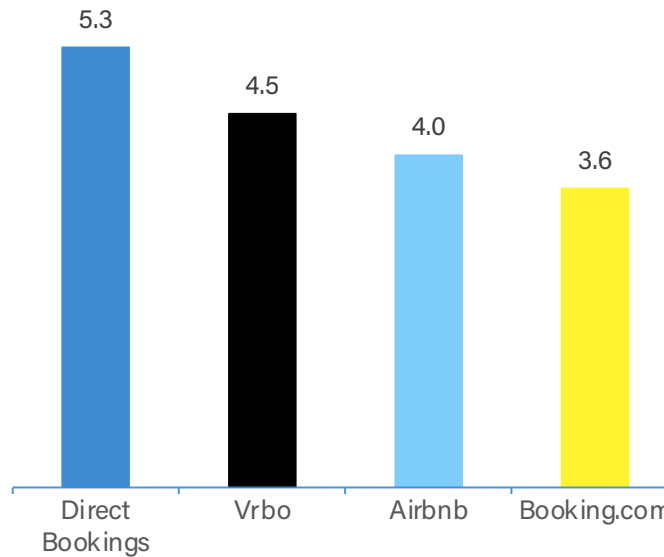
Direct Bookings Drive Higher Rates Than Airbnb

Direct bookings are typically made further in advance, drive higher rates, and are more extended stays.

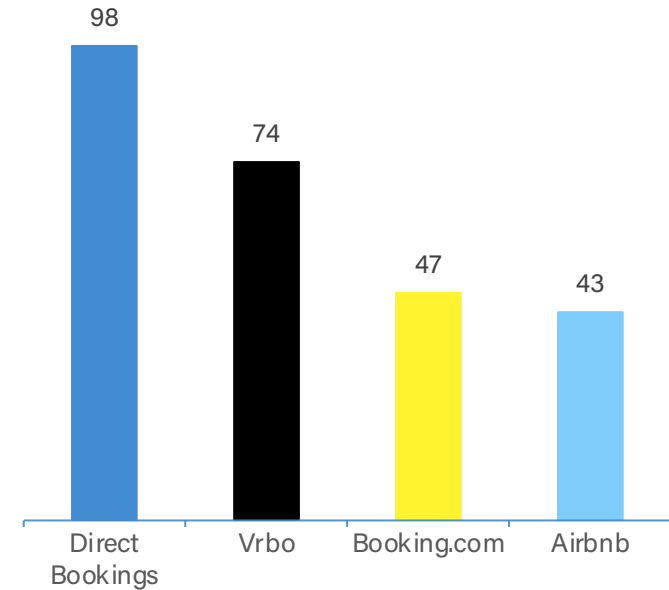
**U.S. Vacation Rental ADRs
by Booking Source**
For Arrivals in June 2024



**U.S. Vacation Rental Average
Length of Stay by Booking
Source**
For Arrivals in June 2024



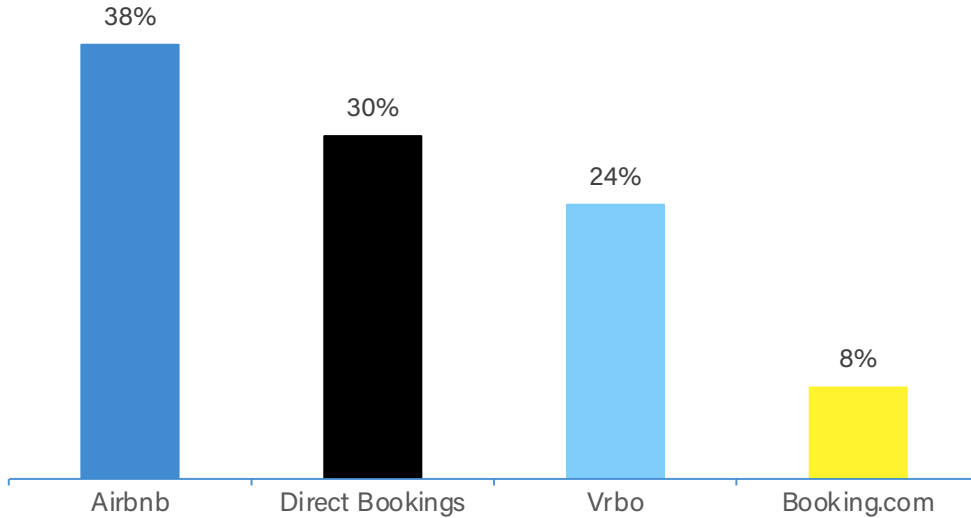
**U.S. Vacation Rental Average
Booking Window (Days) by
Booking Source**
For Arrivals in June 2024



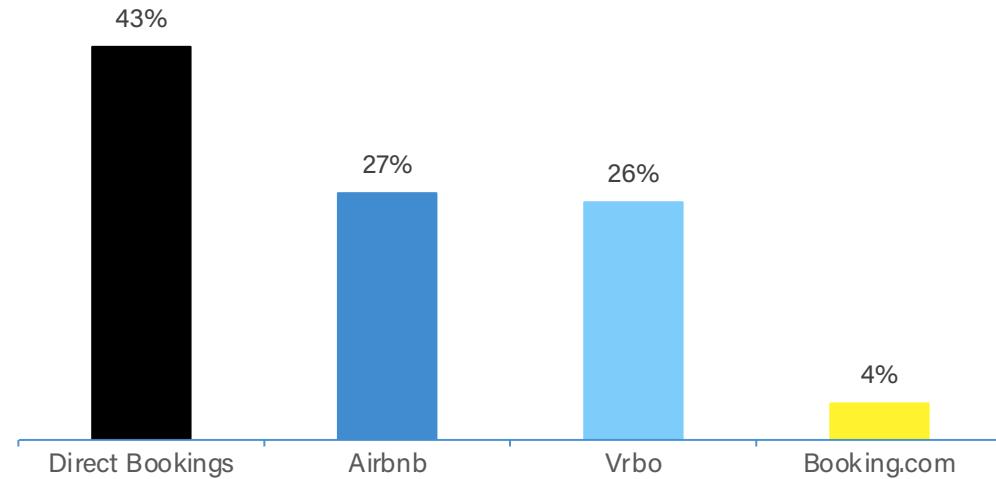
Direct Bookings Capture a Higher Revenue Share

Amongst professional property managers on the Key Data platform, Airbnb captured the majority of reservations in June 2024, while direct bookings generated a significantly higher proportion of total revenue. While platforms like Airbnb remain important for reaching a wide audience, there is an opportunity for property owners to capture higher revenue by promoting direct bookings.

Share of U.S. Vacation Rental Reservations by Booking Source
For Arrivals in June 2024



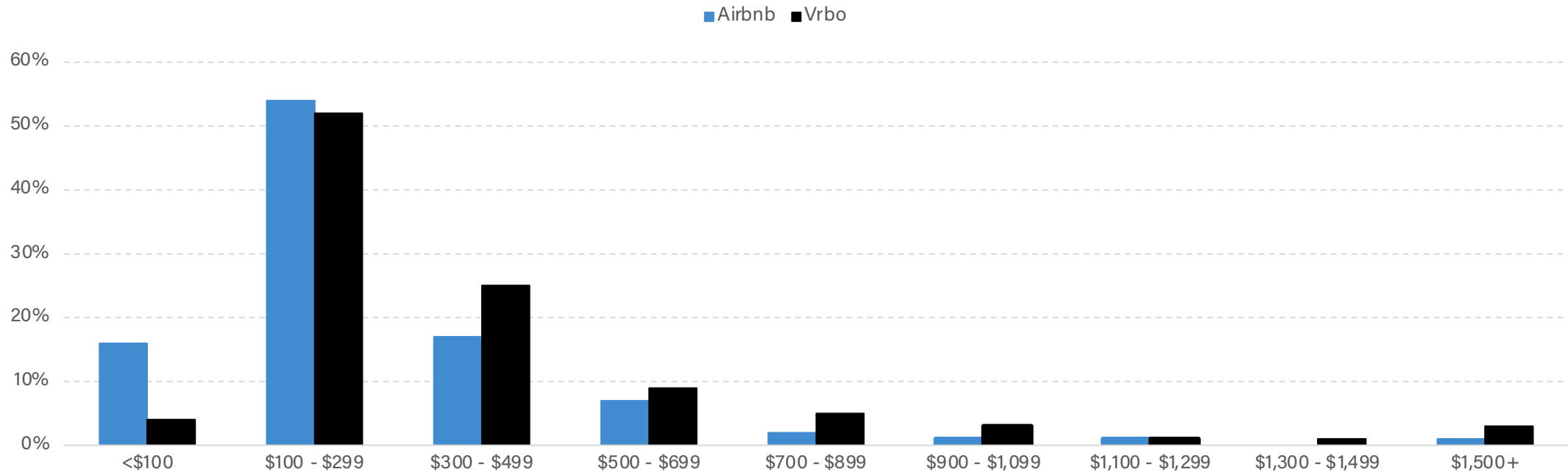
Share of U.S. Vacation Rental Revenue by Booking Source
For Arrivals in June 2024



Airbnb Offers More Affordable Options Than Vrbo

The majority of Airbnb listings are in the lower price segment. While most Vrbo listings are between \$100 and \$500, the more expensive short-term rental accommodation options are more available on Vrbo.

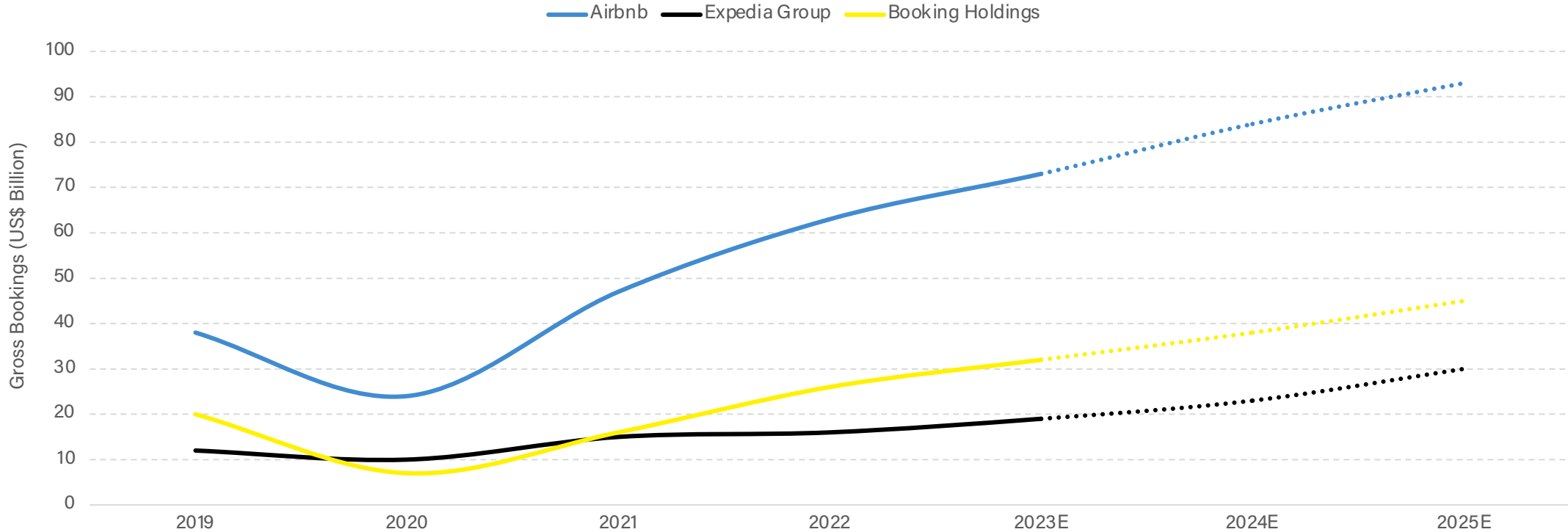
Airbnb vs Vrbo: Feb 2023 to Mar 2024 % of Properties by ADR



Airbnb Leads the STR Booking Landscape

Skift Research estimates that Airbnb gross bookings will continue to lead the short-term rental booking landscape. Expedia and Booking.com are expected to grow at a comparatively slower pace.

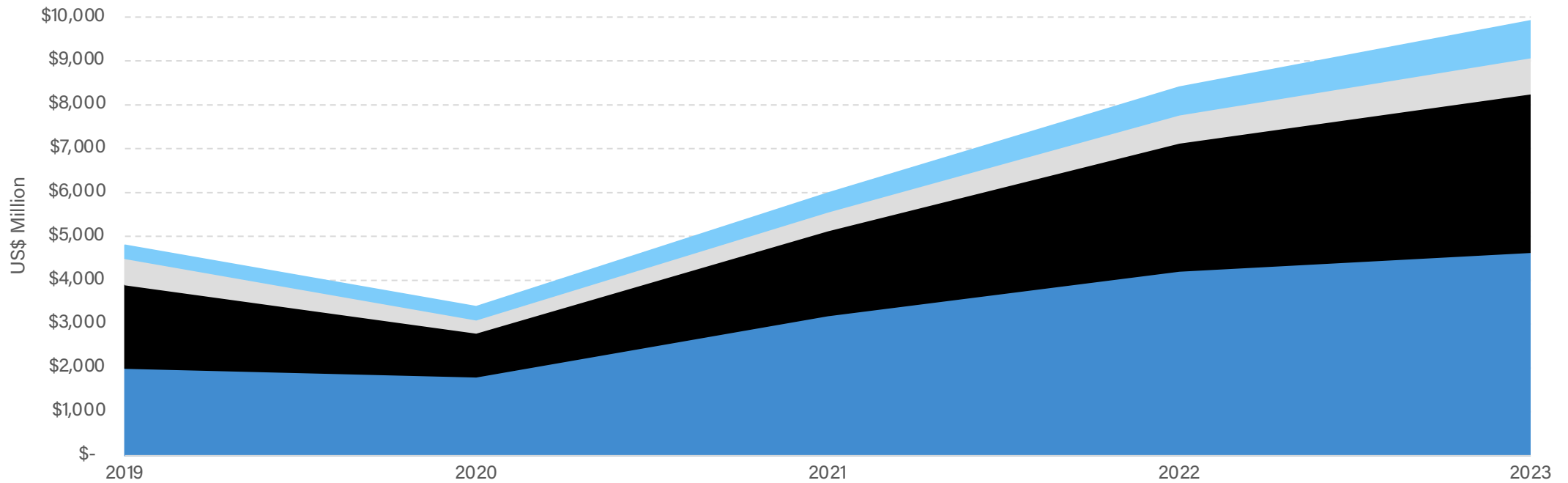
Short-Term Rental Gross Booking Estimates (US\$ Bn)



North America Remains a Key Region But EMEA Has Significantly Grown Since 2019

Airbnb Revenues by Region

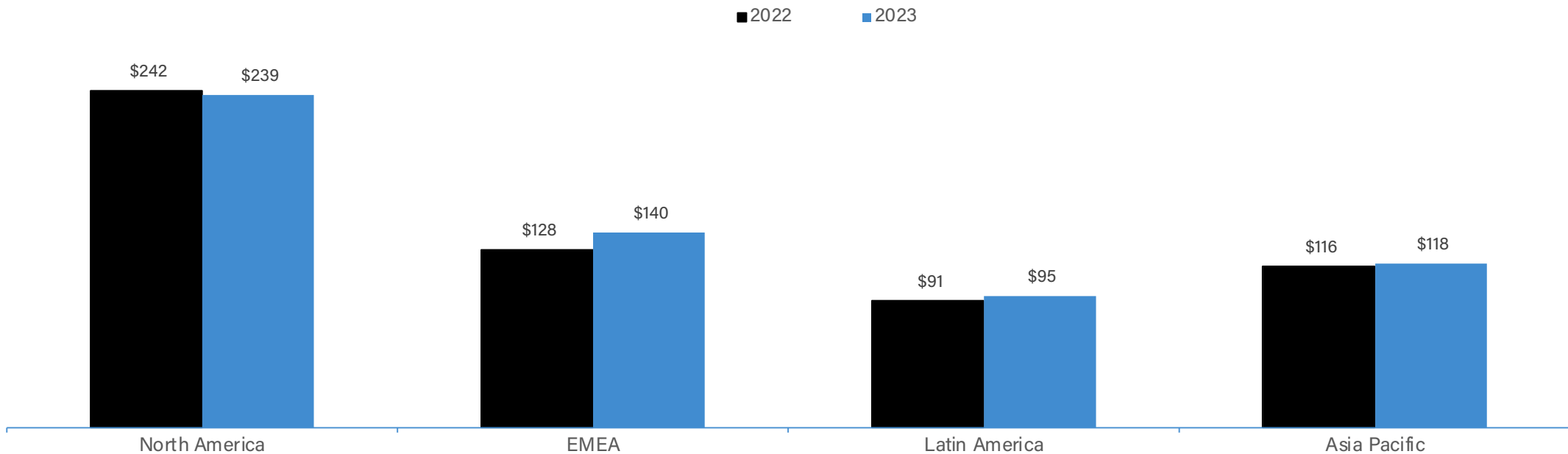
■ North America ■ EMEA ■ Latin America ■ Asia Pacific



North America Continues to Drive Higher Value per Booking

Airbnb's value per booking has grown year-on-year across all regions except in North America where it has declined. However, North America drives significantly higher value per booking compared to all the other regions.

Airbnb Value per Booking





**ONLINE
TRAVEL**



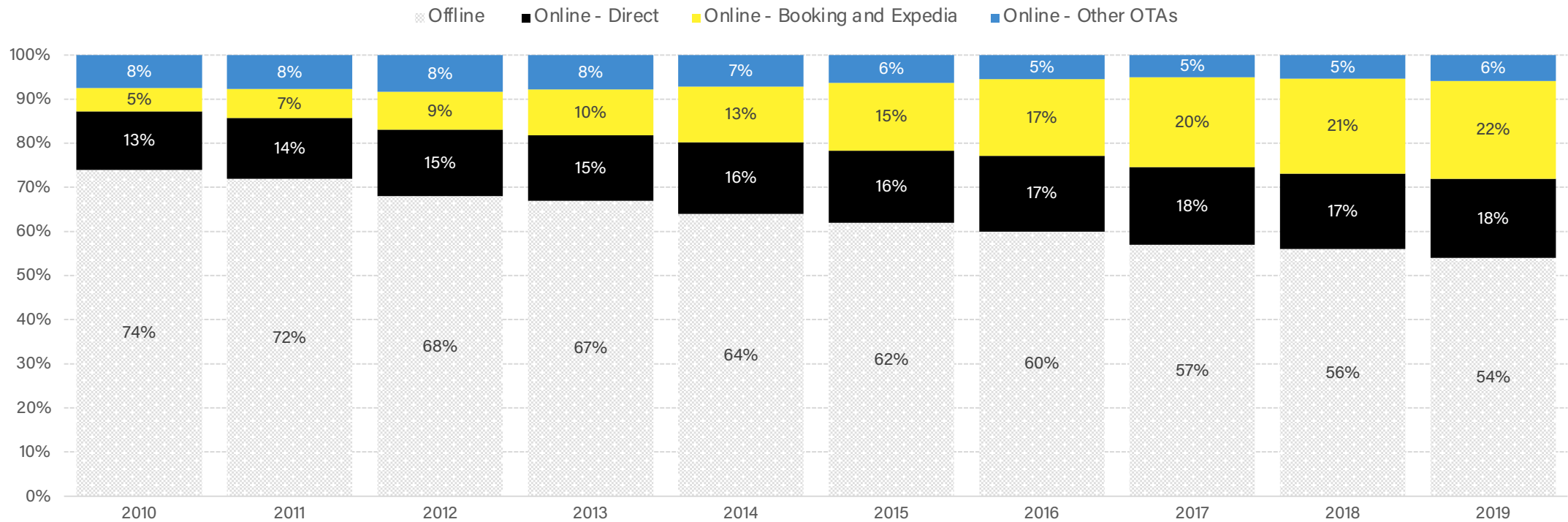
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**IS THE GOLDEN
ERA OF BOOKING
AND EXPEDIA
OVER?**

The Golden Era of OTA Market Share Gains

Online bookings have gained significant market share from offline players. OTAs have more than quadrupled their market share of the hotels industry from 2010-2019.

Global Market Share of All Offline and Online Hotel Bookings



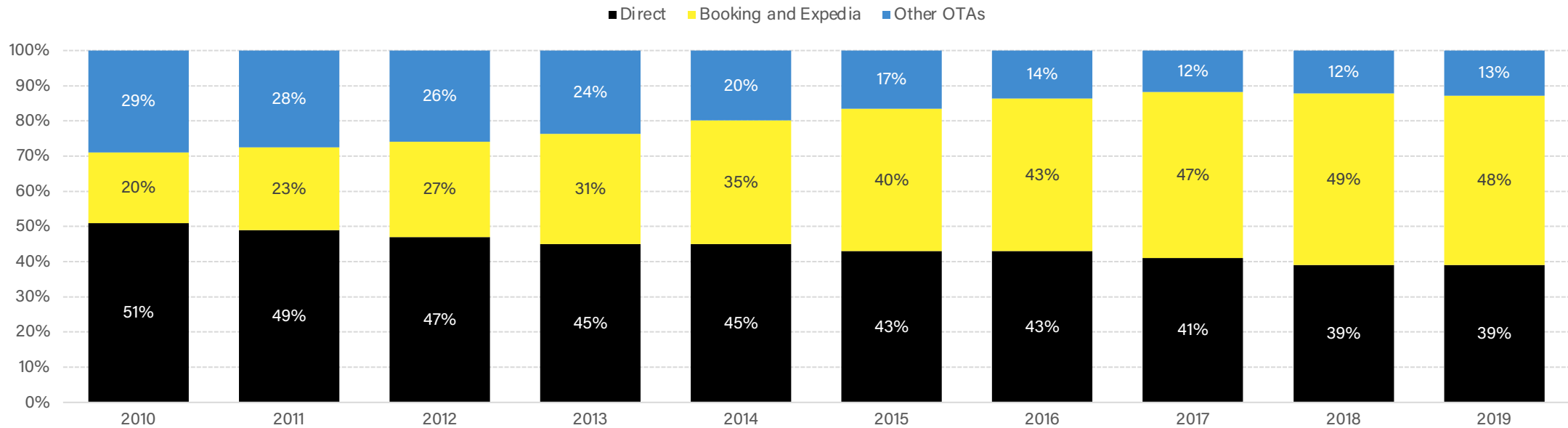
Source: Euromonitor, Bernstein, Skift Research analysis and estimates. Data as of 2019.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Booking & Expedia Doubled Their Share of the Online OTA Market From 2010-2019

OTAs have benefitted hugely from increased online penetration. They have gained market share from both smaller OTA competitors through a big M&A push and from direct bookings. The OTAs have benefitted from more advanced algorithms, user friendly online interfaces and competitive pricing

Global Market Share of Online Hotel Bookings



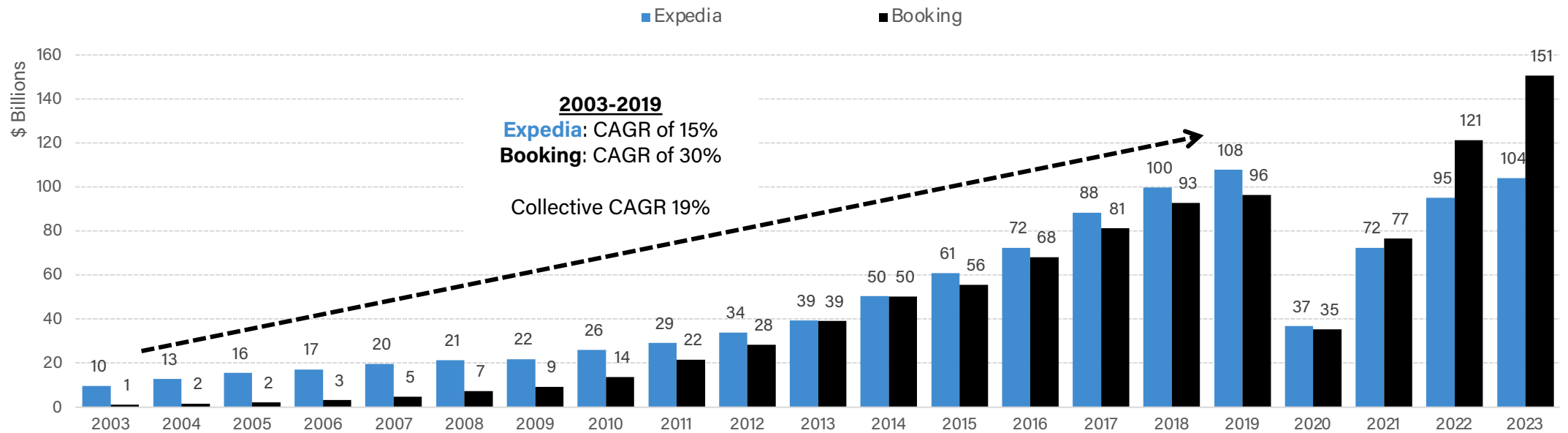
Source: Euromonitor, Bernstein, Skift Research analysis and estimates. Data as of 2019.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Booking and Expedia Have Seen Significant Growth in the Decade Prior to 2019

A closer look at Booking and Expedia's financials show just how quickly these companies were able to grow. On a gross bookings level (i.e. the dollar value of the amount of bookings across flights, hotels, private rentals, car hire, cruise etc made by users), Booking and Expedia collectively saw a huge 20% CAGR (Compounded Annual Growth Rate) from 2003-2019.

Gross Bookings (\$ billions): Expedia vs Booking



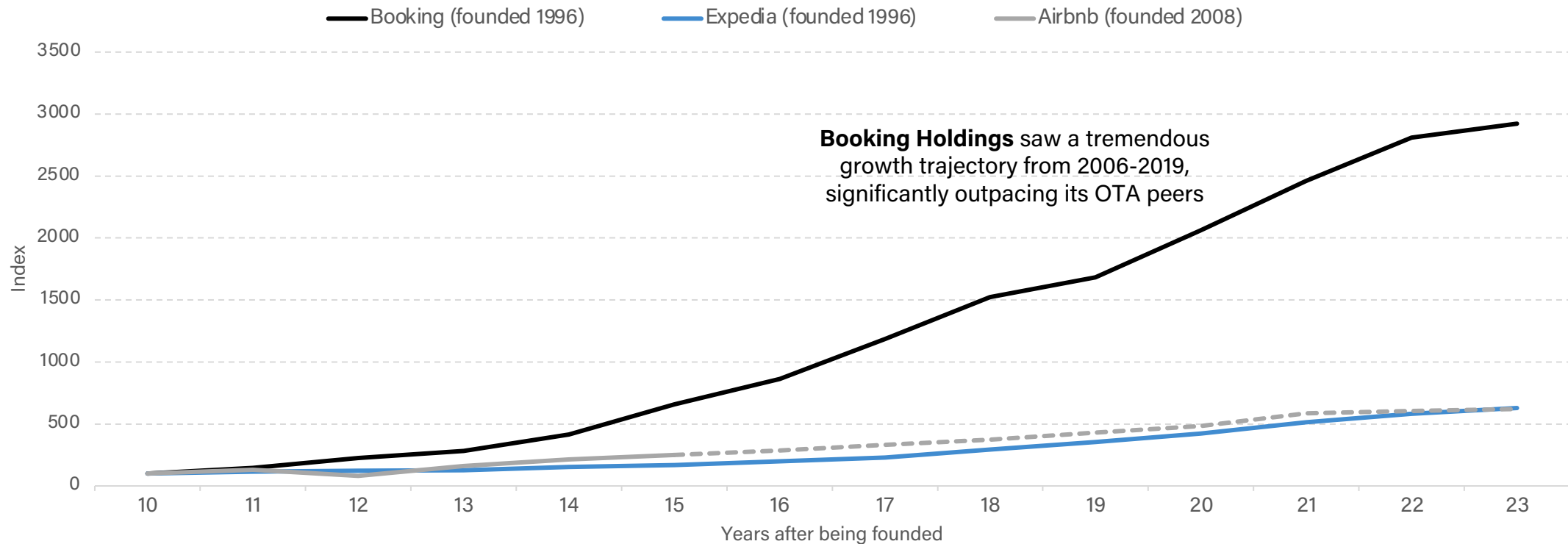
Source: Company financials, Skift Research. Data as of 2023.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Booking Holdings Has Outpaced Peers

Booking Holdings in particular has seen an outpaced growth trajectory versus OTA peers such as Expedia and Airbnb

Growth Trajectory: Gross Bookings - Indexed at 100 at 10th Year Post Launch



Source: Company financials, Capital IQ consensus for Airbnb forecasts 2024 onwards, Skift Research. Data as of March 2024.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Are the Heydays of Booking and Expedia Over?

Booking and Expedia, once riding the wave of easy double-digit growth are today facing slower growth, stiffer competition, and increased pressure on profit margins. The tailwinds which drove extensive market share gains in the decade spanning from the GFC are now diminishing with Expedia's CEO Peter Kern admitting at Skift's Global Forum in 2022 that "the easy money, where we'll just be online and we'll just collect everybody who's decided to book online has certainly lessened over time".

"The easy money, where we'll just be online and we'll just collect everybody who's decided to book online has certainly lessened over time.

The big four: us, Booking, Airbnb, and Trip.com. Probably together we're maybe 20% of the multi-trillion-dollar travel market in the world. So there's the other 80% that belongs to small players, offline players, airlines, hotel chains, direct, all of those things. And I think those are all opportunities, not for us to steal the business, but from our perspective for us to participate in the business and help those partners drive their businesses. So I think there's huge opportunity.

You just have to innovate the products and innovate the business model over time. "



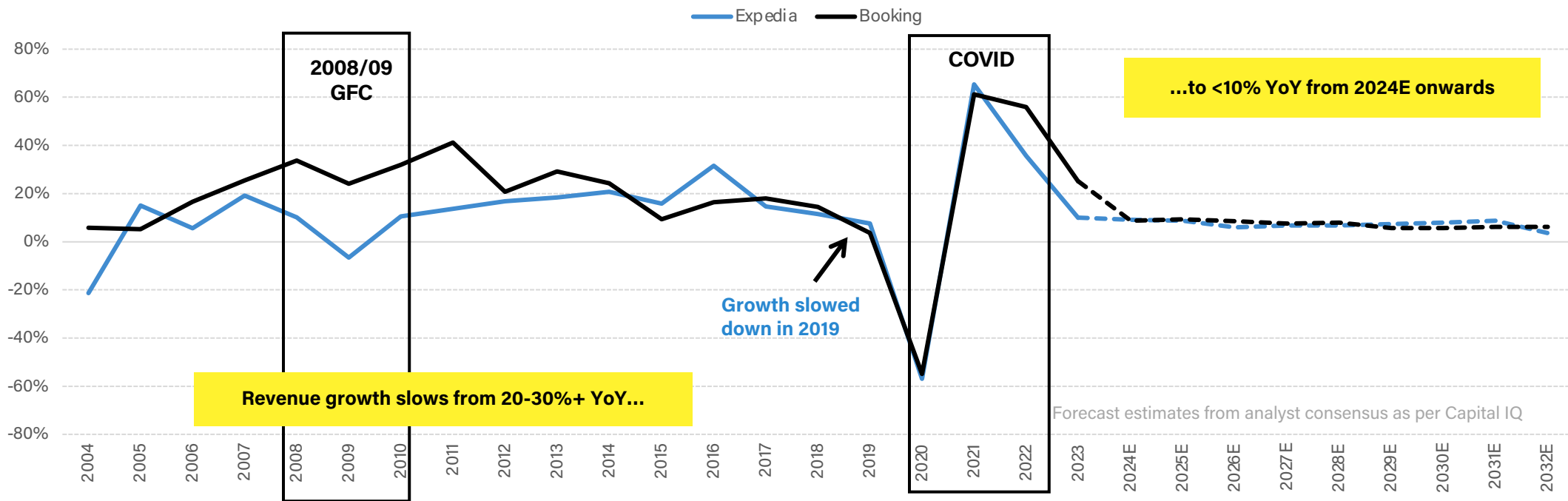
PETER KERN

Ex-CEO of Expedia (from April 2020 - May 2024)

Slowing Revenue Growth at Booking, Expedia

Booking and Expedia, once seeing 20-30% YoY revenue growth, are expected to post <10% growth from 2024 onwards. For example, Booking, which posted 24% growth even through the GFC in 2009(!) and more than 40% growth in 2011 saw growth slowing down to just 4% in 2019, with similar growth levels expected through the next decade.

Revenue Growth: Expedia vs Booking



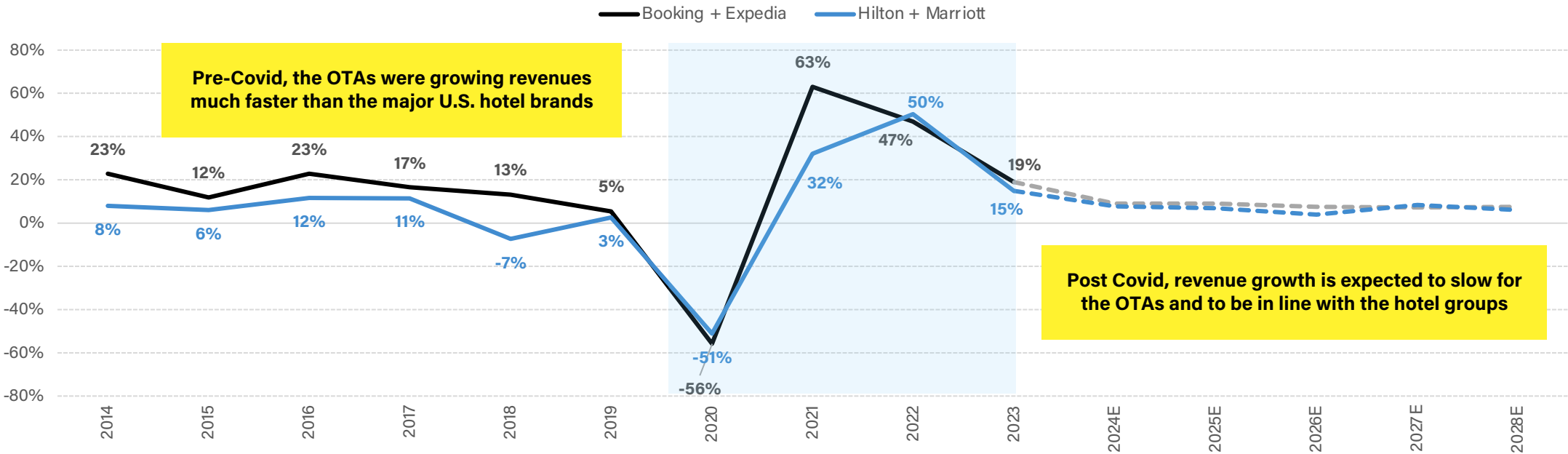
Source: Company reports, Capital IQ Consensus estimates for 2024E-2032E, Skift Research. Data as of March 2024.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Booking & Expedia No Longer Outpacing Peers

A comparison between the major OTAs (Booking, Expedia) and major U.S. hotel groups (Hilton, Marriott) shows that though pre-Covid the OTAs were growing revenues 2-3x faster than the hotels, from 2024 onwards OTA revenue growth is expected to slow down to be in line with the hotel groups.

**Year-on-Year Revenue growth:
Booking and Expedia vs Hilton and Marriott**



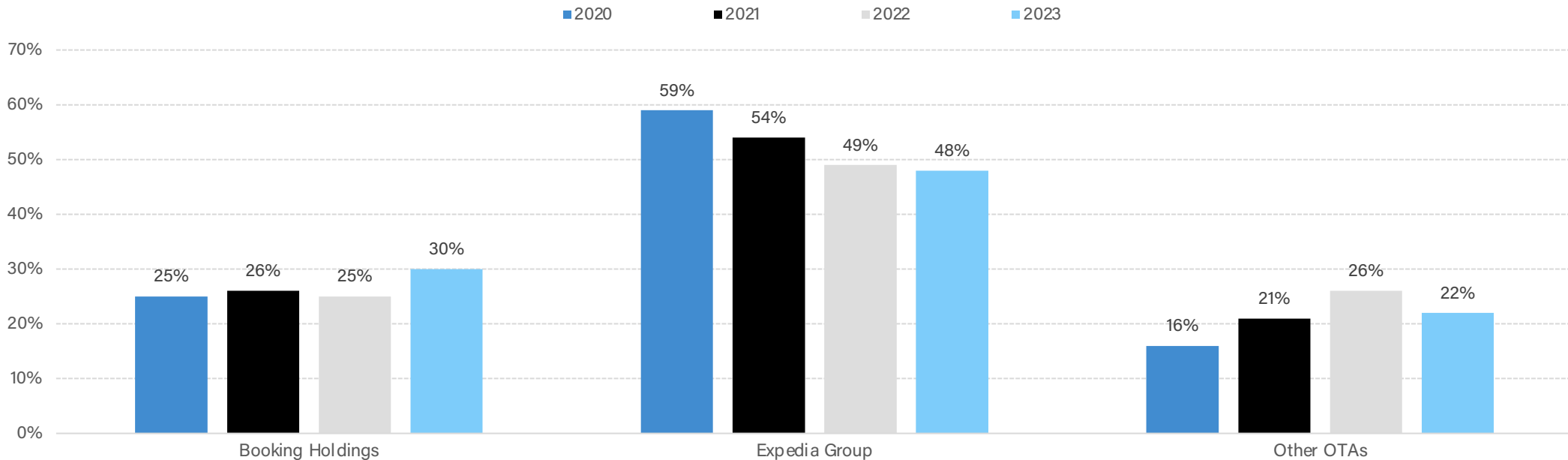
Source: Company reports, Capital IQ Consensus estimates for 2024E-2032E, Skift Research. Data as of March 2024.

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Booking & Expedia Are Losing Market Share

Why is growth slowing down for the OTAs? Online penetration rates are slowing, direct hotels are aggressively fighting back, and the OTA landscape is saturating with formidable new players which won't be as easily acquired as they were in the past. For example, our proprietary survey data tracking U.S. travelers show that since 2020 Booking and Expedia have collectively lost share to other OTAs, with Expedia in particular feeling the pressure from both Booking aggressively expanding into the U.S. and new entrants taking market share.

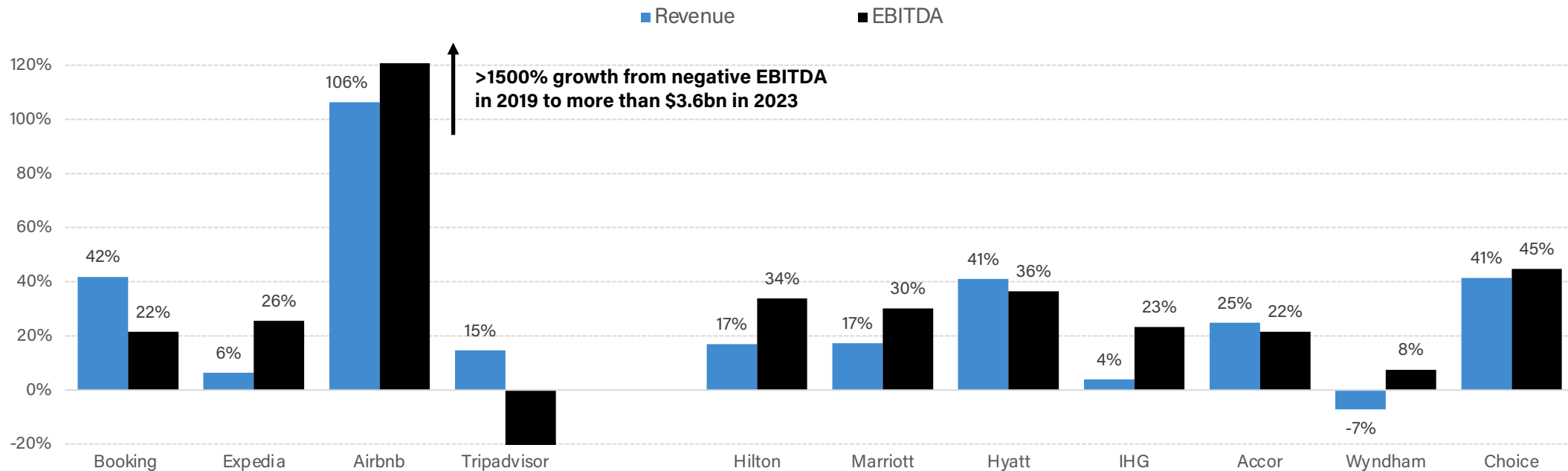
Online Booking Sites Used in the U.S.



Most Major Hotels & OTAs Have Seen Growth

Since 2019, the majority of the OTAs and major hotel groups have grown both their top and bottom lines by double digits. For example, Airbnb has gone from being unprofitable in 2019 to making more than \$3.6bn of EBITDA in 2023. Booking Holdings has grown its revenue 40+% over the last four years, significantly outpacing Expedia's relatively slower 6% growth. The major hotel groups Hilton and Marriott have posted more than 15% revenue growth and impressive EBITDA growth of more than 30%.

2023 Revenue and EBITDA Growth vs 2019 Levels



Source: Company reports, Skift Research and analysis. Notes: 1. For the hotel groups, cost reimbursement revenues and system fund revenue have been removed from total reported revenue.

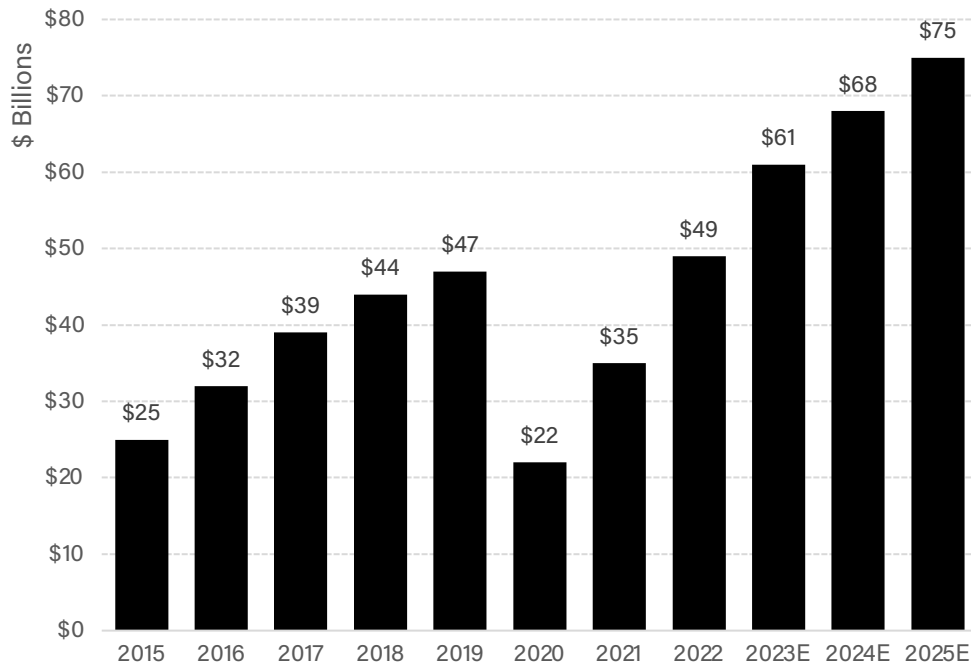
2. EBIT used for IHG, adjusted EBITDA for all other companies. 3. Hyatt acquired Apple Leisure Group at end of 2021 and Choice acquired Radisson Americas in 2022. Data as of March 2024

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

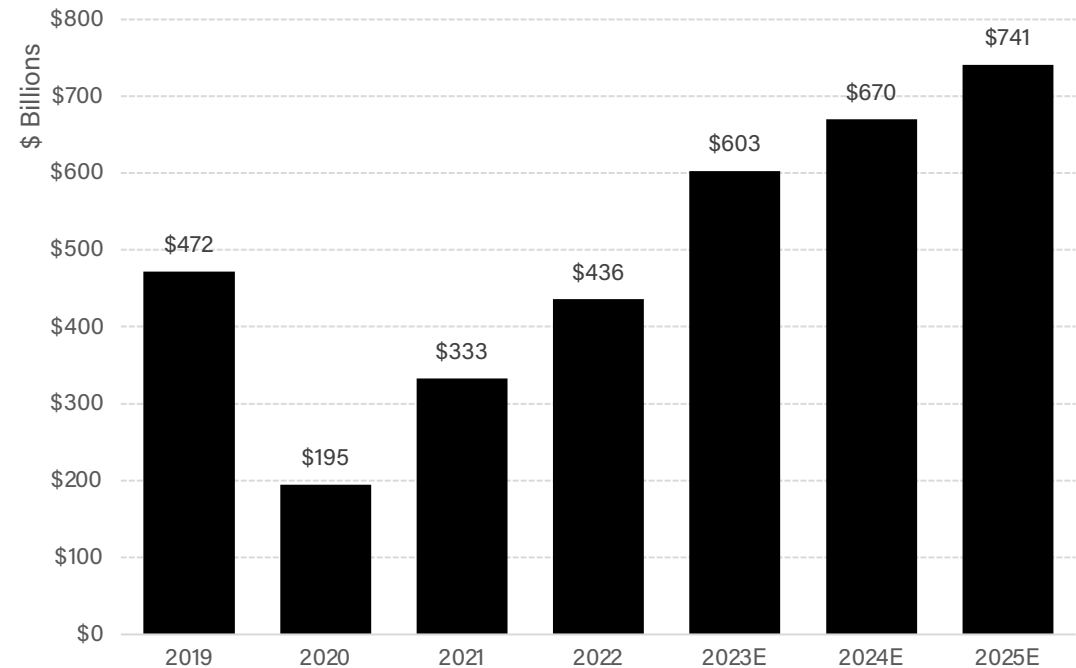
Online Travel Agencies – Revenue & Gross Bookings

We expect online travel agencies to grow ~60% from 2019 – 2025, but as we can see in the next slide, for the legacy OTAs such as Booking Holdings, growth will come at the cost of profit margins.

Global Online Travel Agency Revenues (\$Bn)



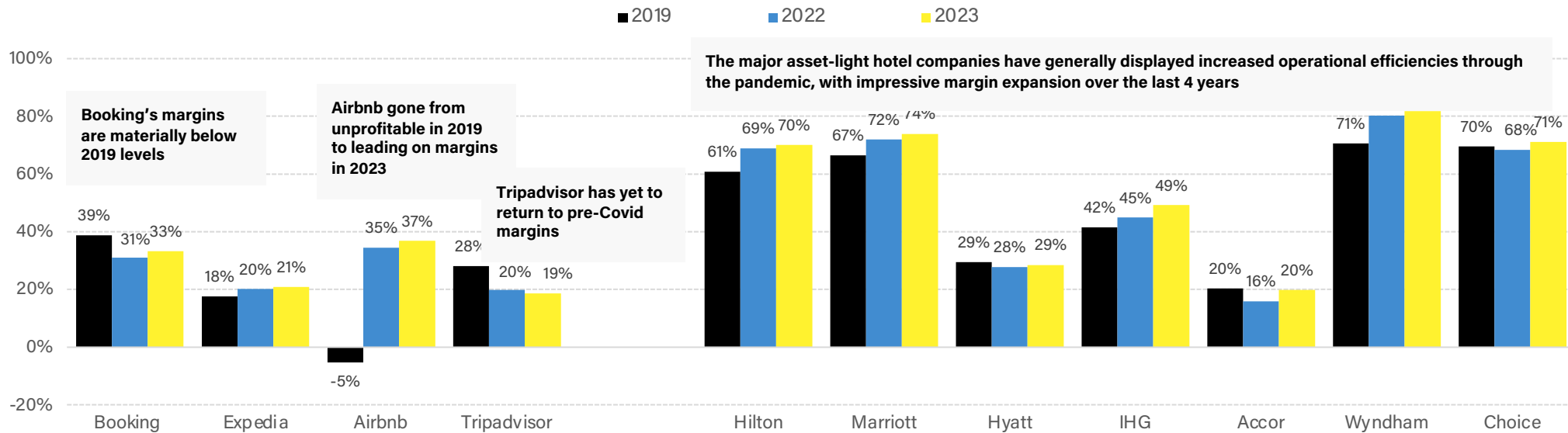
Global Online Travel Agency Gross Bookings (\$Bn)



Top-Line Growth Has Come at the Cost of Profit Margins for Booking Holdings

Though most travel companies have recovered above and beyond pre-pandemic levels (as shown in the previous slide), a consideration of EBITDA margins (i.e., EBITDA as a % of total revenue) shows us which companies have had to invest profit margins to fund top-line growth. For the OTAs, as a reflection of the increasing competitiveness of the online travel landscape, companies such as Booking Holdings have seen a significant drop in EBITDA margins from 39% in 2019 to 33% in 2023.

EBITDA Margins %: 2019 vs 2022 vs 2023



Source: Company reports, Skift Research and analysis. Notes: 1. For the hotel groups, cost reimbursement revenues and system fund revenue have been removed from total reported revenue. 2. EBIT used for IHG, adjusted EBITDA for all other companies. 3. Hyatt acquired Apple Leisure Group at end of 2021 and Choice acquired Radisson Americas in 2022. Data as of March 2024

12

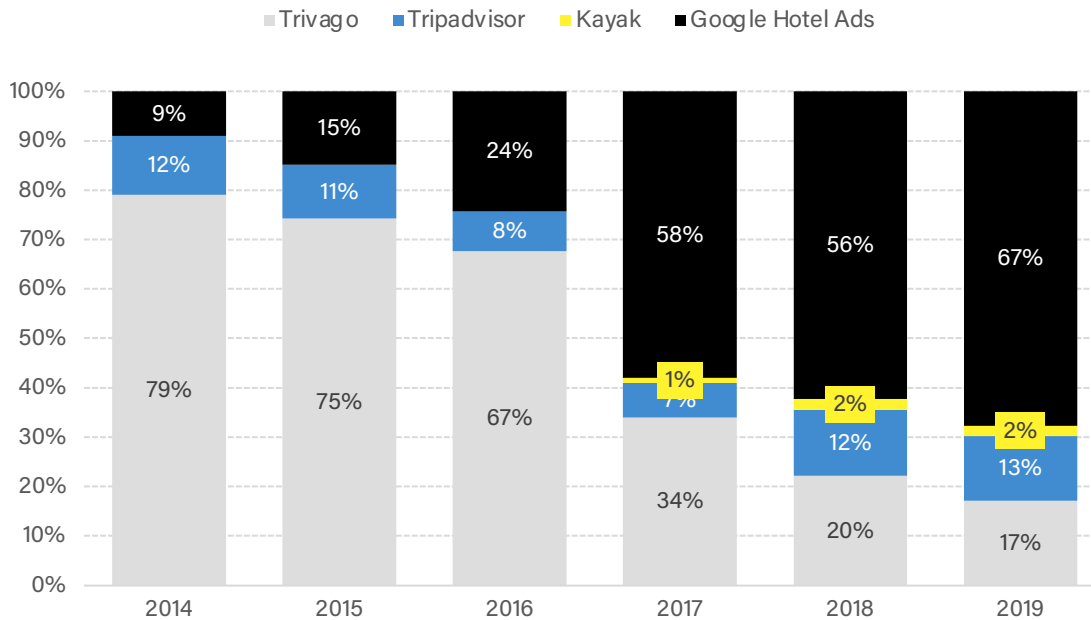
**THE ROLE OF
GOOGLE HOTELS
IN ONLINE TRAVEL**



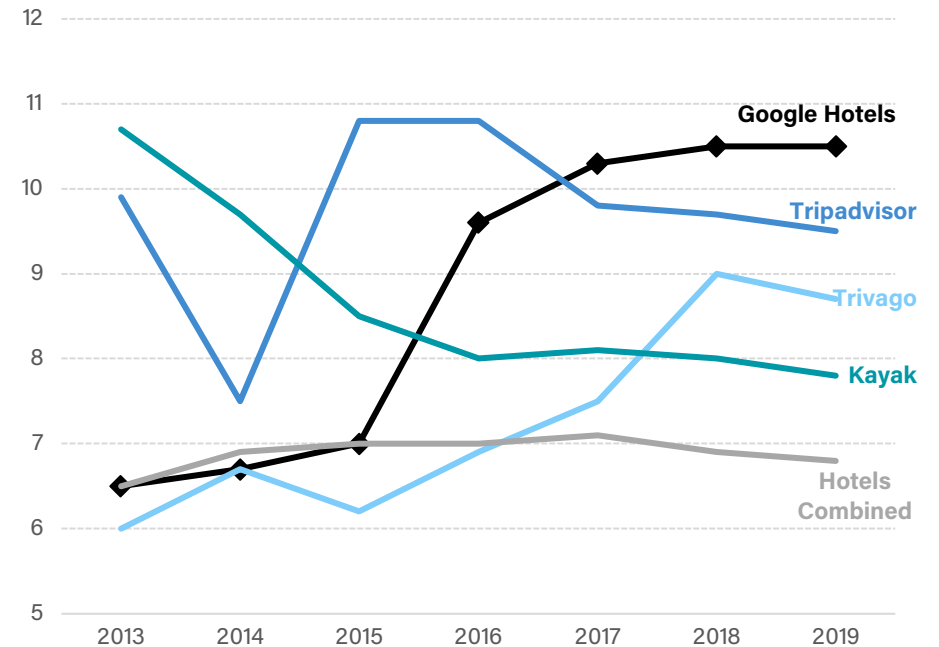
Google is Leading Metasearch in Travel

Google is the single most impactful advertising partner for the travel industry, with travel companies likely spending >\$10bn of advertising dollars on Google's performance ads each year. Google has taken material market share from other metasearch engines and has outpaced peers on marketing efficiency, with Google Hotels offering the highest return on ad spend out of any metasearch engine in 2019.

Investments in Online Marketing: Market Share by Metasearch Engine



Return on Ad. Spend

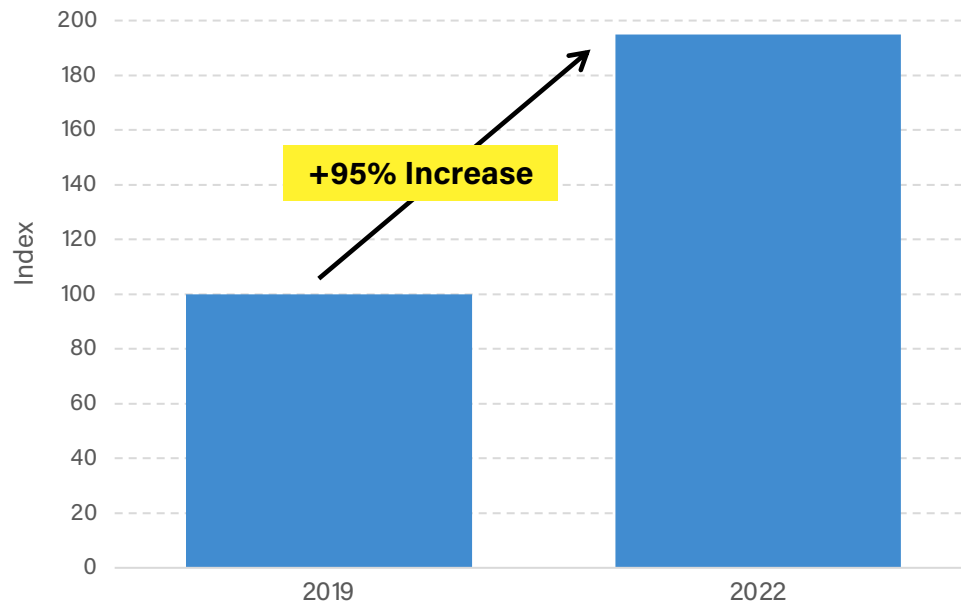


Source: Mirai (LHS chart), D-Edge (RHS chart), Skift Research Data as of 2019.
Reproduced from [A Deep Dive into Google Travel Part I: U.S. Hotel Distribution](#), as of October 2023.

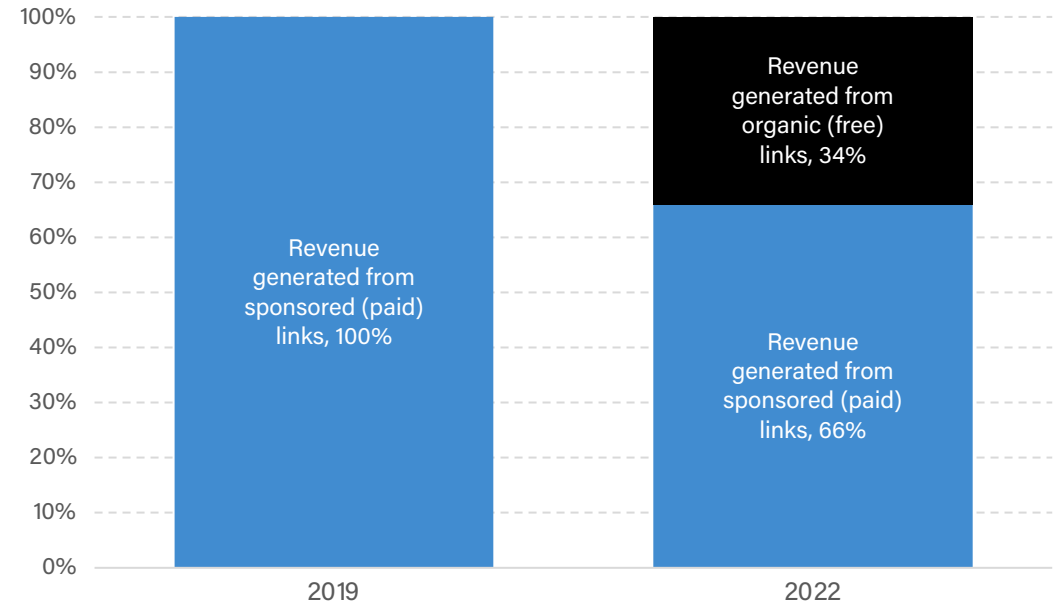
Google Has Introduced Organic (Free) Listings

In March 2021 Google Hotels launched free organic listings in addition to paid ads, with Google Travel’s VP of product management at the time [saying](#): “This is an opportunity for us to show that we have a full range of pricing” and to “drive more traffic for the ecosystem as a whole”. Booking revenue generated by Google Hotels has increased by 95% since 2019, with a third of this growth directly attributed to the new organic results function.

Bookings Revenue Generated by Google Hotel Ads - Indexed to 100 in 2019



Booking Revenue From Google Hotel Ads: Paid vs Free



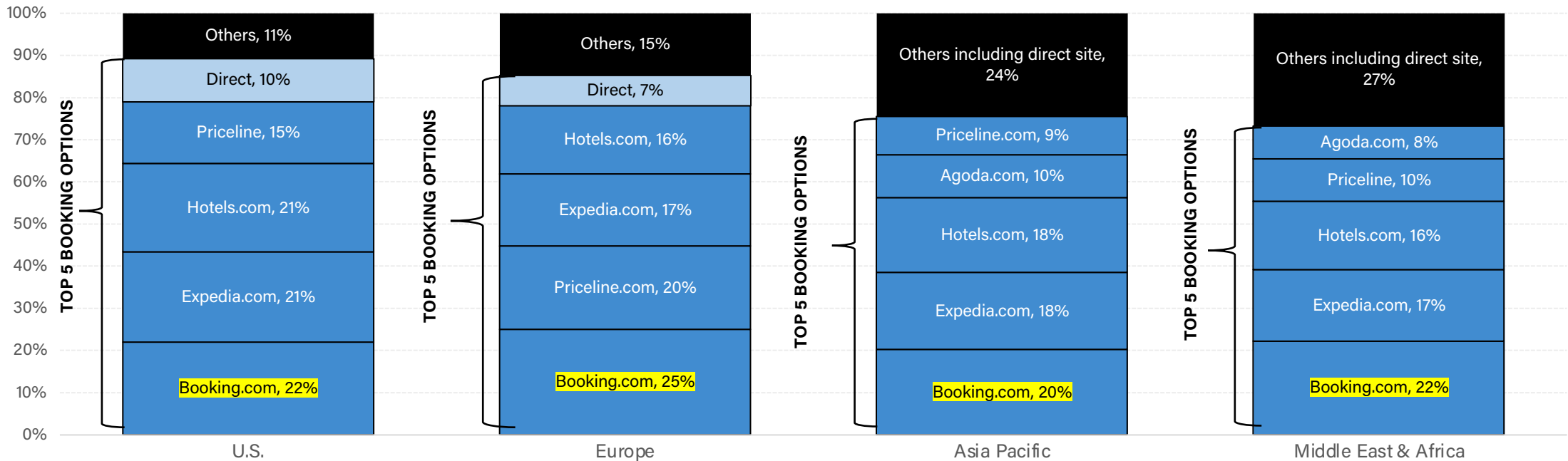
Source: D-Edge, Skift Research. Data as of Jan 2023.

Reproduced from [A Deep Dive into Google Travel Part I: U.S. Hotel Distribution](#), as of October 2023.

Booking Holdings Dominates Sponsored Results

Booking.com is the dominating presence across Google’s sponsored results, paying to appear most often out of any other OTA in every region. Of the top 5 most frequently visible booking options in every region, collectively Booking and Expedia through their sub brands (such as Booking’s Priceline.com and Agoda.com and Expedia’s Hotels.com) have outbid any local players.

Sponsored Results: % Share of OTAs/Direct Site Paying to Bid on Google's Sponsored Results by Region



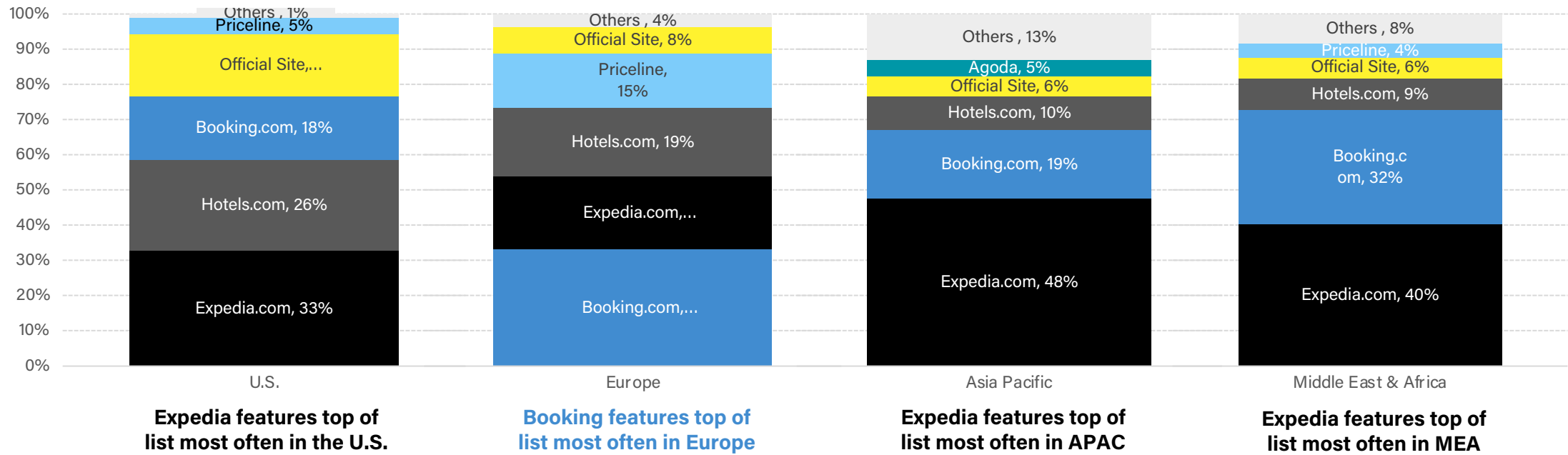
Source: Proprietary Skift Research based on web scraping of Google Hotels. Note: market share analysis is based on ~20k data points per region (4 booking options per 5k listings). Data as of April 2024.

Reproduced from [A Deep Dive into Google Travel Part III: Hotel Distribution From East to West](#), as of April 2024.

Expedia.com Is Trying to Outbid Peers

Even though Booking.com is featuring most frequently across all sponsored results in every region (as shown in the previous chart), we can see that Expedia.com is purposefully investing ad dollars to be the top-of-the-list option, in a clear – and literal – bid to outcompete Booking.com – particularly in regions such as Asia Pacific and Middle East & Africa which are outside both Booking and Expedia’s respective home markets (Europe for Booking and U.S. for Expedia).

% Likelihood of Being Top-of-List of Sponsored Results – by Region



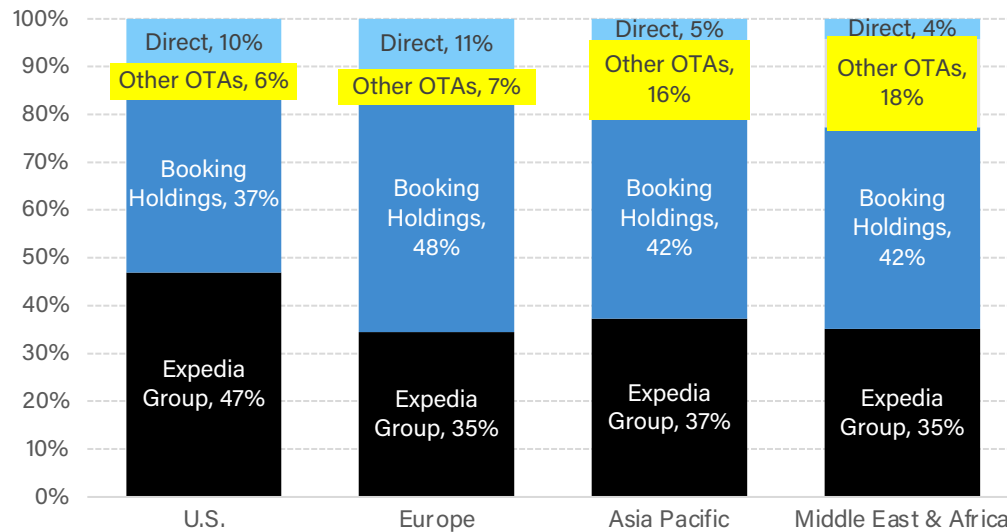
Source: Proprietary Skift Research based on web scraping of Google Hotels. Note: market share analysis is based on ~20k data points per region (4 booking options per 5k listings). Data as of April 2024.

Reproduced from [A Deep Dive into Google Travel Part III: Hotel Distribution From East to West](#), as of April 2024.

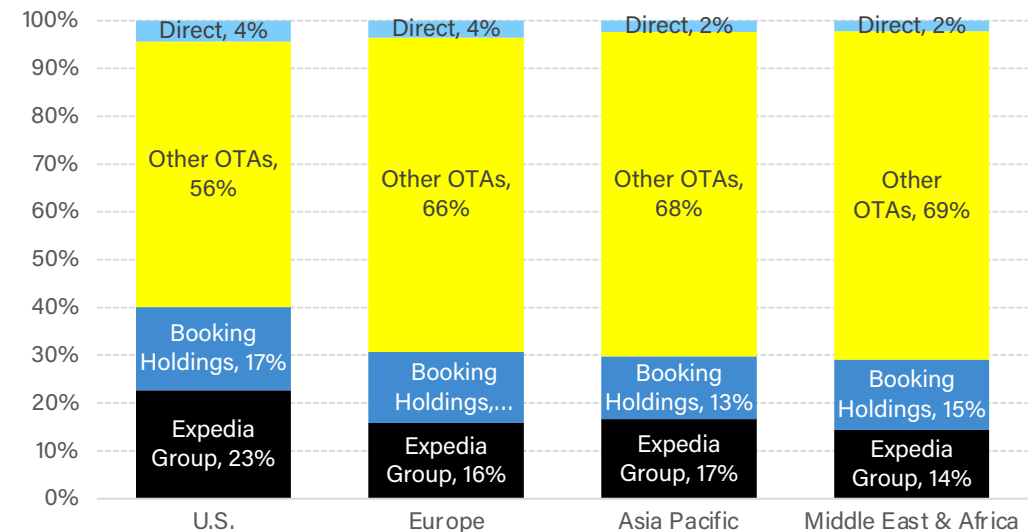
Google's Organic Search Is Democratizing Online Travel

The introduction of organic results is leveling the distribution playing field – allowing the direct site and smaller OTAs the opportunity to compete head-on with Booking and Expedia. Whilst the largest OTAs dominate the paid sponsored listings, in the free organic results there is a long tail of smaller OTAs competing with Booking, Expedia and the direct site for bookings.

% Share of Google's Sponsored Results - by Region



% Share of Google's Organic Results - by Region

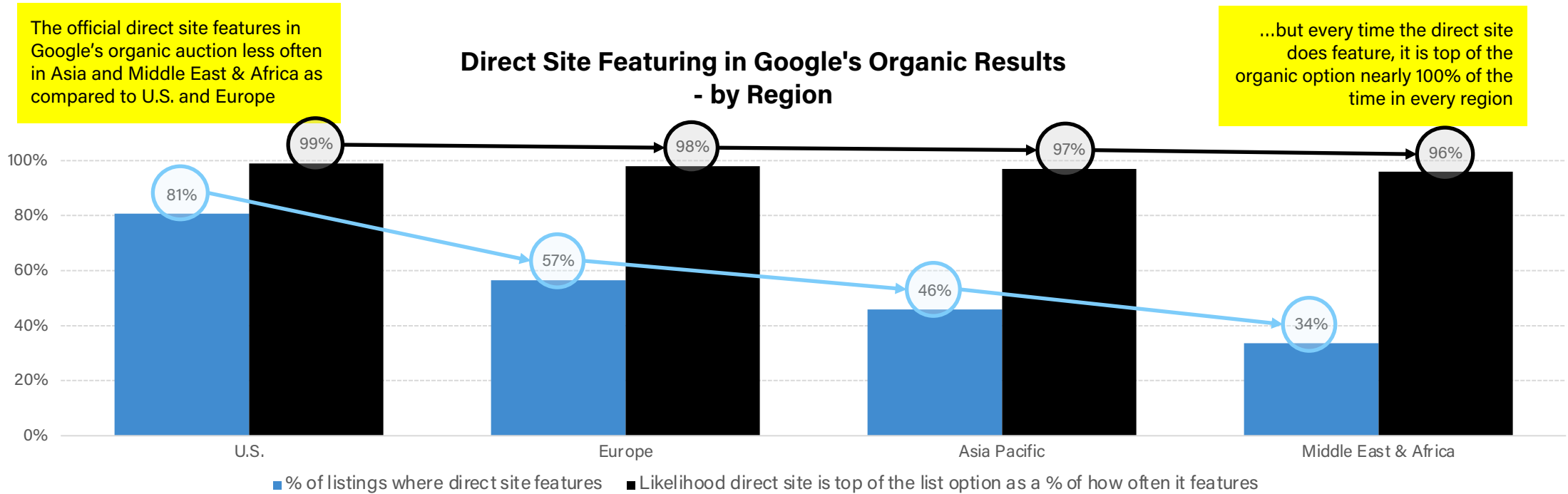


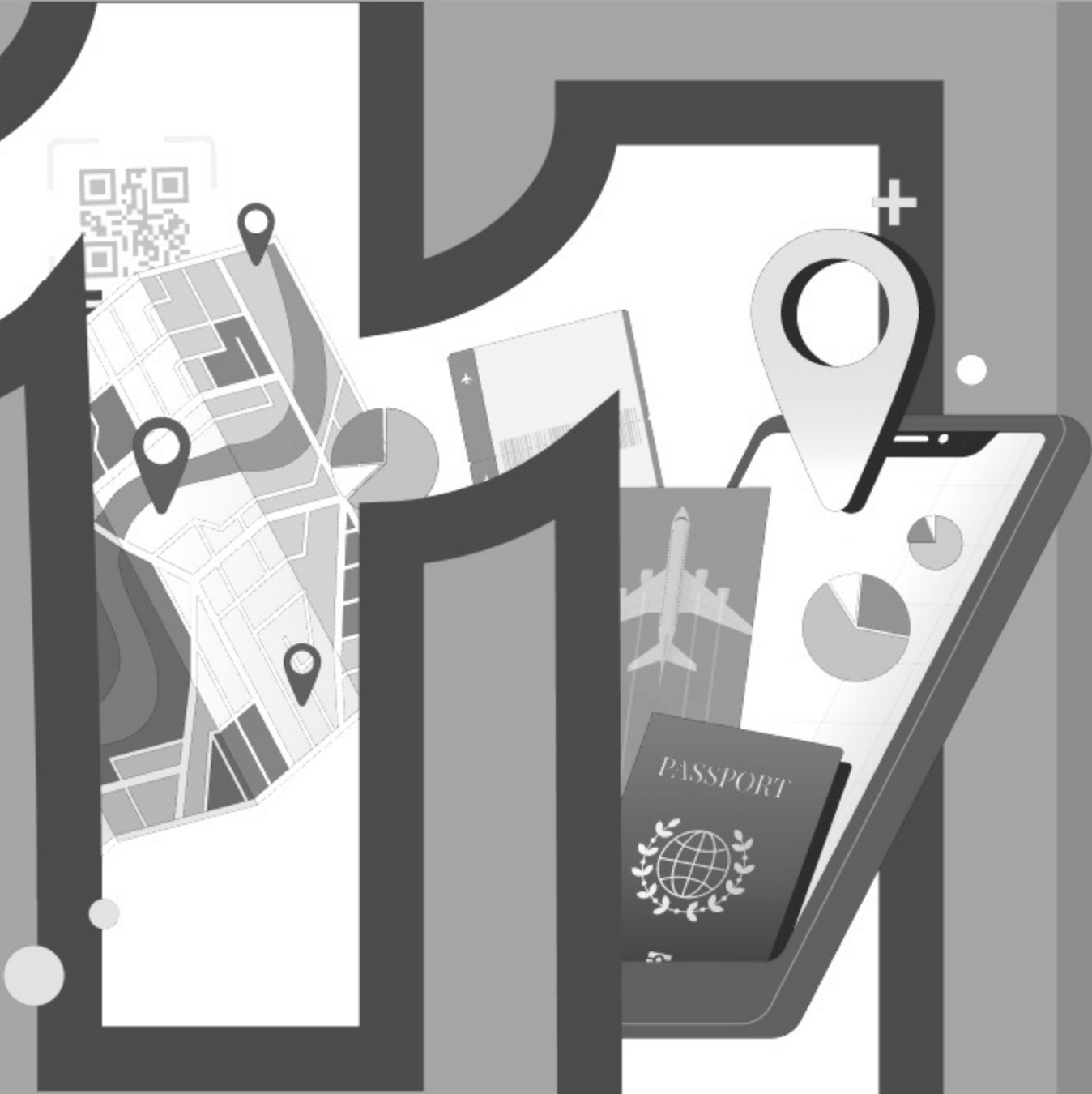
Source: Proprietary Skift Research based on web scraping of Google Hotels. Analysis based on a web scrape of 5k hotels across each region. Data as of April 2024.

Reproduced from [A Deep Dive into Google Travel Part III: Hotel Distribution From East to West](#), as of April 2024.

Google's Organic Search Prioritizes the Direct Site

Despite the direct site appearing less often in the East than in the West, we can clearly see that Google nonetheless prioritizes the direct site over others in every region. This chart shows that as a percentage of how often the direct site features in every region, there is a near 100% likelihood that the direct site will be the top-of-the-list option in organic search.





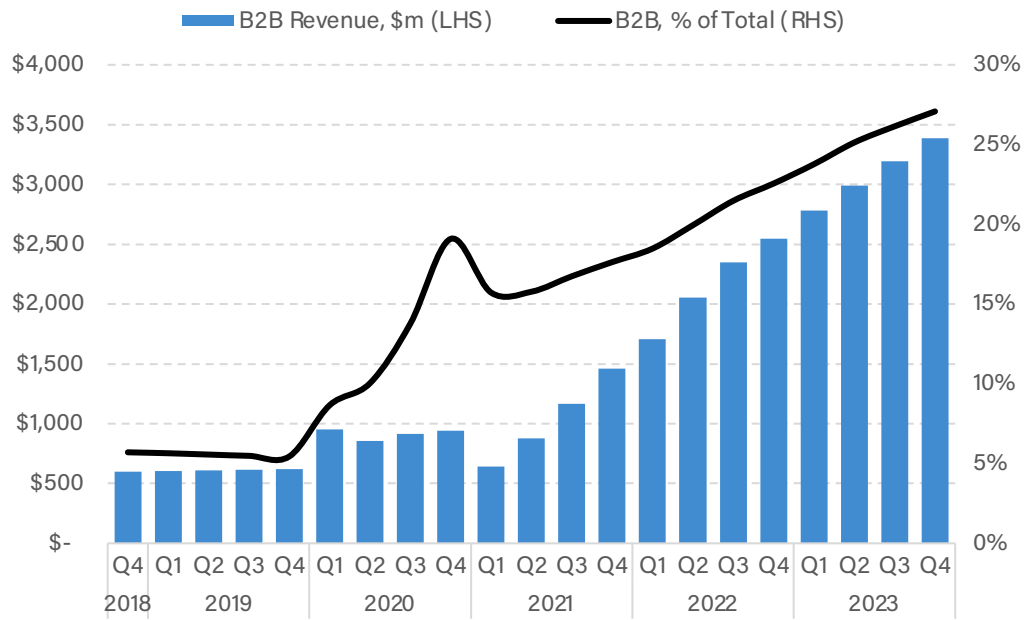
3

**BANKS AND CREDIT
CARDS' DISRUPTIVE
ENTRANCE INTO
TRAVEL**

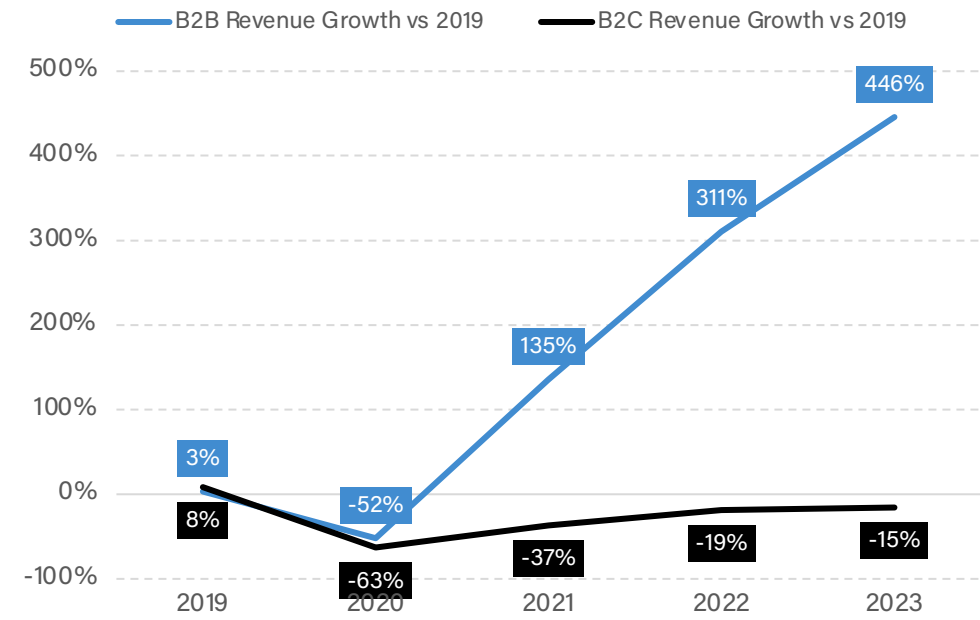
B2B Is an Increasingly Important Revenue Source for the OTAs

Online travel is increasingly shifting away from direct consumer relationships and business-to-business (B2B) has become an important strategy for companies like Expedia, where B2B is a key revenue driver, making up more than 25% of its total revenue.

Expedia: B2B Revenue



Expedia: B2B vs B2C Revenue Growth vs 2019 Levels



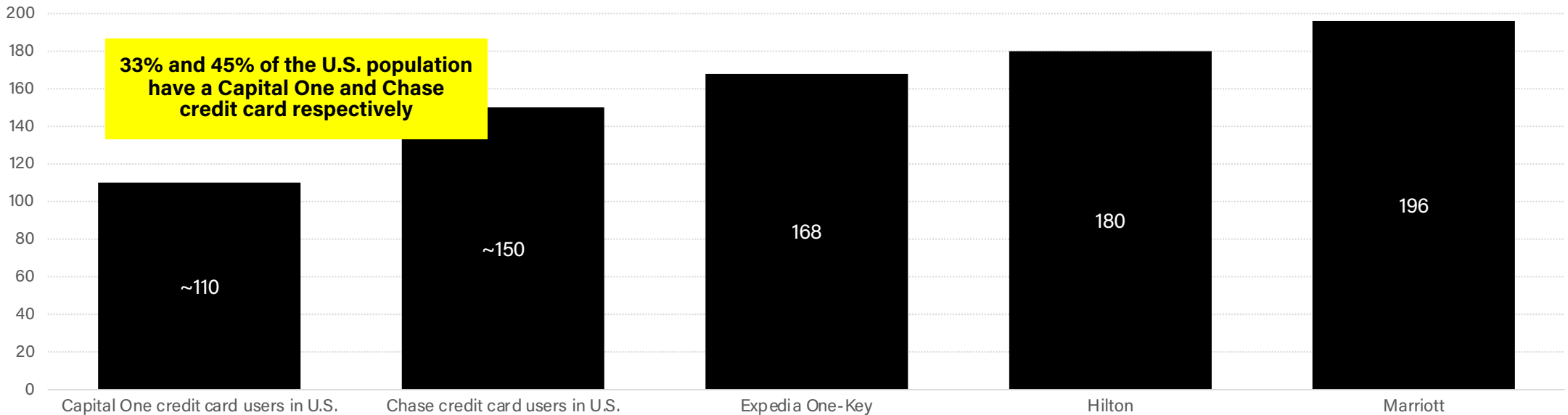
Source: Company filings, Skift Research. Data as of March 2024

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Banks Looking to Enter Travel - and Powered by the OTAs - Already Have a Substantial Loyalty Base

The OTAs are now actively powering the supply of their competitors such as fintech players Chase Travel and CapitalOne. However, these banks and credit card platforms have a large enough customer base to potentially dis-intermediate the OTAs themselves. Today ~150m consumers own a Chase credit card in the U.S. - this is only slightly shy of the 168m global loyalty members at Expedia and 180m members at Hilton.

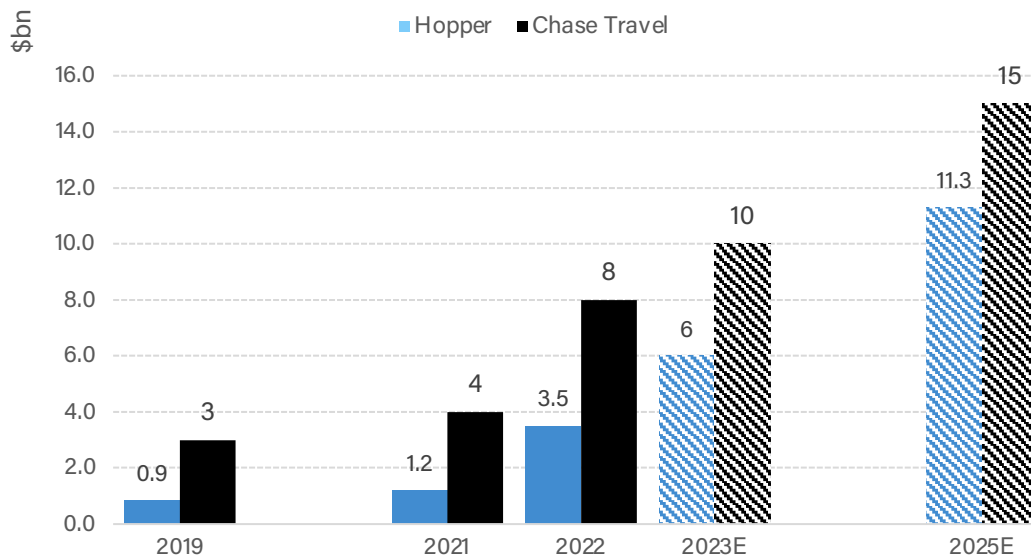
Loyalty Members, Millions



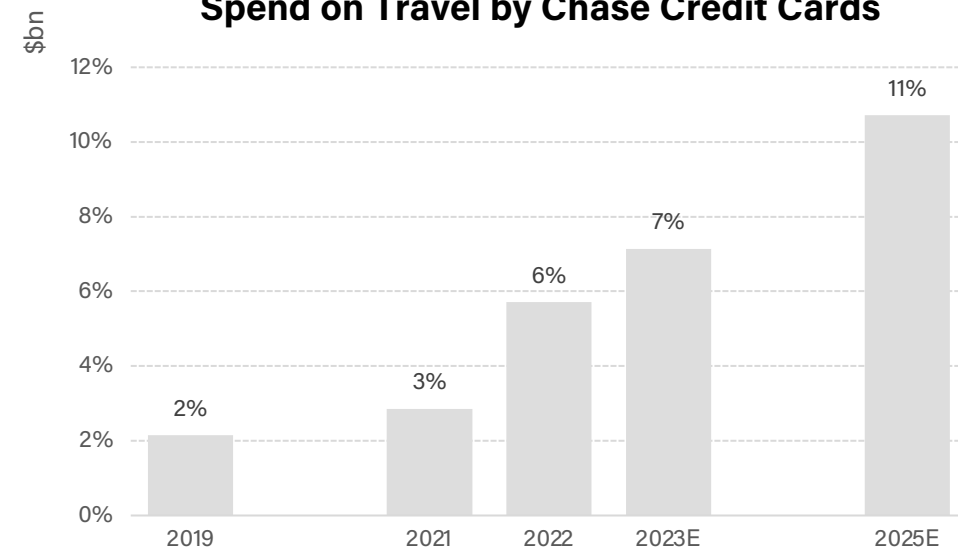
Chase Travel Has Seen Significant Growth

Chase Travel considers itself to be a 'top 5 consumer leisure travel provider', with '1 in 4 leisure travel dollars spent on Chase cards'(!). In 2022 Chase Travel made ~\$8bn of gross bookings, expecting to hit ~\$10bn in 2023 and ~\$15bn by 2025 – outpacing booking levels seen by even rapidly growing companies such as Hopper. Chase Travel, today powered by cxLoyalty, is likely to be the third largest OTA after Booking and Expedia. Chase Travel highlights a ~\$140bn addressable spend opportunity for travel spend on Chase cards, of which it has already penetrated 6% by 2022, with this near doubling to 11% by 2025 according to their forecasts.

Chase Travel Sales Volume (\$bn)



Chase Travel's Share of \$140bn Addressable Spend on Travel by Chase Credit Cards



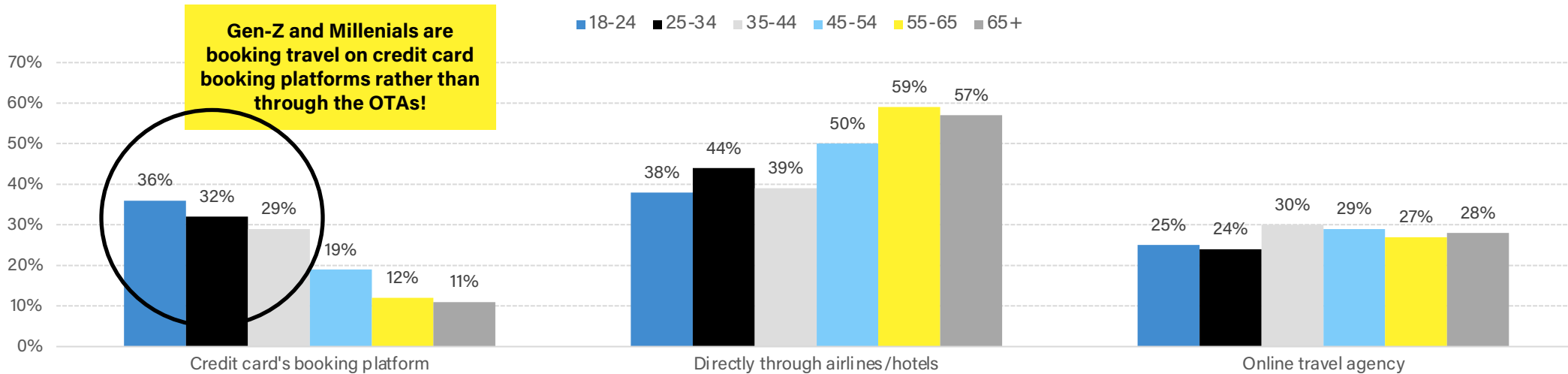
Source: Chase Travel Company filings, Hopper estimates based on Skift Research Report [Hopper's Rise in Travel 2023](#). Data as of March 2024

Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.

Gen-Zs Are Booking Travel on Credit Card Platforms Rather Than on the OTAs

Today, Gen-Zs and Millennials are making travel reservations more frequently through the credit card booking platforms than through the OTAs. For example, as per our survey, 25% of consumers aged 18-24 use OTAs to make airline and hotel bookings, but 36% are booking through the platforms of credit cards such as Chase Travel or Capital One. Interestingly direct bookings are also more popular than the OTAs for every age group

Platforms Used by Travel Credit Card Holders to Make Airline and Hotel Reservations, Q4 2023 - by Age Group



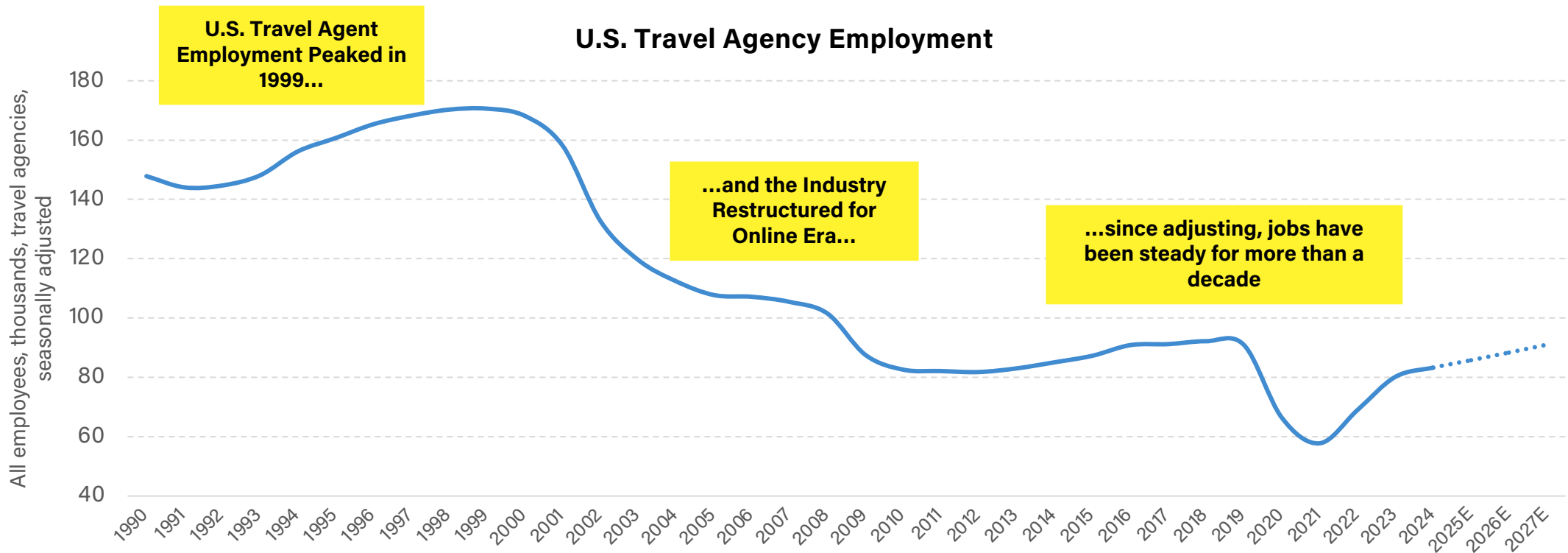
Source: Skift Research Report [Navigating Q4 2023: Analysing the Value of Travel Credit Cards in the U.S.](#)
 N = 1,001 (Business travelers N =123 and travelers traveling for personal purposes N=878). Data as of March 2024
 Reproduced from [The Past, Present, and Future of Online Travel](#), as of March 2024.



TRADITIONAL TRAVEL AGENTS

Death of Travel Agents Is Greatly Exaggerated

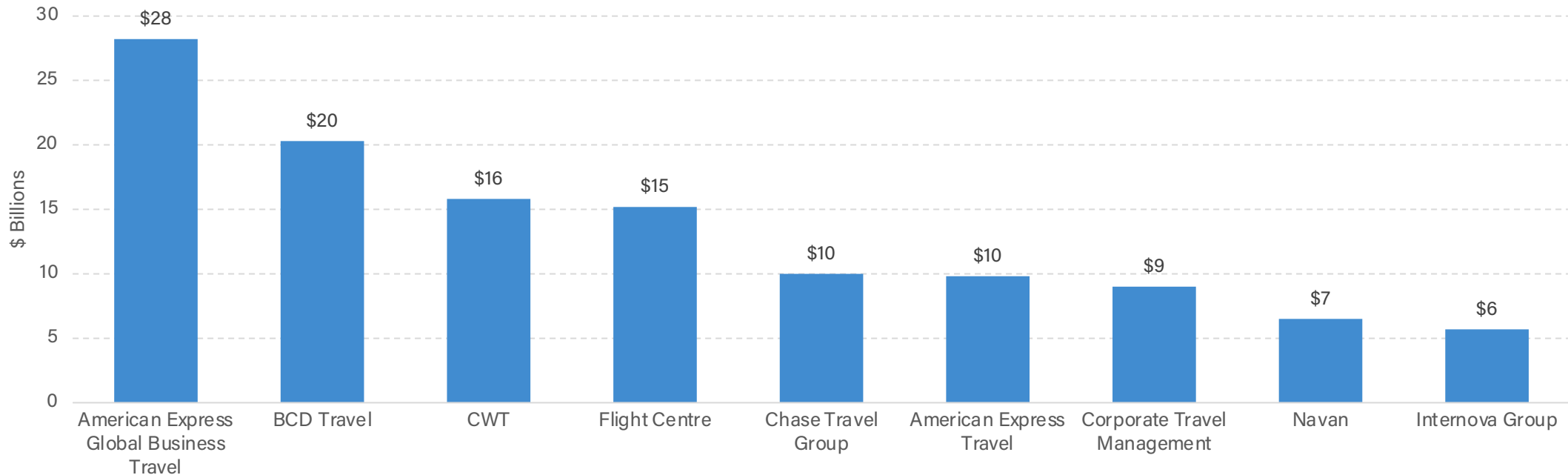
The internet ended the golden era of the brick & mortar travel agent but the demise of this industry is much exaggerated. Many think that the industry is in continual decline but that is far from the case. Agencies shed jobs in the early 2000s as the sector restructured to adapt to ecommerce. But travel agent employment has been stable for more than a decade and is growing.



Top Travel Agencies and Travel Management Cos.

This chart, adapted from Travel Weekly's 2024 Power List (we exclude OTAs Booking and Expedia), shows the size and scale of the largest travel agency groups. Corporate travel is an important category that many of these agencies specialize in serving.

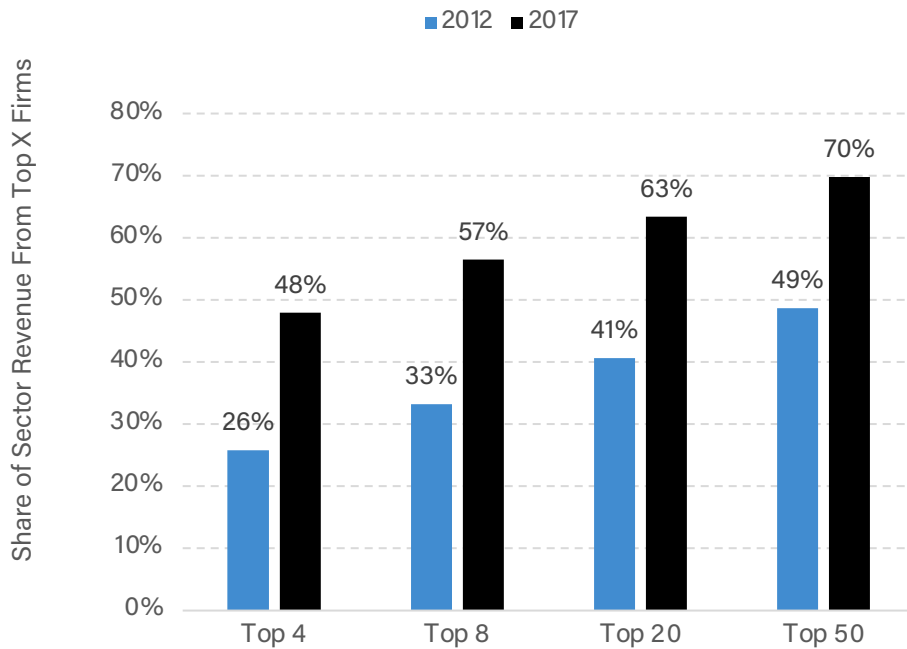
Largest Agency Sellers of Travel* by 2023 Revenue



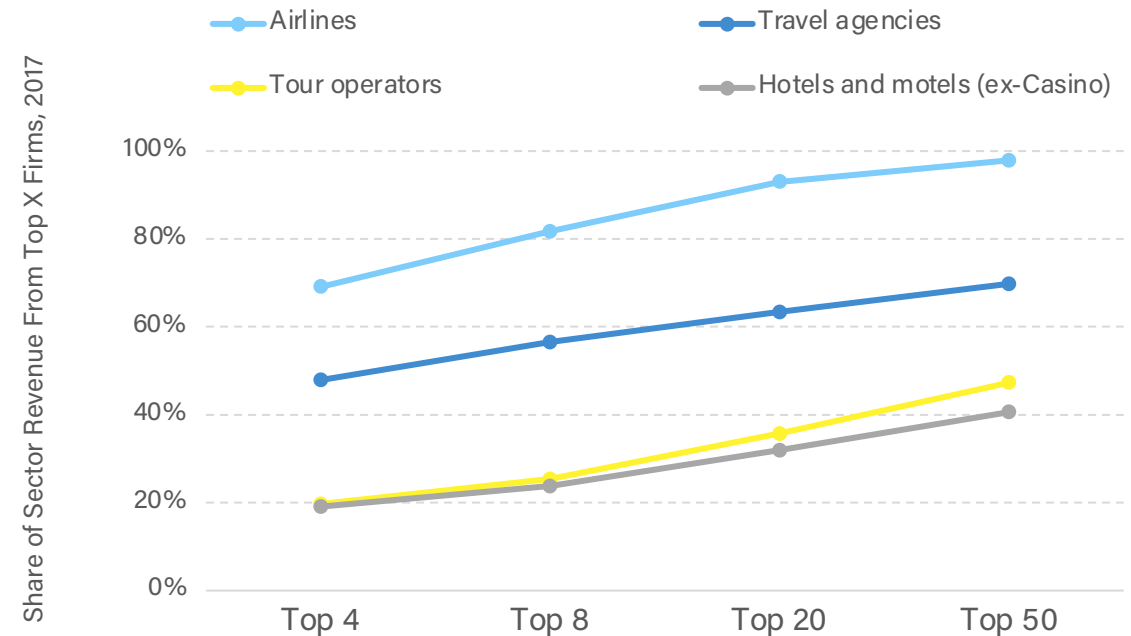
Travel Agencies Have Consolidated

Travel Agencies were able to stable, and then grow again, thanks to waves of consolidation. In 2012, the four largest travel agents in the U.S. controlled a quarter of industry revenue. Nowadays the top four firms likely earn more than half of all revenue in the space. Travel agencies today are among the most concentrated travel sectors in the U.S., behind only the airlines.

U.S. Travel Agents Merged Over Last Decade



Agents Among Most Concentrated U.S. Travel Sectors



Scale Is Powering Agency Growth



“What we’ve seen [is...] fewer agencies in the U.S. market, but the average agency is quite a bit bigger ... Our network is 6,000 agencies that represent in total under our umbrella, somewhere over 100,000 travel advisors...”

Where two agencies made a dollar in the past, now you’re seeing one agency making \$2 — and often more. Actually, this is a growing industry, not shrinking.”

J.D. O’HARA
CEO, Internova



Traditional Travel Agents Still Have a Place in Our Industry

In February 2023, American Airlines announced a move away from traditional fare distribution tools used by many travel agents. AA wanted to incentivize direct sales and the use of IATA's new distribution capability (NDC) by third-party resellers. This set off an acrimonious battle with travel agents which ultimately ended in American Airlines losing sales and being forced to backtrack. Regardless of how you view this spat – and NDC is likely still the future of airline distribution – it shows that travel agents remain a powerful force in the travel industry. Warm relationships between agents and suppliers are key to success

Travel Agents File Ticket Pricing Complaint Against American Airlines

Selene Brophy, Skift
August 14th, 2023 at 4:14 PM EDT

American Airlines Accuses Travel Agents of Stifling Innovation for Self Interest

Selene Brophy, Skift
November 23rd, 2023 at 7:10 AM EST

American Airlines CEO Defends Direct Selling Push in Face of Travel Agent Complaints

Selene Brophy, Skift
November 2nd, 2023 at 11:13 AM EDT



American Airlines Cuts Outlook, Chief Commercial Officer Vasu Raja to Exit

Gordon Smith and Jay Shabat, Skift
May 28th, 2024 at 5:42 PM EDT

American Airlines CEO Admits 'We've Dug Ourselves a Hole'

Gordon Smith, Skift
May 29th, 2024 at 11:39 AM EDT



Traditional Travel Agents Still Have a Place in Our Industry



“Just as I don’t buy dinner from a vending machine, I don’t buy something as important as travel from a low cost/low service provider.”

The customer service travel advisors provide cannot be replicated by AI. The trust that travel advisors build with their customers is authentic and it’s what we stake our reputation on.”

ZANE KERBY

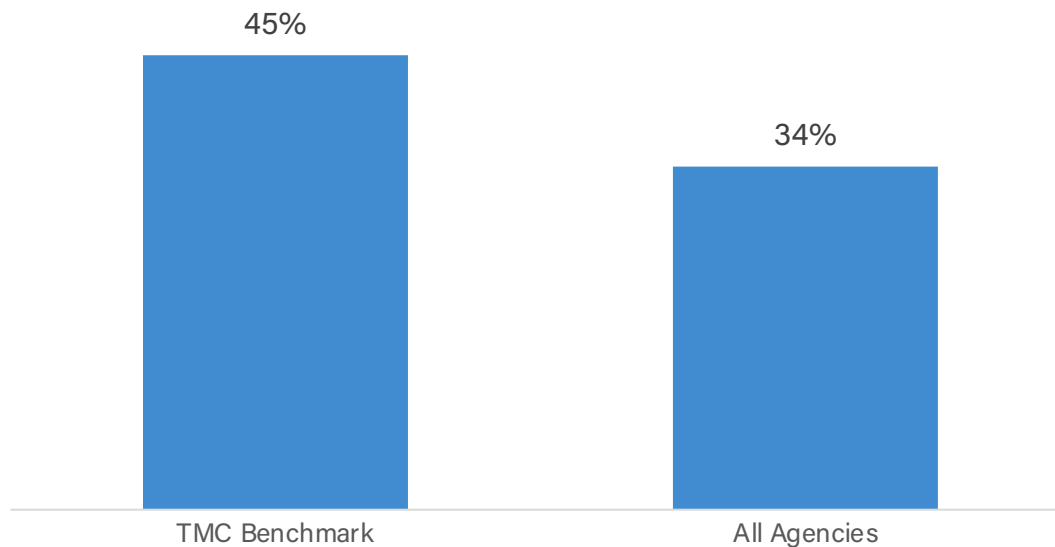
CEO, American Society of Travel Advisors



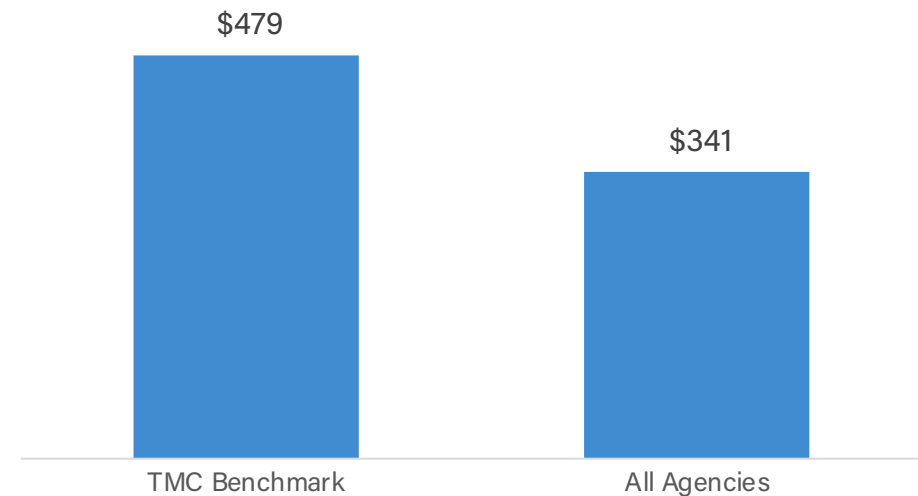
Corporate Travel Agents Allow Suppliers to Tap Into High Value Business Travelers

Amex GBT estimates that business travelers are ~2x more valuable to suppliers compared to leisure customers. Travel Management Companies (TMCs) control a large share of this travel, especially from multinational firms. These TMCs deliver significant premiums over other leisure agencies and self-directed travel.

Air Premium Class Share

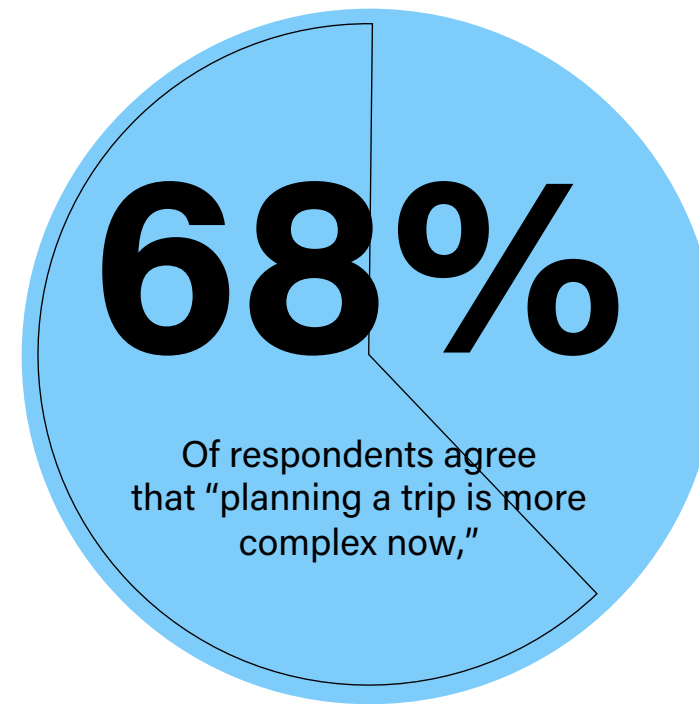
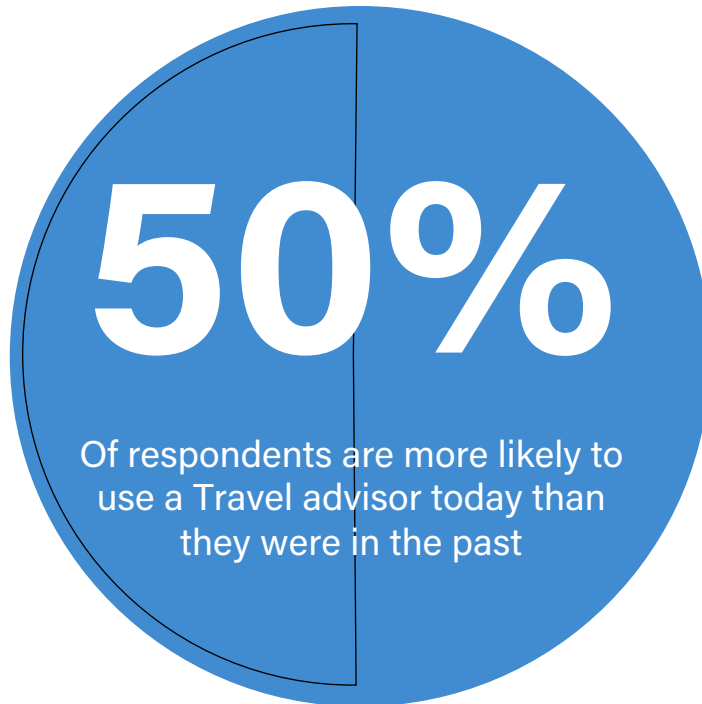


Average Air Ticket Price



Travel Advisors Specialize in High-Touch Trips

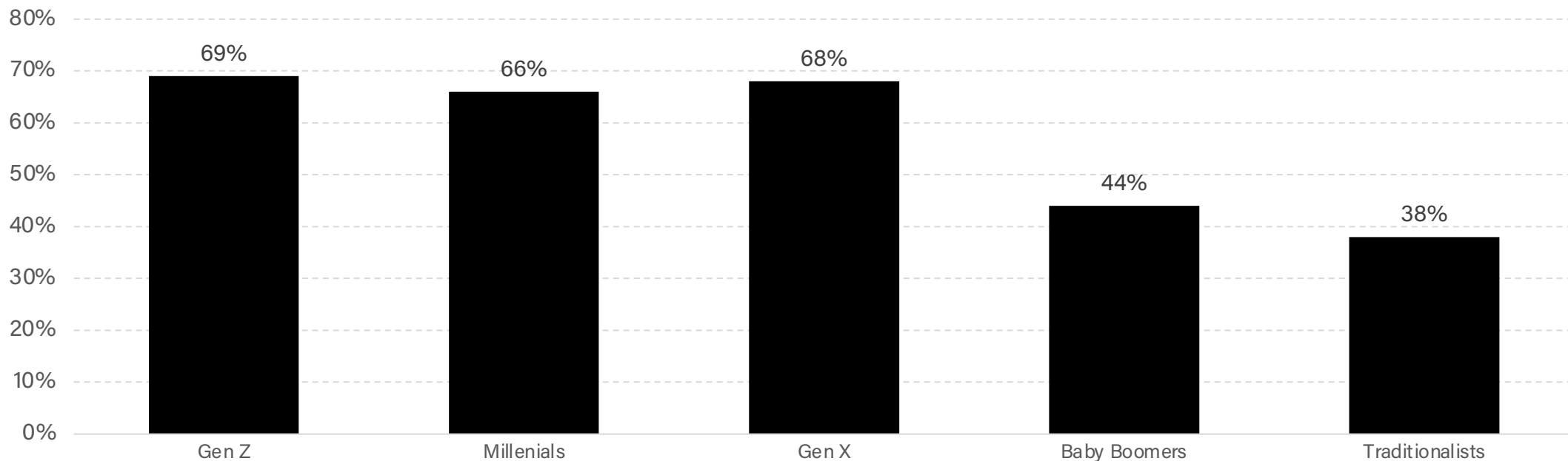
While many trips can be booked via self-service, travel advisors continue to play an important role in booking higher end or intricate itineraries. Especially post-pandemic, many consumers see a more complex travel landscape and may turn to advisors for booking help.



Cruise Provides an Interesting Niche for Leisure Advisors

In certain markets, like cruising, it's as if the '90s never ended. The majority of sailings are sold via travel agents even among the younger generations.

Share of Bookings Using a Travel Advisor to Book Their Cruise

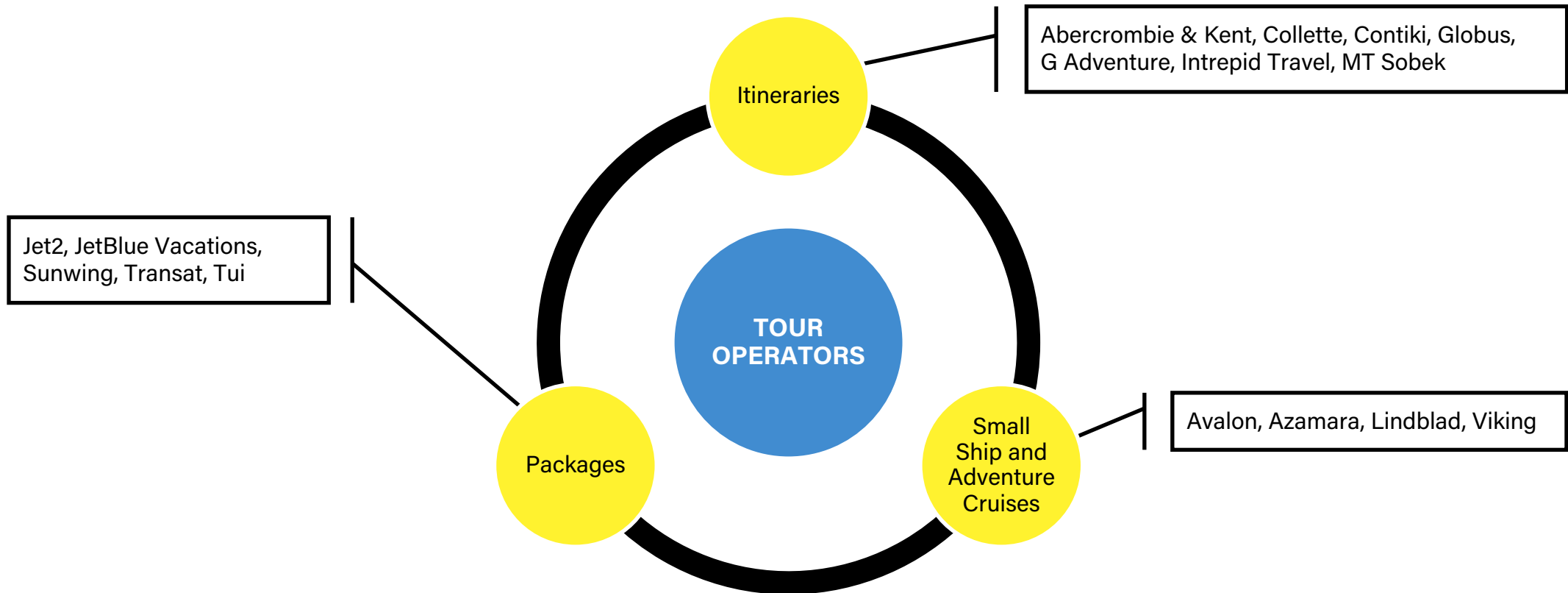




MULTI- DAY TOURS

The Tour Operator Landscape

The multi-day tour industry is a big tent that incorporates a wide range of operators, suppliers, and distributors. Plus, at times it seems like every company in the space is running a slightly different business model. There are three core products sold by tour operators: packaged travel, itinerary-based tours, and small ship & adventure cruises.



Tour Operators: A Diverse Bunch

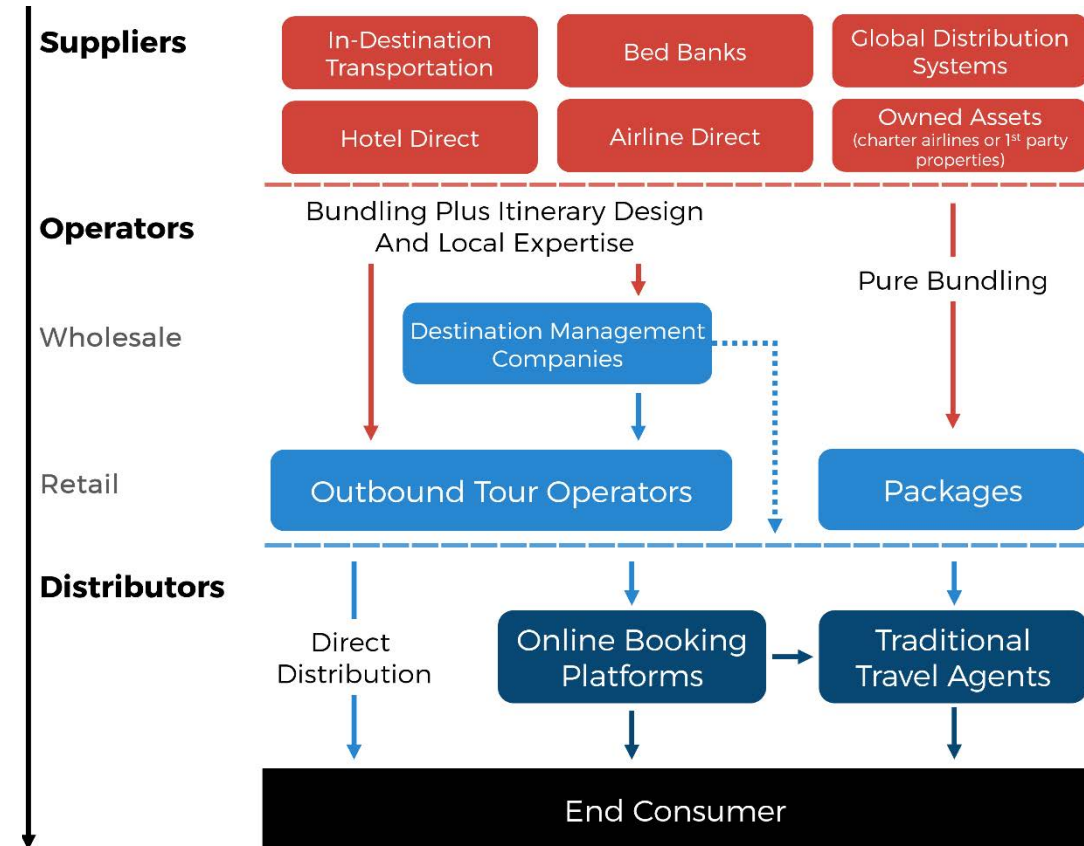
Our model of the tour operator chain has three layers. It starts with the supply of core travel products like hotels, flights, trains, and cars. Some fully integrated tour operators own their own charter airline or resort properties.

Using these 'raw materials', tour companies 'assemble' unique trips by taking building blocks from other travel suppliers and adding an additional layer of intangible value-add.

For some tour packagers, the value-add is the savings and convenience of pure bundling. For itinerary-based tours, the value comes from an additional layer of destination curation and in-country expertise.

The final layer is that of distribution. The three primary channels are direct, online booking sites, and travel agents.

The Multi-Day Tour Operators Supply Chain



Itinerary-Based Tours at the Heart of the Sector

These tours go beyond simply bundling component travel products, adding on top of that core package a layer of local expertise and itinerary design. There are three main variables that we can use to define the main types of itinerary-based tour products:



A circular diagram with a black center containing the text 'FIXED-DATE DEPARTURES VS. CUSTOM' in yellow. The center is surrounded by a blue ring, then a white ring, and finally a dotted outer ring.

FIXED-DATE DEPARTURES VS. CUSTOM

Fixed date tours are offered with a prescheduled departure date and a set itinerary. Travelers buy these pre-built itineraries off the shelf. In contrast, custom tours are built to suit each individual guest with a unique schedule and departure date.



A circular diagram with a black center containing the text 'GUIDED VS. SELF-GUIDED' in yellow. The center is surrounded by a blue ring, then a white ring, and finally a dotted outer ring.

GUIDED VS. SELF-GUIDED

Self-guided tours are growing in popularity. In this case, the traveler buys a travel package that can include local connections, activities, meals, and suggested sights, but no in-person guide to contextualize the destination.



A circular diagram with a black center containing the text 'GROUP VS. INDIVIDUAL' in yellow. The center is surrounded by a blue ring, then a white ring, and finally a dotted outer ring.

GROUP VS. INDIVIDUAL

In group travel, the entire tour is booked up by a single organization, perhaps a school group, work retreat, or a large family. On the other hand, individuals traveling book a single slot as part of a larger overall planned departure that combines many other individuals or a small group of travelers that don't know each other.

The Primary Operators in the Itinerary Space

In addition to the main products on offer, there are two primary layers of operators in the itinerary-based space. One is based on the source market that the travelers buying the tour are departing from, and the other based on the destination market that the tour is taking place in.

OUTBOUND TOUR OPERATORS:

- These tour operators service international travelers.
- They typically focus on a single origin market but often service multiple overseas destinations.
- Outbounds specialize in the market that travelers purchasing a tour are departing from and can provide native language marketing, sales, and customer support.
- They also have the cultural context to understand what kind of itineraries may appeal in their home market.
- Outbound businesses may operate their own in-destination trips or outsource the local logistics to a destination management company.
- An example would be a UK-based tour company that offers British travelers a variety of trips across Asia and continental Europe.



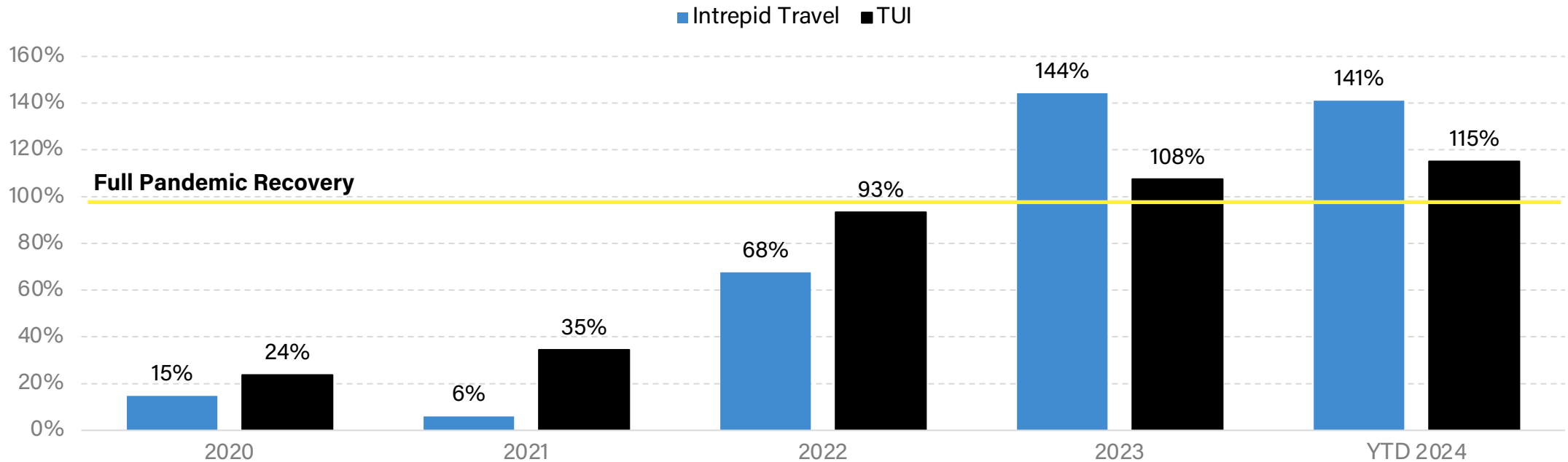
DESTINATION MANAGEMENT COMPANIES:

- Also known as inbound tour operators or receiving tour operators.
- These operators receive inbound international travelers.
- They typically focus on a single destination market but often service travelers from multiple overseas origins.
- By specializing in a single destination, they have the local know-how and logistics to 'make the trains run on time.'
- They can sometimes use their local connections to source unique experiences.
- DMCs usually contract with an outbound tour operator but increasingly may sell direct to the overseas consumer.
- An example would be a local Peruvian tour operator that specializes in running Machu Picchu treks for guests coming from many different outbound operators and nations.

Operators Are Surpassing Their Recovery Baseline

After an initial surge in popularity for sun and sand-focused operators like TUI, operators focused more on cultural immersion, like Intrepid, are bouncing back.

Revenue Recovery vs. 2019



Demand for Tours Is Strong But Affordability Also a Top Priority



“The state of educational travel and cultural immersion from Gen Z to Seniors remains strong... As travel affordability is on the minds of every age group, we continue to deliver value, traveler satisfaction and pricing that includes flights, lodging, excursions, and most meals.

Our payment model -- including low down payments to secure bookings and interest free payment plans -- also make international, culturally immersive travel more affordable, accessible and obtainable.”

HEIDI DURFLINGER

President, EF World Journeys

Tour Seasonality Is Shifting in the Post-Pandemic World



“In a post-pandemic world, travelers are increasingly opting to travel during the fall over peak summer months. This September, we’ll send more travelers on trips than in any other month in our 35-year history. Back in 2019, August closely followed September as our second busiest time of year but this has now shifted over to October.”

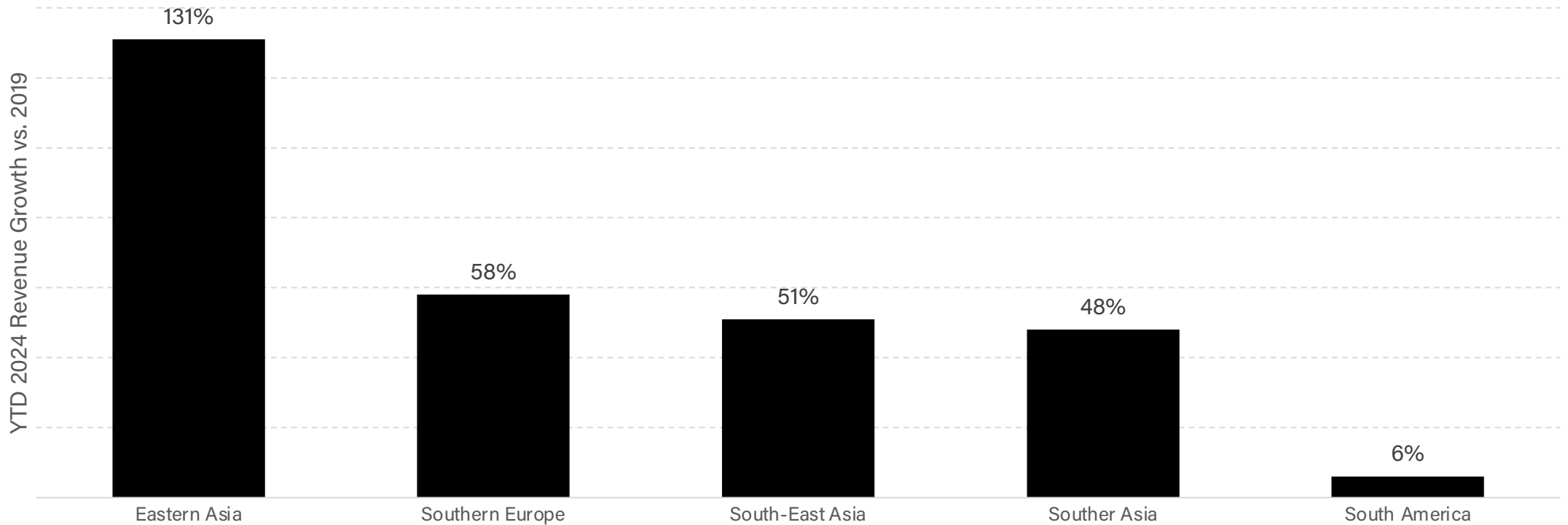
MATT BERNA

President of the Americas, Intrepid Travel

Asia Tops the List of Most Popular Trips in 2024

Asia has experienced a strong post-pandemic rebound, with the popularity of Japan driving the most significant growth in Eastern Asia

Intrepid Travel: Fastest Growing Trip Regions



New Offerings to Cater to a Market for Group Tours

Private group tours, where only a chosen set of friends or families are included, can often be booked at prices comparable to regular tours, depending on the group size. In 2023, Backroads' average active adventure trip length was between 5 and 6 nights, with an average cost of \$5,077.



“Travelers are looking to **avoid peak crowds and enjoy milder weather. We are seeing increased interest from families with kids of all ages wanting to travel together and **share experiences instead of things.**”**

TOM HALE

Founder and CEO, Backroads

Modern Travelers Crave Authentic Experiences

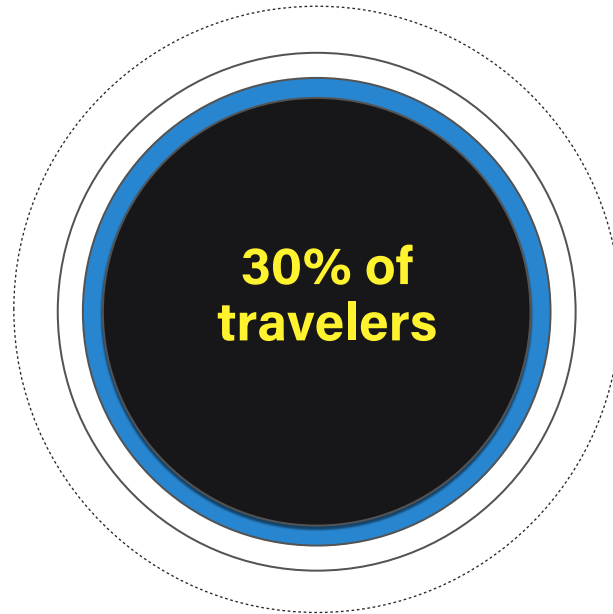


"We've seen a shift in travel. We've gone from the bucket list and Instagram photos - you know, people pointing their finger at the Leaning Tower of Pisa - to actually investing in hyperlocal, authentic, meaningful, intimate experiences..."

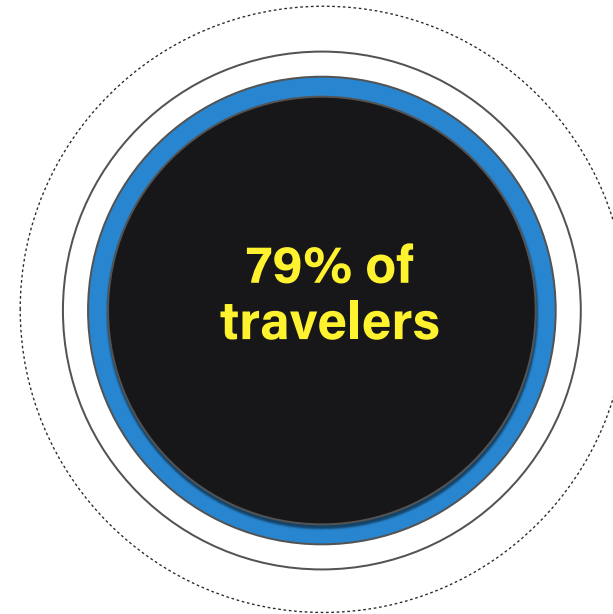
I think in relation to where you want to spend your money, there is an orientation around giving back to local communities."

LISA CHEN
CEO, ToursByLocals

Even on Active Tours, Cultural Immersion Is Top of Mind



... When asked what was missing from their more active/adventure travel experience, 30% of international travelers surveyed **said that their immersion into the local culture could have been better**



of travelers said **they liked the idea of an active vacation where they are also learning about the destination** (people, history, culture and cuisine) they're visiting

Multiple Distribution Options

The travel industry heavily relies on online distribution for marketing and sales. However, it is still early days for the multi-day tour space. Let's consider some partnership options for increased distribution.

Options for Multi-Day Tour Distribution:



Sell on your own website: Integrate your booking system to take direct bookings, eliminating manual processes.



OTAs: Online Travel Agencies are driving growth in tours, with US sales up 86% in 2021, surpassing the overall travel market.



Cruise Lines: Collaborate with cruise companies to cross-sell multi-day tours to similar clientele.



Airlines: Partner with airlines or specialized travel agents to reach new customers unfamiliar with available tours.



Hotel/Accommodation Chains: Promote multi-day tours through partnerships with large hotel chains and boutique properties at the time of booking.



Bloggers/Influencers: Utilize travel bloggers and influencers with engaged audiences for marketing. Direct online distribution with them ensures instant bookings and better visibility for both operators and partners.

Determining the right Partnership:

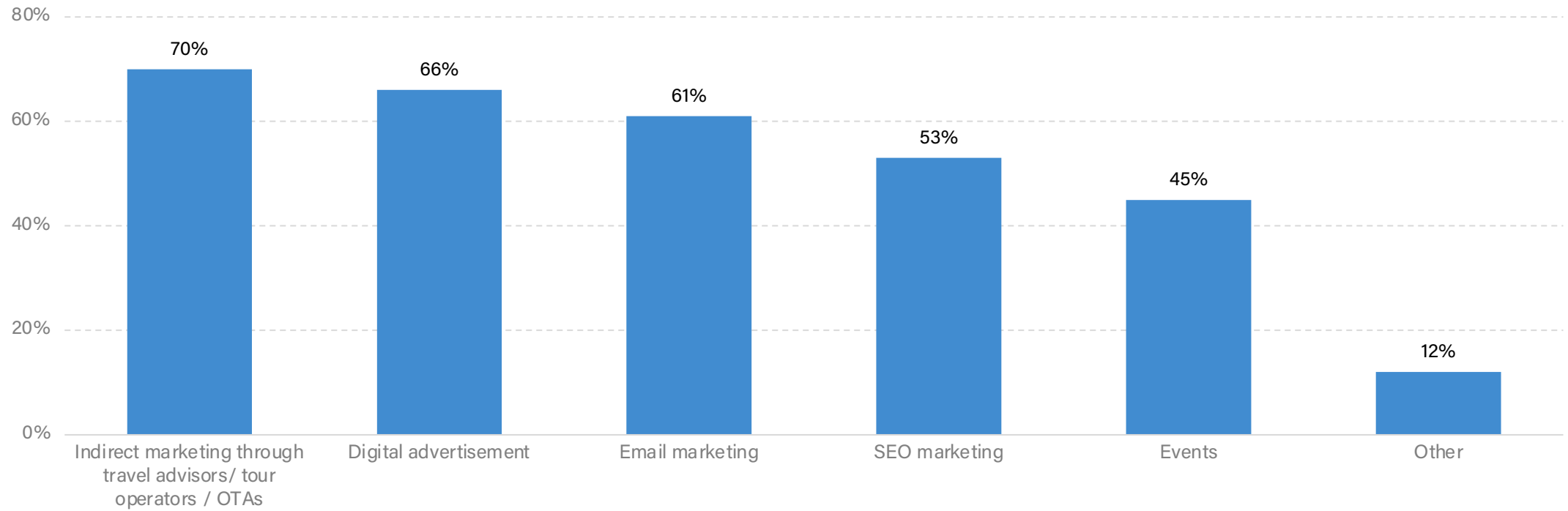
- 1. Optimize for Multi-Day Tours:** Many OTAs and other potential partners are focused on day tours. Be selective and choose partners who prioritize multi-day tours over day tours and attractions. Ensure their booking process enhances customer experience to boost conversions.
- 2. Understand Their Audience:** Align your offerings with the partner's target market to avoid misallocated resources. Ensure selling agents are selective about the products they promote.
- 3. Ensure Product Knowledge:** Collaborate with your online selling partners to train their team on your product, marketing strategies, and upselling options, similar to how you would train travel agents.



Travelers Are Most Receptive to Indirect Marketing

Travelers are also highly receptive to digital advertising, followed by email marketing.

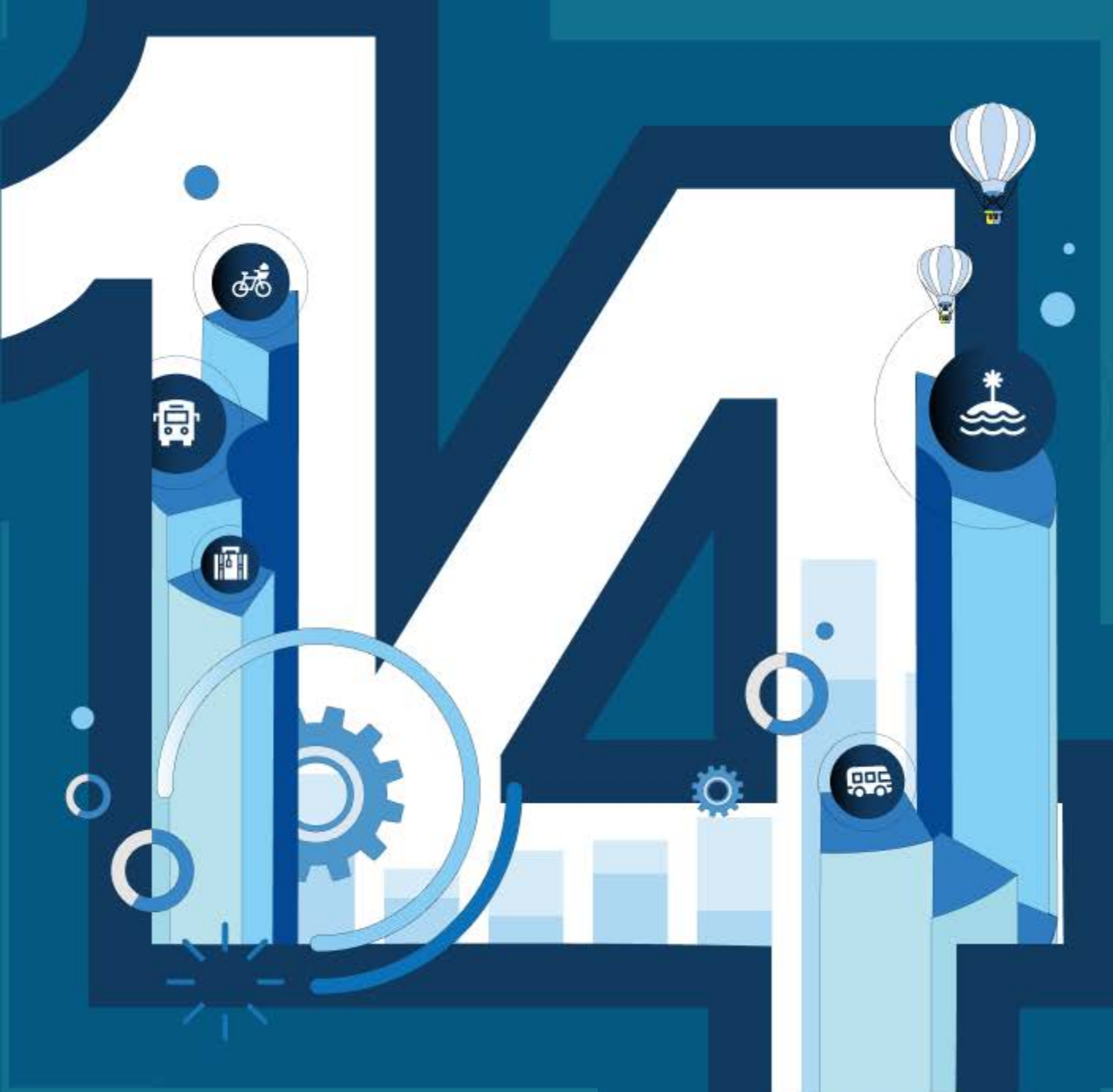
What Kind of Marketing Channels do you use to reach individual travelers?



Multi-Day Tour OTAs an Emerging Opportunity

Digital transformation of multi-day tours is likely to follow a similar path to many other sectors where multi-billion dollar businesses have been built around online travel agencies. The highly fragmented and offline nature of the tour sector is particularly well suited for third-party digital distribution.



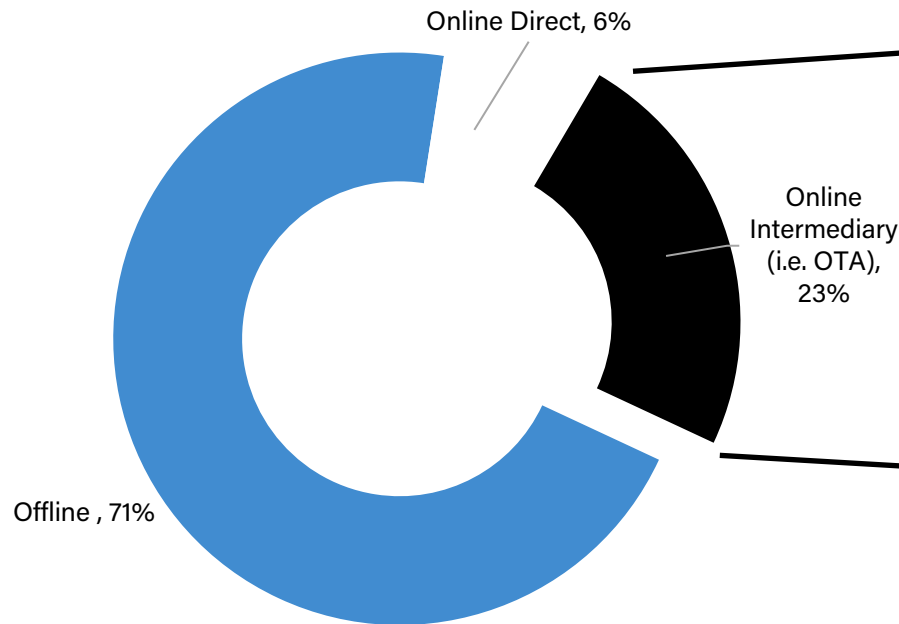


TOURS & ACTIVITIES

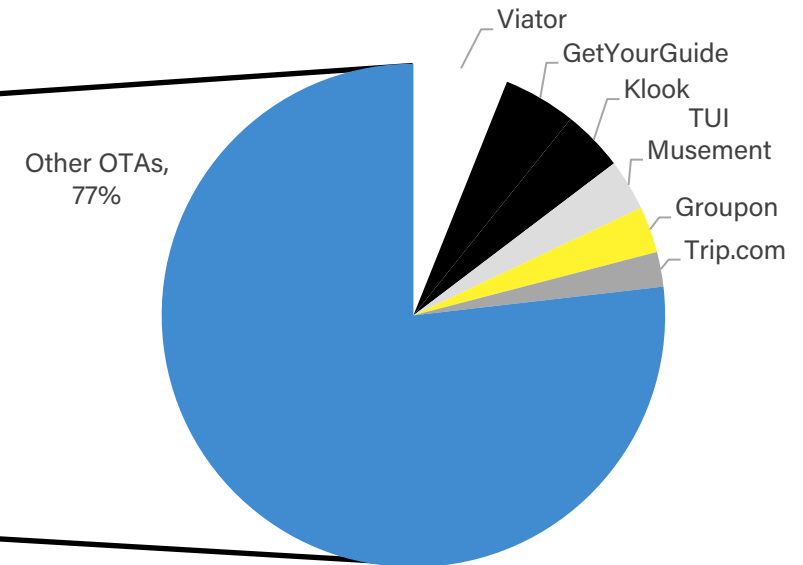
Opportunities to Consolidate Market Share

Of the industry that is booked on online intermediary platforms, we estimate that only about a fifth of this is dominated by the largest and most well-known OTAs, with the rest spread across a wide range of smaller OTAs. The lack of a dominant player presents a very attractive opportunity for the consolidation of market share.

Tours, Attractions and Experiences Market by Distribution Split



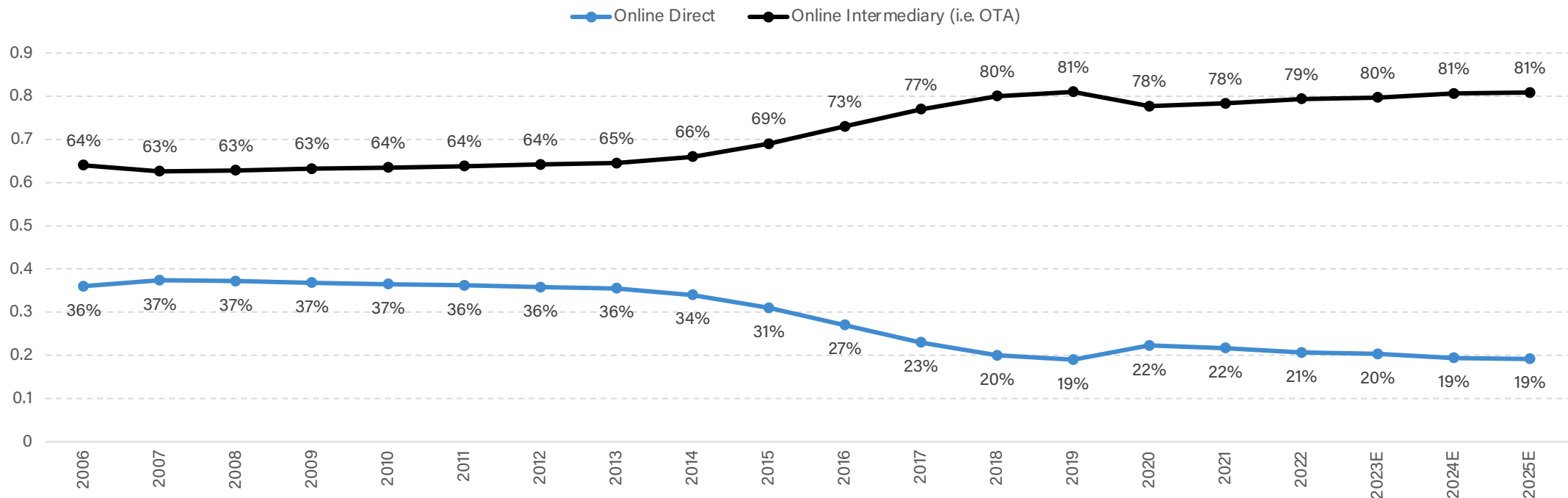
OTA Relative Market Share



Online Intermediaries Outpace Online Direct Booking

Online intermediaries (OTAs) continue to dominate in terms of online bookings with direct online somewhat stagnating

Tours, Activities & Experiences Distribution Split of Online: Direct vs OTA



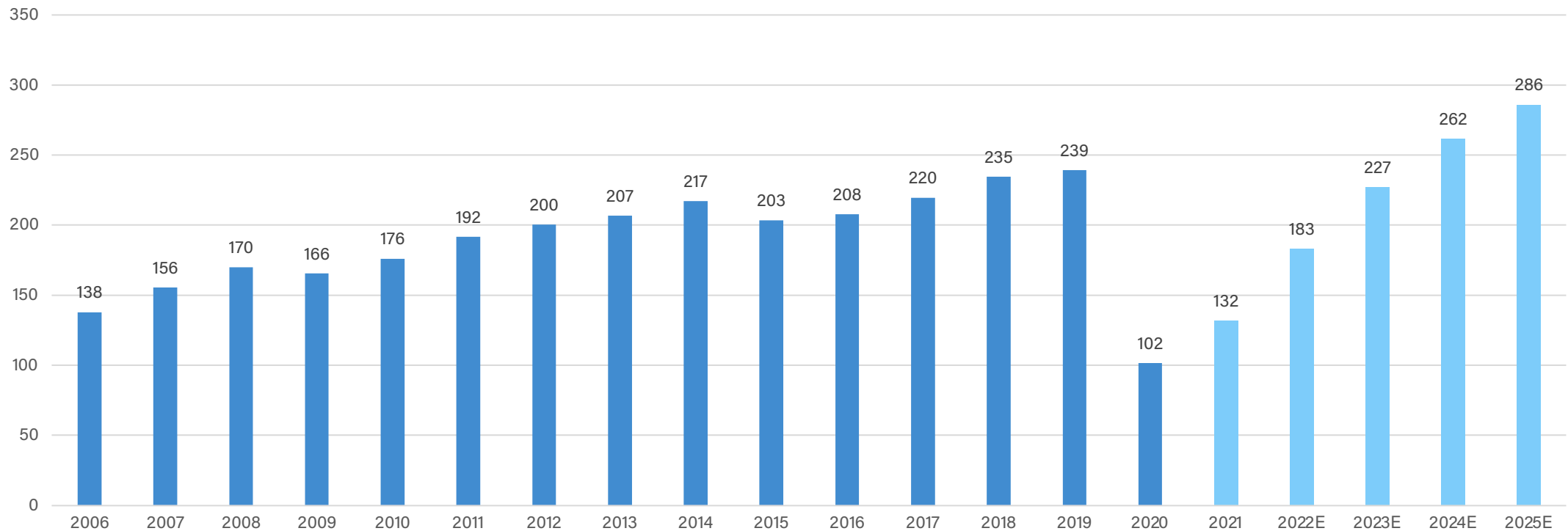
Source: Euromonitor, Bernstein, Skift Research & estimates

Adapted from [The Last Outpost of Travel: A Deep Dive into Tours, Activities & Experiences 2023](#)

Tours and Activities Shows Rapid Recovery

Current estimates show a very steep recovery curve for the tours, activities, and experiences market, outpacing 2019 levels in 2024.

Tours, Activities, and Experiences Market Size, \$ billions



Source: Euromonitor, 2019 market size in line with Airbnb's S-1 Filings, Bernstein, Skift Research and estimates

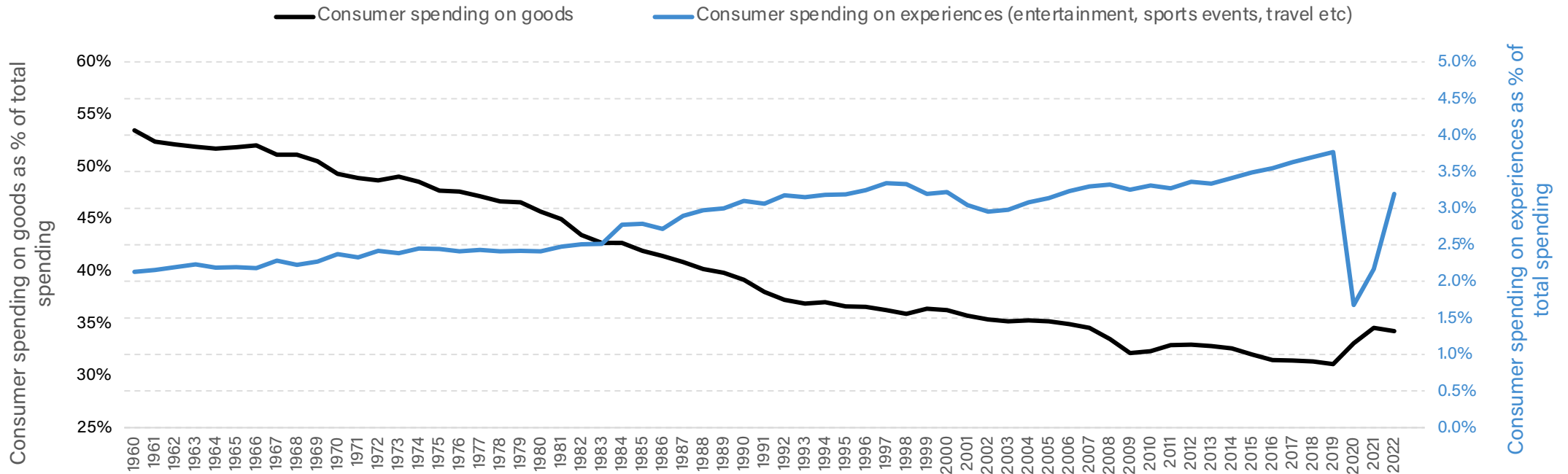
Adapted from [The Last Outpost of Travel: A Deep Dive into Tours, Activities & Experiences 2023](#)



U.S. Consumers Value Experiences Over Things

Going back to the 1980s, Americans have shown an increasing preference to spending their money on experiences over possessions and this is rapidly recovering since the pandemic, a positive sign for experiential travel.

U.S. Consumer Spending on 'Experiences' vs 'Things'



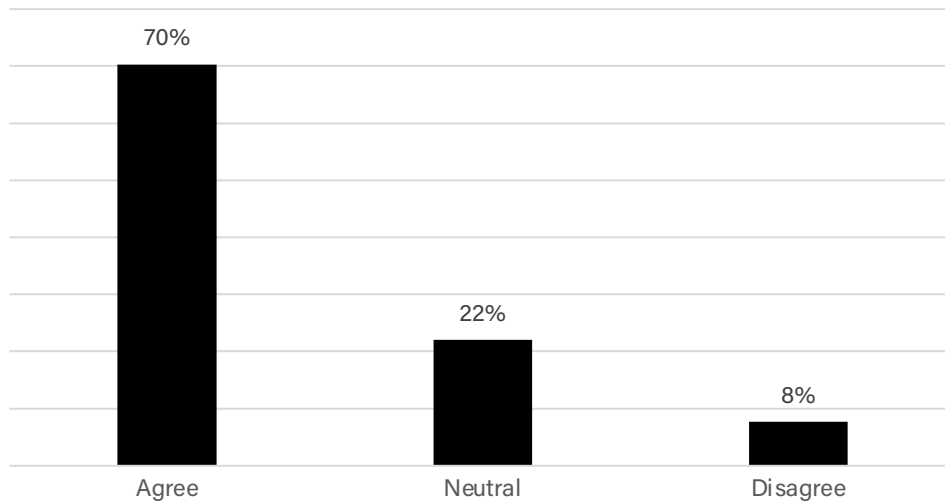
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Skift Research, as pf 2022

Adapted from [The Last Outpost of Travel: A Deep Dive into Tours, Activities & Experiences](#) 2023

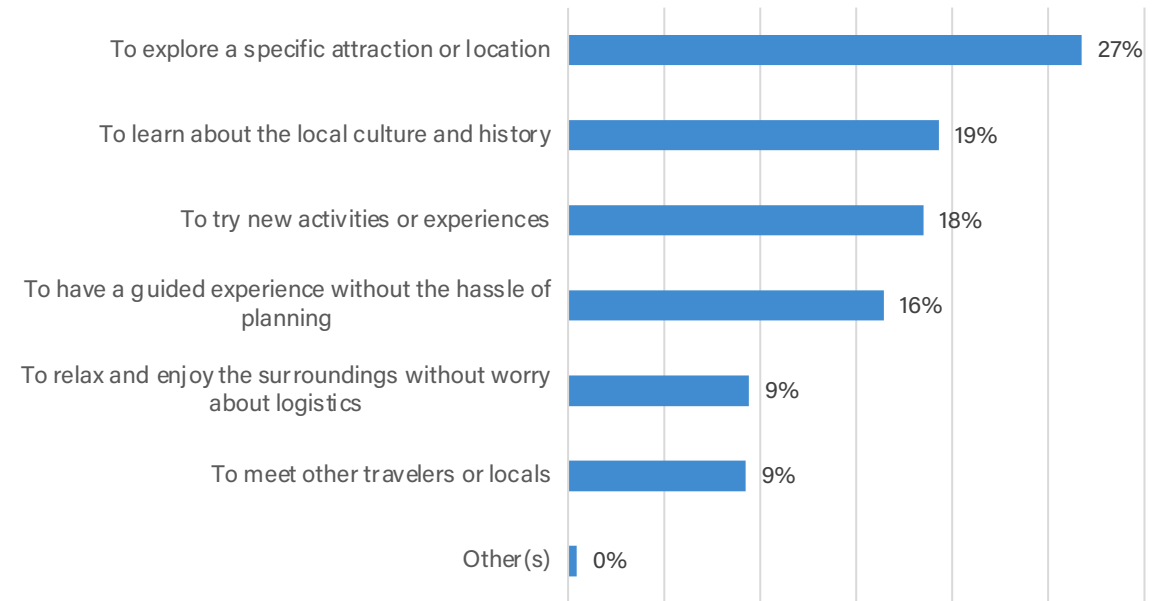
U.S. Travelers Crave New Experiences and Exploration

U.S. Travelers are strongly driven by a desire to explore new locations, learn about history and cultures, and try new experiences.

Agreement/Disagreement of Respondents on the Statement "I Would Rather Spend My Money on an Experience Than on a Physical Goods"



Reasons for Opting for a Day Tour During the Most Recent Trip, Q1 2024

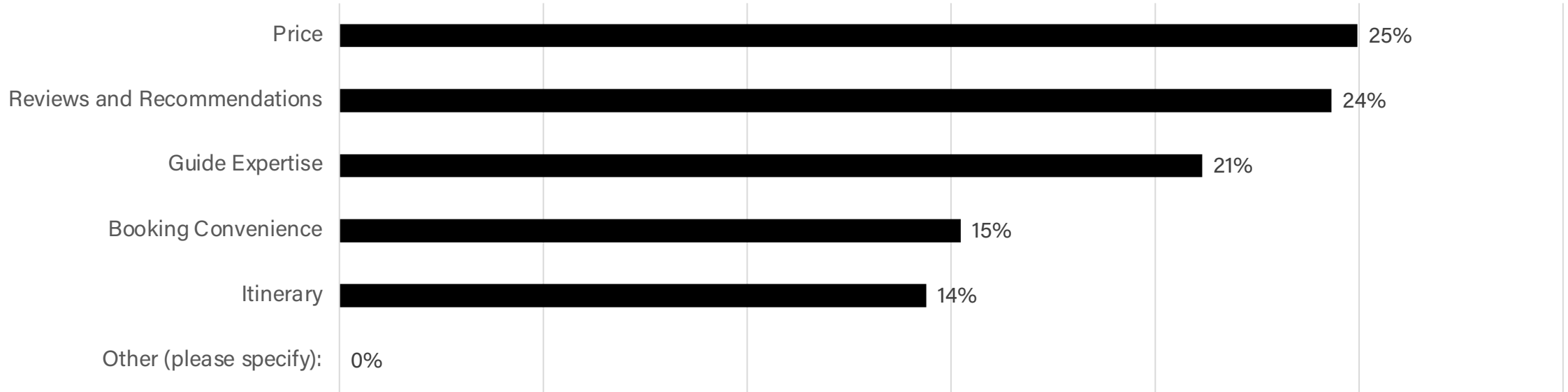


U.S. Travelers Influenced by Price and Advocacy

In terms of factors influencing their choice of booking platform for day tours, American travelers tend to be guided by price sensitivity, recommendations, and, to a lesser degree, guide expertise.

Factors Influencing Choice of Platform to Book Day Tour

What factors influenced your decision to use this particular platform to book your day tour?

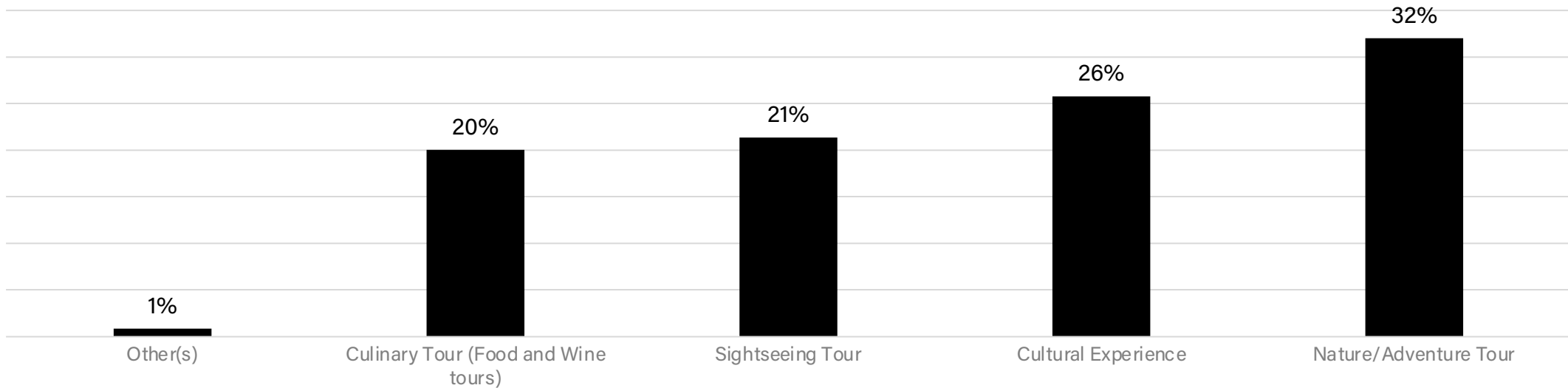


Nature & Adventure Popular Among U.S. Travelers

Of those who have taken a recent day tour, U.S. travelers have favored nature and adventure tours, though culinary experiences are not far behind.

Favored Types of Day Tours

Which of the following types of day tours did you take in the last three months? Please select all that apply.

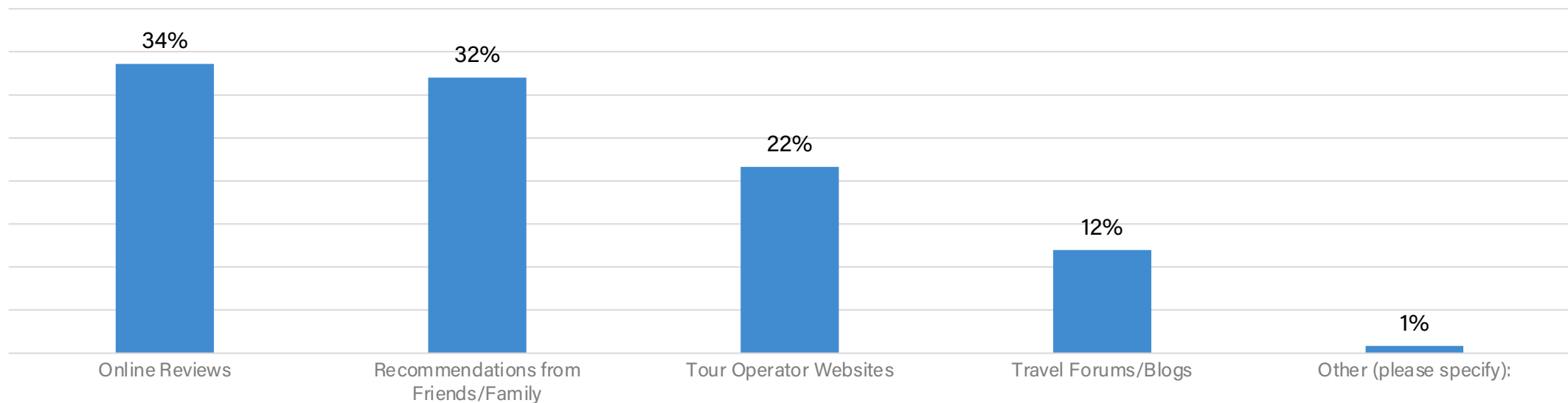


U.S. Travelers Favor Reviews and Recommendations

When asked how they research their choice of day tours, U.S. Travelers favor online reviews, closely followed by recommendations from family and friends.

Research Methods for Planning Day Tours

How do you typically research day tours before booking?



A large, stylized number '15' is the central focus. The '1' is a solid blue vertical bar. The '5' is a blue outline containing a white background with light blue vertical stripes. Inside the '5', there are several elements: a cruise ship's funnel at the top left, a line graph with blue dots and lines in the upper middle, a grid of small white plus signs at the bottom right, and a smaller cruise ship at the bottom left. A white circle highlights the number '15.' inside the '1'. The background is dark grey with vertical wavy lines on the right side.

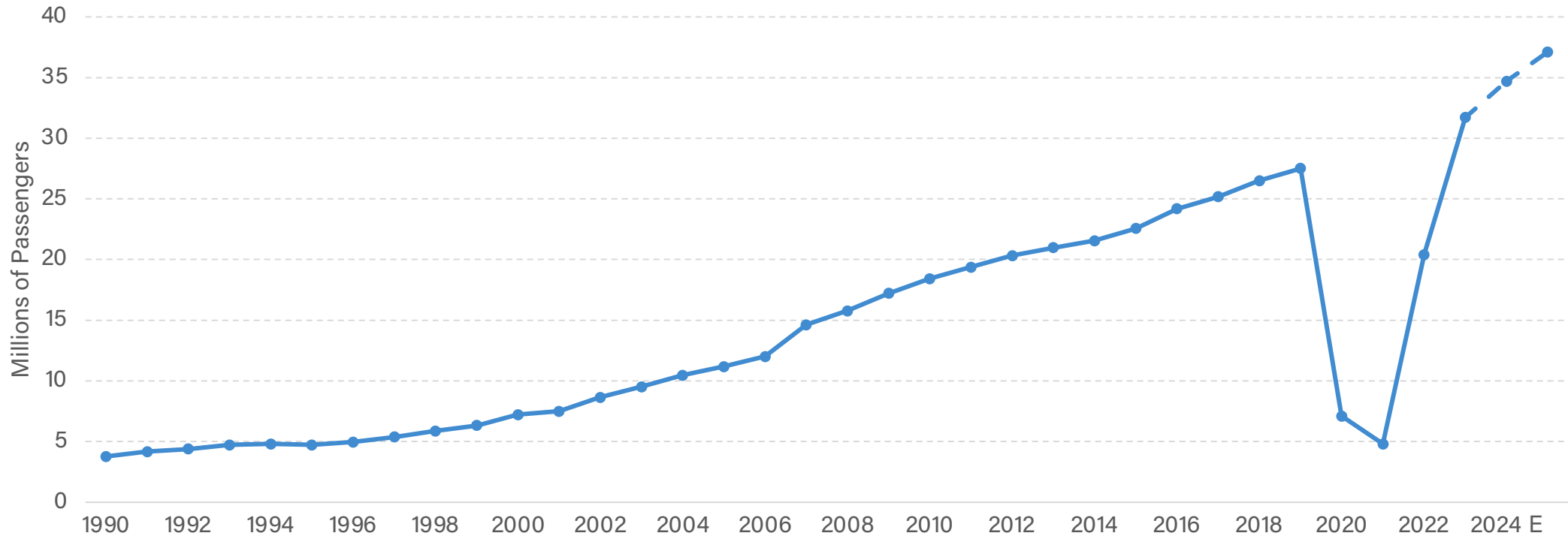
15.

CRUISE

Cruising on Track to Reach New Records

Cruisers are growing faster than international tourist arrivals and have reached 107% of 2019 levels, with 32 million passengers sailing in 2023 compared to 30 million in 2019 with further growth expected into 2025.

Worldwide Cruise Passengers



Source: Skift Research from Cruise Market Watch, CLIA company filings, and estimates, data as of June 2024

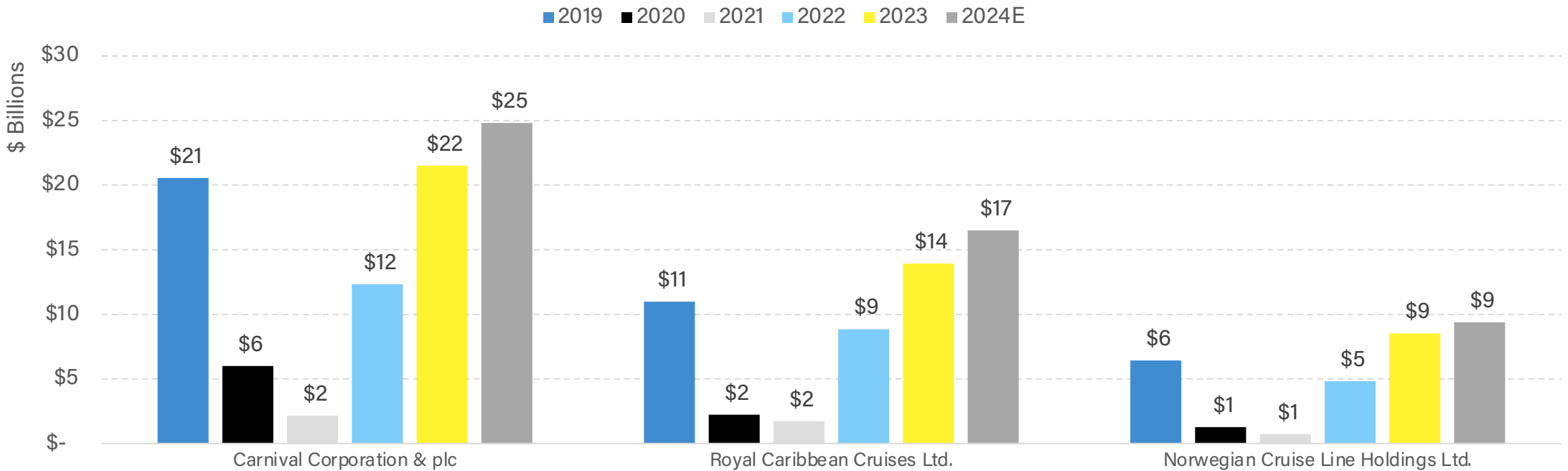
1.1 Global Travel Recovery

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Big Three Cruise Revenue is Fully Recovered and Expected to Grow

Cruise lines were perhaps the single hardest hit travel sector during the pandemic. They have since staged a major comeback and all three major cruise lines are now posting some of the highest growth rates of any travel business.

Big Three Cruise Revenue



Source: Skift Research from company filings and Capital IQ, data as of June 2024



Cruise Line CEOs Are Amongst the Most Upbeat of All Travel Execs



“Our addressable market is growing, and we are attracting more customers into our vacation ecosystem. **New-to-cruise customers are up double digits versus last year, and at the same time, we are seeing stronger repeat rates.”**

Once booked, guests are quickly engaging with us and buying significantly more onboard experiences per booking than in the second quarter of last year, both earlier and on meaningfully higher APDs [average passenger days] translating into higher satisfaction rates and higher onboard spend.”

JASON T LIBERTY
CEO, Royal Caribbean Cruises Lt.d

Cruise Line CEOs Are Amongst the Most Upbeat of All Travel Execs



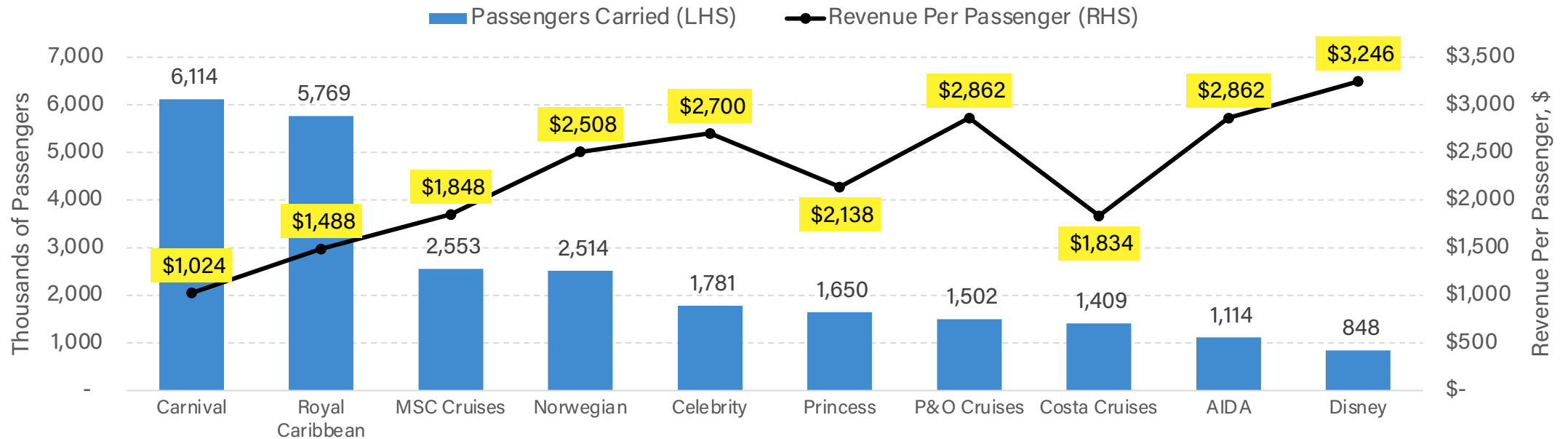
“The unprecedented level of demand for 2025 sailings coupled with flat capacity growth next year, translates into meaningful pricing power. And while it is still early for 2025, both price and occupancy are already ahead of where we were last year, leaving us in a position of strength with less inventory remaining for 2025.”

JOSHUA IAN WEINSTEIN
CEO, Carnival Corporation & plc

Top Ten Cruise Lines Carry Majority of Passengers

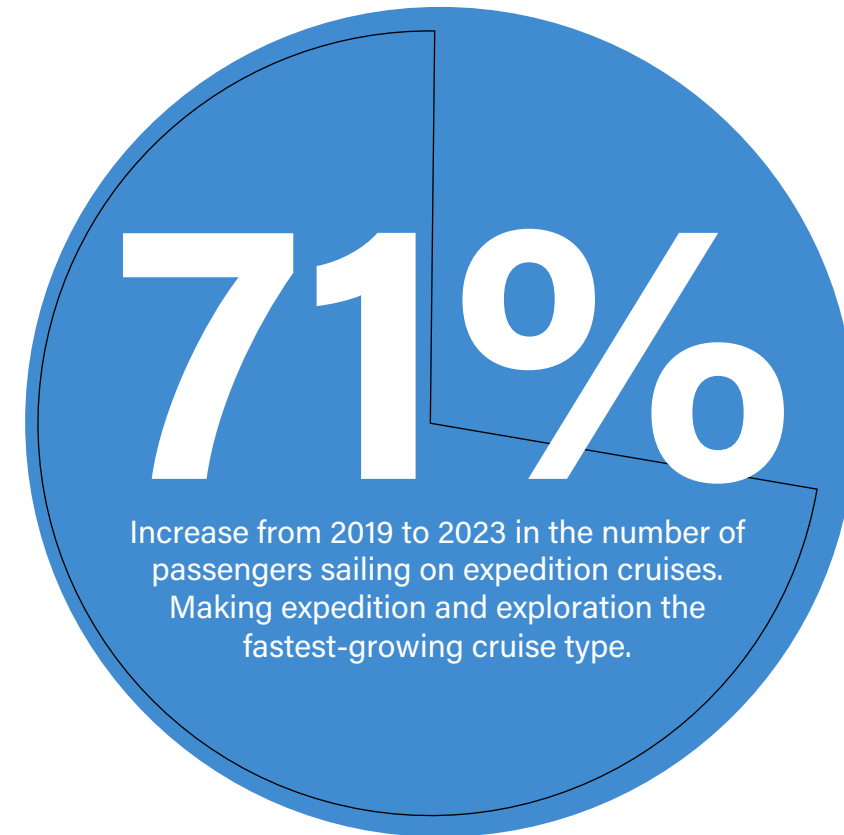
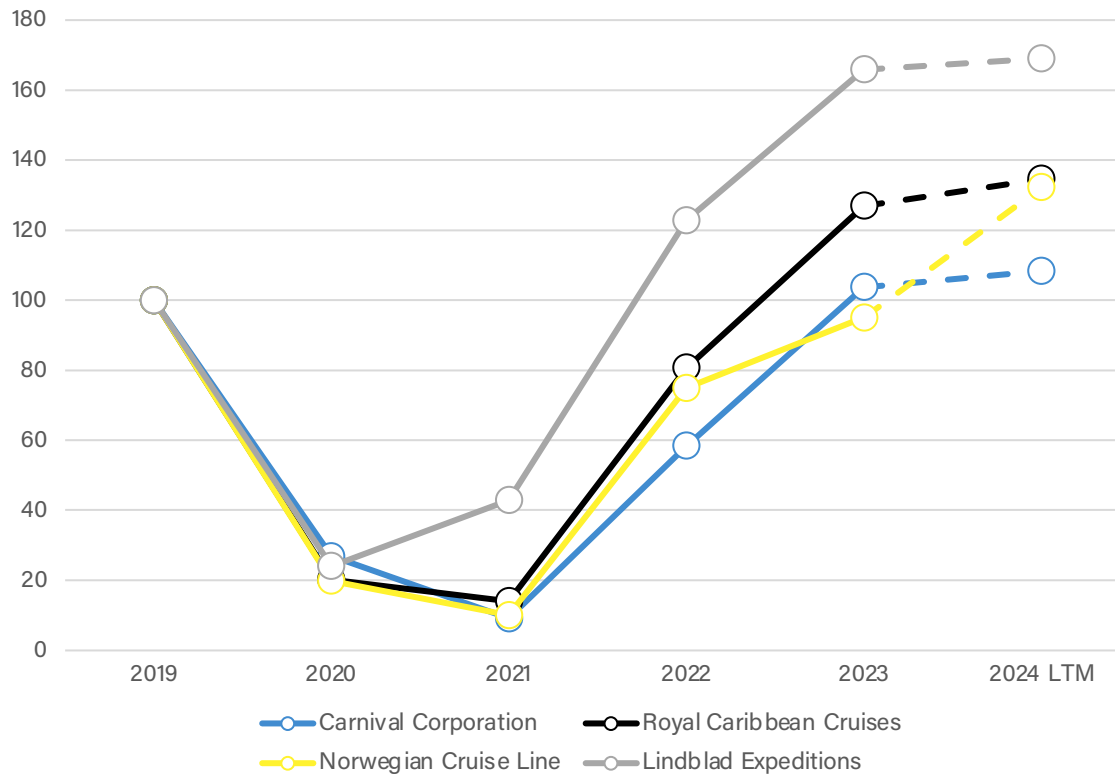
The ten largest cruise brands, carry 84% of industry passengers, according to data from cruise market watch. Carnival and Royal Caribbean are the largest in volume, by a wide margin. Disney, despite its relatively smaller size generates the highest revenue per passenger.

Top Ten Cruise Brands by Passenger Volume



Expedition Cruises the Fastest Growing Segment

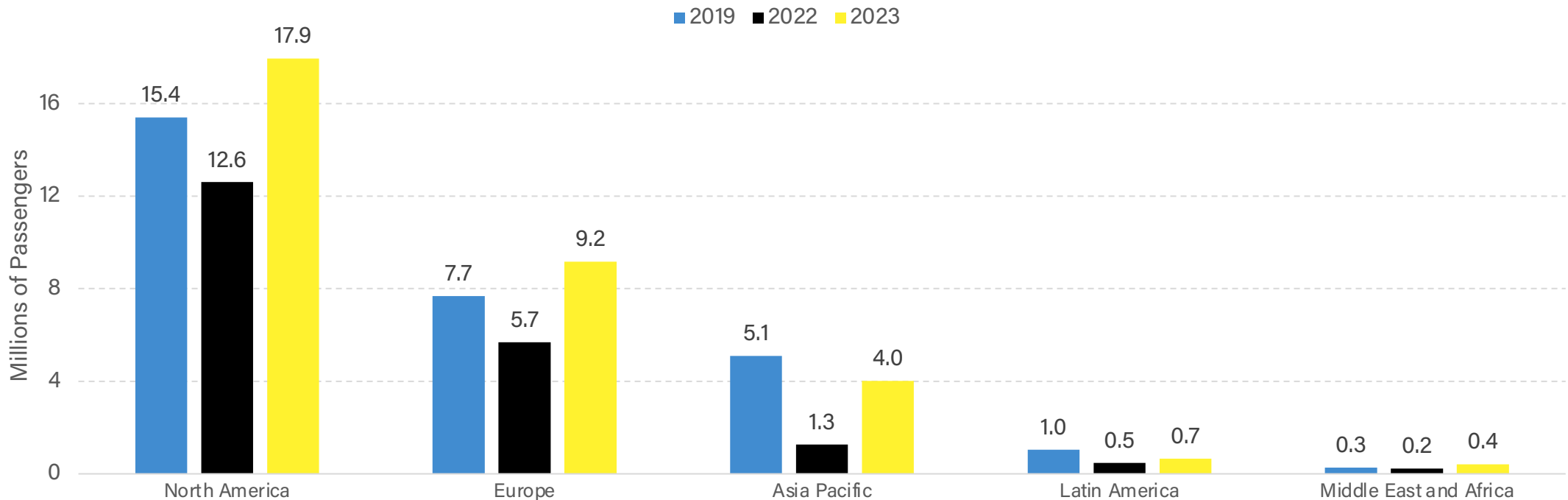
Cruise Company Revenues, Indexed to 2019



U.S. Home to Majority of Cruise Passengers

Cruises continue to be a U.S.-centric industry with American accounting for 53% of passengers in 2023. Outside of North America, five of the top ten source markets for cruise passengers European. Thought relatively small today, Asia Pacific is also showing fast growth with a 220% jump in passengers between 2022 and 2023.

Cruise Passengers by Source Region



Source: Skift Research from Cruise Market Watch, CLIA company filings, and estimates, data as of June 2024

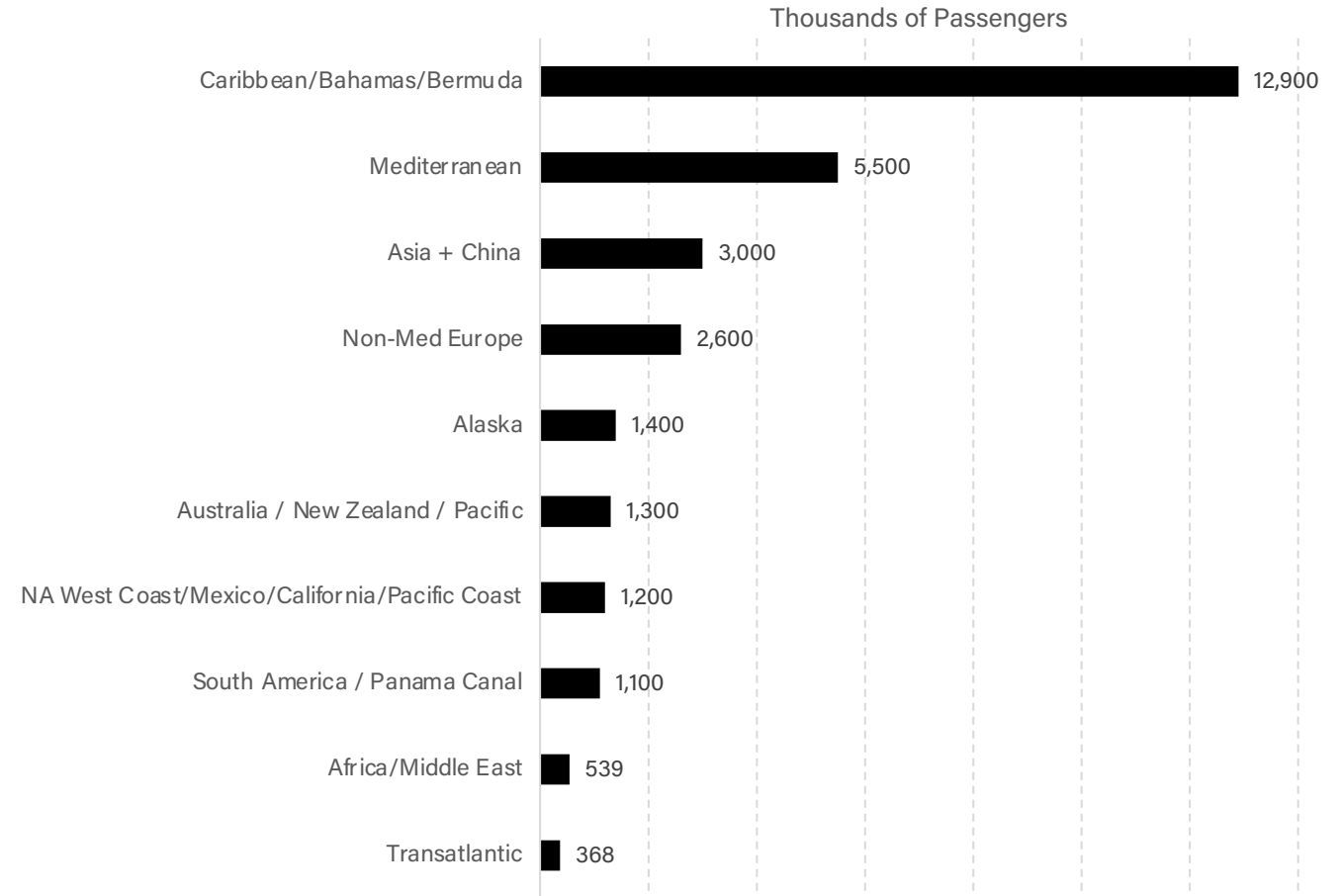
Source: Skift Research from Cruise Market Watch, CLIA company filings, and estimates, data as of June 2024



Caribbean Continues To Be the Top Destination

The Caribbean is far and away the largest destination for cruising. However, compared to 2019 levels, some of the fastest growth is in South America (+34%), Alaska (+36%), the Mediterranean (+26%) and West Coast North America (+24%).

2023 Cruise Passengers by Destination



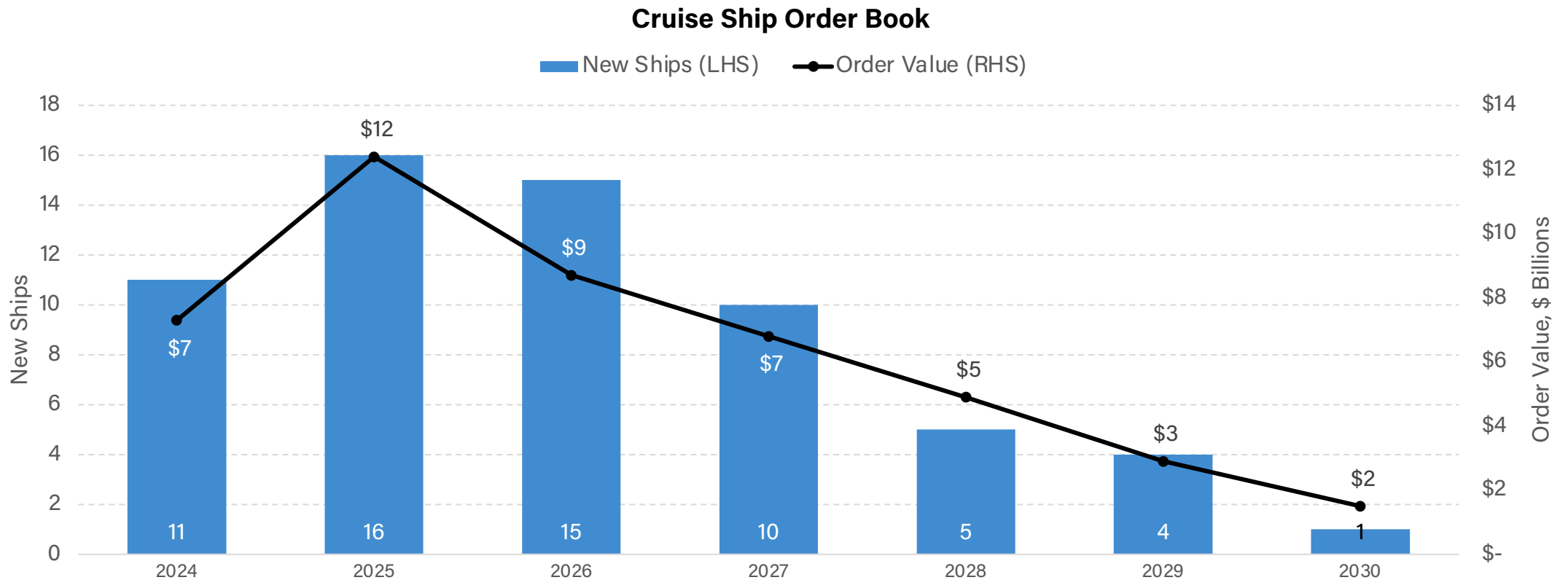
Source: CLIA 2024 State of the Cruise Industry, May 2024

Source: CLIA 2024 State of the Cruise Industry, May 2024



Cruise Lines Have \$45B of New Ships on Order

Cruise lines have placed forward orders for 62 new ships, worth \$45B, out through 2030. This represents a large investment and commitment towards future growth.



Source: Cruise Industry New: Cruise Ship Orderbook June 2024, CLIA 2024 State of the Cruise Industry, May 2024

Source: Cruise Industry New: Cruise Ship Orderbook June 2024, CLIA 2024 State of the Cruise Industry, May 2024

Cruise Ships Support 1.2 Million Jobs Worldwide

Cruise Lines are estimated to employ 1.2 million jobs worldwide. The vast majority of those jobs are onshore created through direct port employment or indirect economic impacts

JOB CATEGORY	NUMBER OF JOBS
Jobs attributable to global onshore activities (at ports)	910,000
- Direct effects (Cruise Port Employees)	462,000
- Indirect effects (Suppliers)	257,000
- Induced effects (Wider Economies & Miscellaneous)	191,000
Jobs provided by cruise lines directly	301,000
Total jobs	1.2 million

Source: Cruise Industry New: Cruise Market Watch, CLIA 2024 State of the Cruise Industry, May 2024

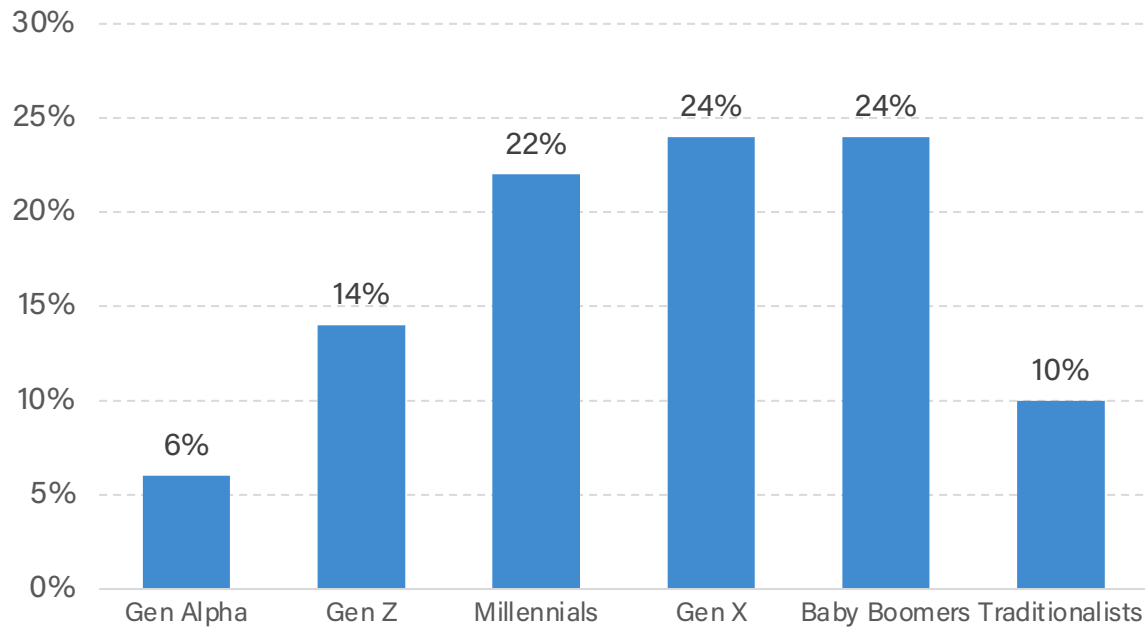
Source: Cruise Industry New: Cruise Market Watch, CLIA 2024 State of the Cruise Industry, May 2024



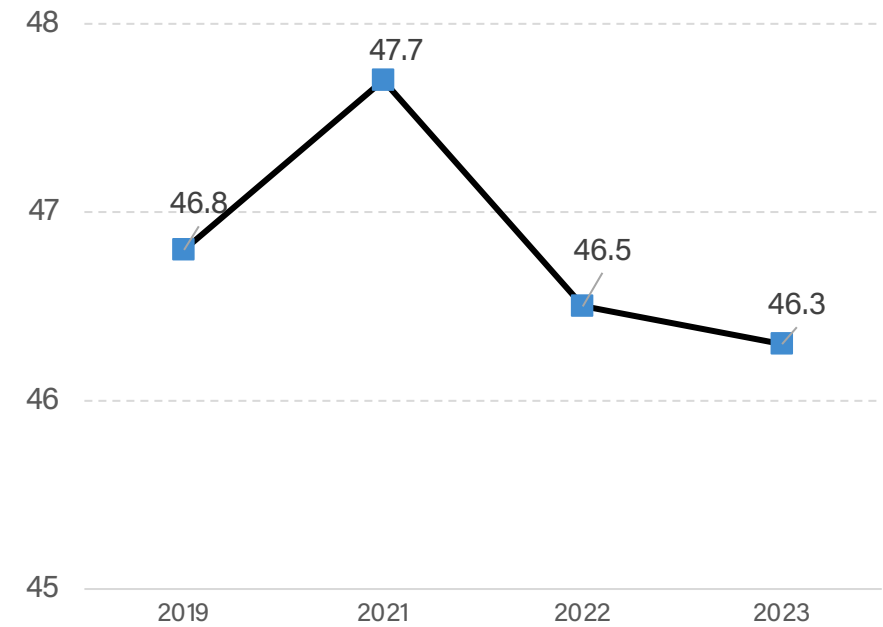
Gen Z and Millennials the New Target Customers

Cruising is still dominated by Baby Boomers, but the average age of cruise passengers is dropping as more younger people set sail. Cruise satisfaction is high among these younger customers with 81% of millennials and 74% of Gen Zs who took a cruise reporting they plan to cruise again.

Generational Share of Cruise Travelers



Average Cruiser Age





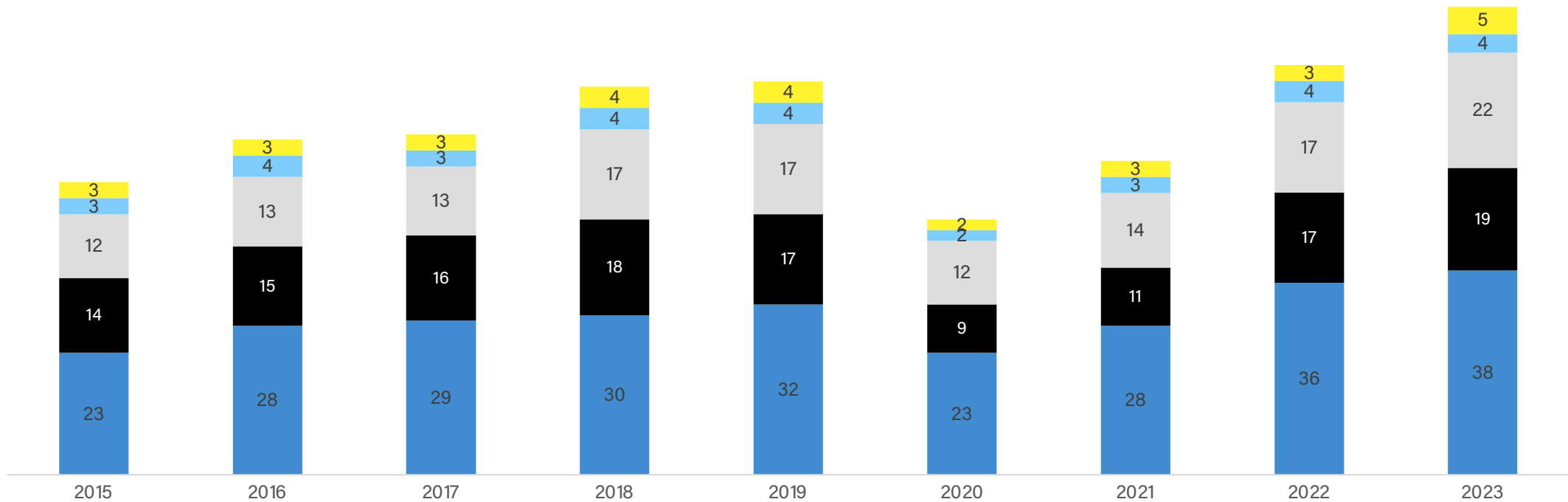
**CAR
RENTAL**

Car Rental Revenues Reached New Highs in 2023

The U.S. still is the largest source of revenue for car rentals. Asia Pacific is a new contender showing the highest year-on-year growth in 2023 with a 28% increase in revenue, surpassing Europe from 2022.

Global Car Rental Revenues (\$ billion)

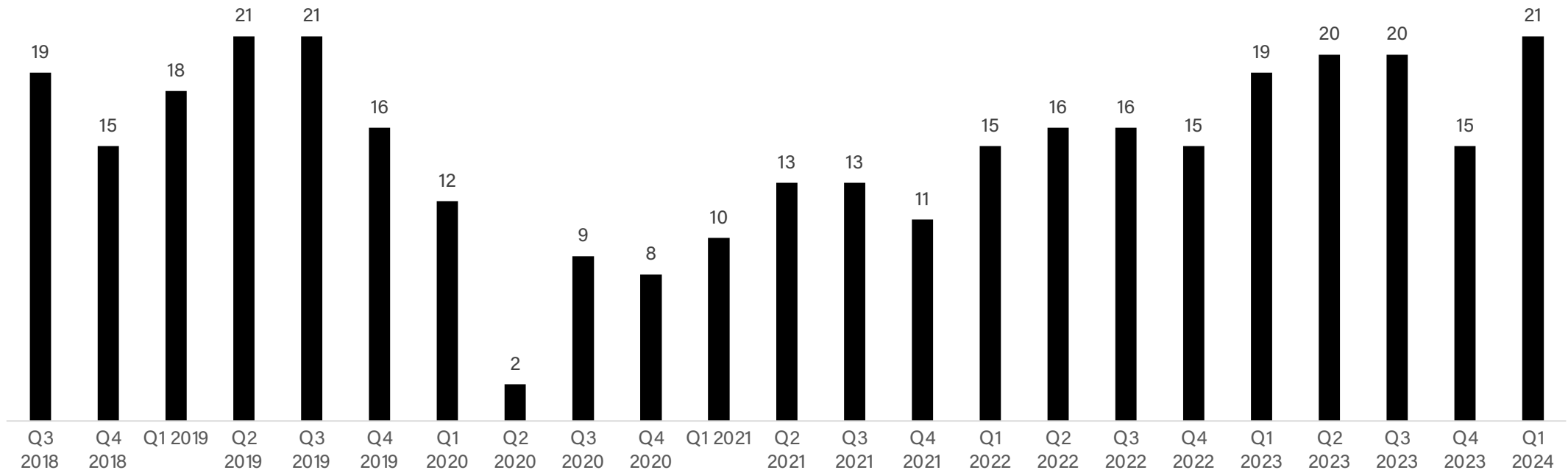
■ U.S. ■ Europe ■ APAC ■ Middle East and Africa ■ Latin America



Rental Bookings Return to 2019 levels

Car rental days have recovered back to 2019 levels with 21 million rental days, showing a 40% jump since Q4 2023 (the largest jump since Q3 2020 with a 350% increase).

Booking Holdings Car Rental Days (Million)



2024 Is a Year for Disciplined Revenue Management

CarTrawler is a B2B technology provider of car rental and mobility solutions to the global travel industry.



“Booking patterns and supply dynamics continue to evolve across source and destination markets. Pricing has moderated from post-Covid peaks, offering more affordable options to travelers and driving higher car rental attachment rates for airlines.

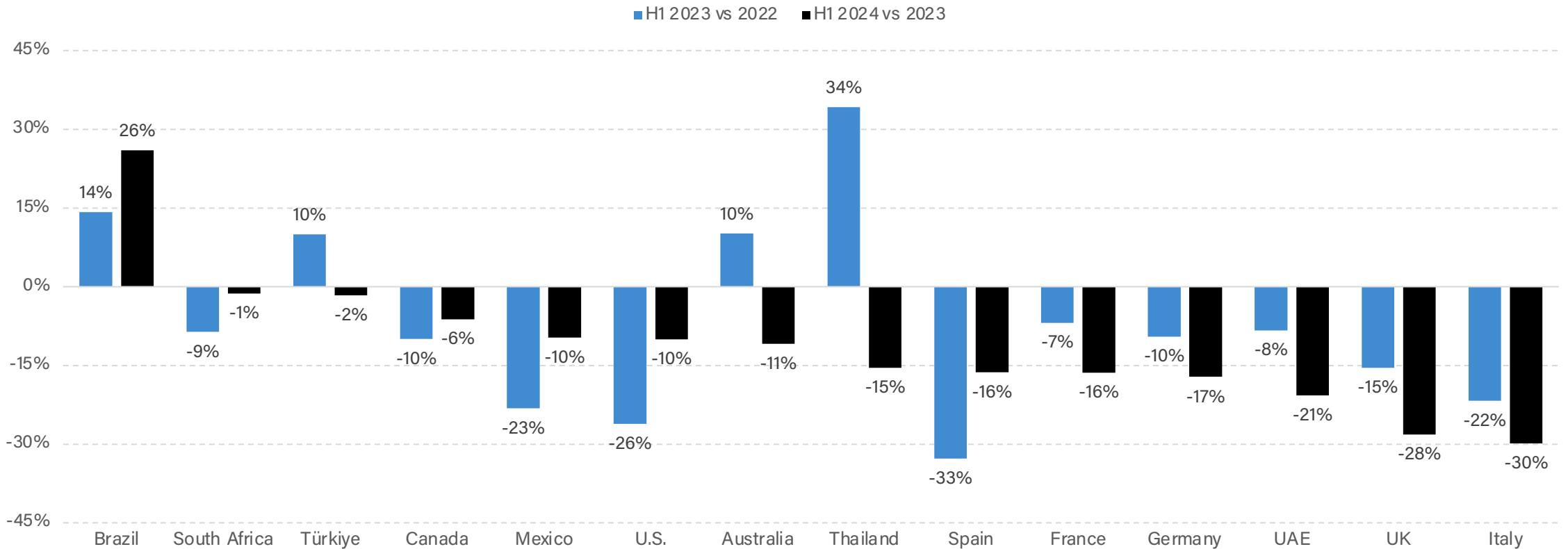
Travel appetite remains resilient, and we expect pricing to remain at present levels. In this evolving landscape, effective revenue management capabilities are crucial for optimizing growth”

Peter O'Donovan
CEO, CarTrawler

Demand Stable as Pricing Continues to Moderate in Most Markets

In most markets, car rental prices continue to normalize from their post-covid surge. Prices for both domestic and inbound rentals are lower than a year ago. Volumes are generally up though an increase in supply has limited pricing power in several regions.

Inbound Car Rental Transaction Value per Day



Enterprise Is the Largest Car Rental Company

Car Rental Company Revenues (\$ million)

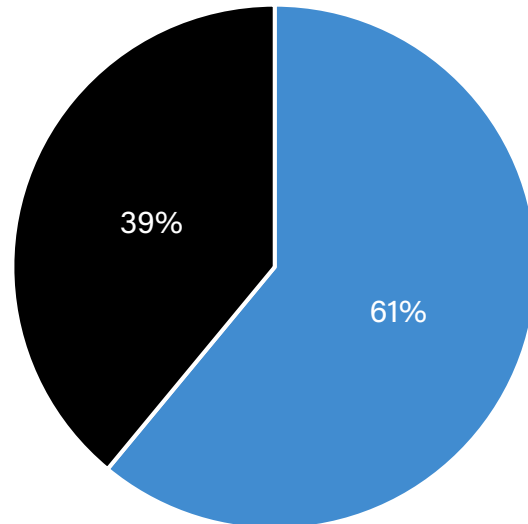
COMPANY	HEADQUARTERS	2020	2021	2022	2023
Enterprise Holdings	U.S.	\$ 22,500	\$ 23,900	\$ 30,000	\$ 35,000
Avis Budget Group	U.S.	\$ 5,402	\$ 9,313	\$ 11,994	\$ 12,008
Hertz Global Holdings	U.S.	\$ 5,258	\$ 7,336	\$ 8,685	\$ 9,371
SIMPAR	Brazil	\$ 1,888	\$ 2,489	\$ 4,555	\$ 6,563
ComfortDelGro Corporation	Singapore	\$ 2,453	\$ 2,598	\$ 2,820	\$ 2,940
Localiza Rent a Car	Brazil	\$ 1,985	\$ 1,957	\$ 3,364	\$ 5,956
LOTTE Rental	South Korea	\$ 1,912	\$ 2,117	\$ 2,126	\$ 2,108
Movida Participações	Brazil	\$ 787	\$ 957	\$ 1,759	\$ 2,131
Autohellas	Greece	\$ 602	\$ 730	\$ 818	\$ 1,108
Theeb Rent A Car Company	Saudi Arabia	\$ 176	\$ 200	\$ 258	\$ 303
Sixt	Germany	\$ 1,874	\$ 2,596	\$ 3,277	\$ 4,002

Business Travelers Key for Car Rental Companies

On average, 60% of the revenue for car rental transactions comes from business travelers, making it a key source of income for car rental companies

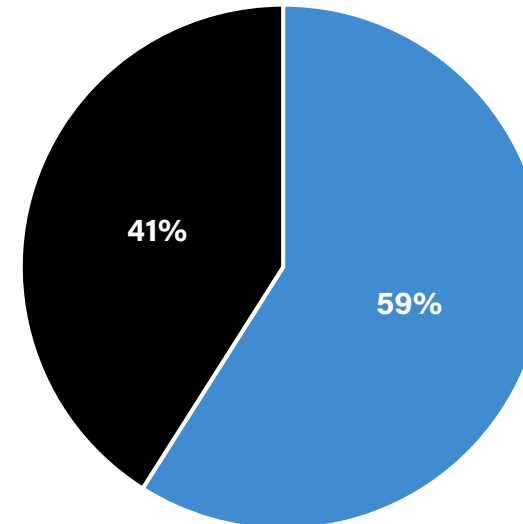
Vehicle Rental Revenues by Customer Type, 2023

■ Business ■ Leisure



Vehicle Rental Transactions by Customer Type, 2023

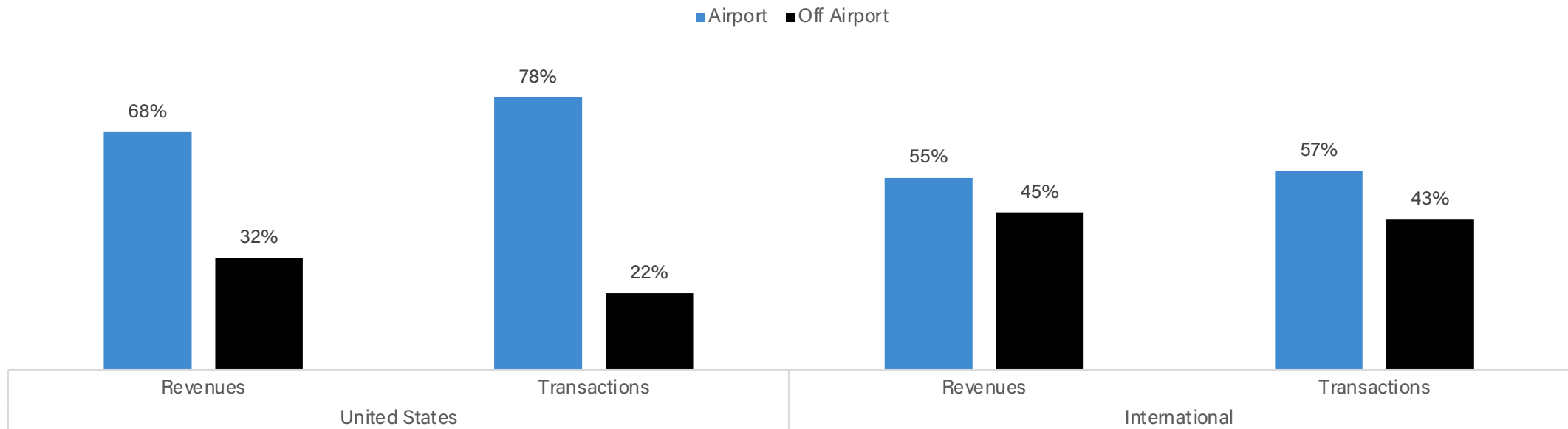
■ Business ■ Leisure



Airports Represent a Key Source of Revenue in the U.S.

Domestically, in the U.S., 78% of car rental transactions and 68% of car rental revenues are from the airport, indicating that most travelers rent cars after their flights. While international airports have a slight edge over their off-airport counterparts, the revenue and transaction split is comparatively more balanced.

Vehicle Rentals by Locations in the U.S and Worldwide, 2023



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