

# TRAVEL & TOURISM

■ TREND & INSIGHT REPORT • JULY 2022



# TREND & INSIGHT REPORT

This Designsensory Intelligence report is the start of our new series covering current trends and hidden insights for a variety of market segments. Our research analysis provides guidance and recommendations on how businesses and agency clients can take advantage of these opportunities and prepare for upcoming challenges.

This series will cover seven verticals which we will refresh quarterly:

1. Travel & Tourism
2. Inclusion, Diversity, Equity, Accessibility (IDEA)
3. General Marketing
4. Sports & Entertainment
5. E-Commerce
6. Economic & Community Development
7. Higher Education

Utilizing the research and analysis from these verticals will enhance your business and clients by understanding the current environment and being able to make stronger connections with consumers and audiences.

# TRAVEL & TOURISM: OVERVIEW

The current landscape for both domestic and international travel is undergoing significant, continual changes following the pandemic and recent socioeconomic conditions. Within the United States, **domestic travel is continuing to surpass international.**

Travelers have grown resentful of isolation and are **making travel a top priority** in their limited budgets for the rest of the year and into 2023. This newfound “revenge travel,” is also fueling domestic travelers to spend more on their trips so they can make up for the lost time and experience. **Economic challenges and the coronavirus still limit their appetite.**

Since before the start of the pandemic, there has also been **significant growth from Gen Z and millennial generations** as consumer markets for travel and tourism. It’s important to adapt new attitudes among millennials and younger demographics as they grow their market power. This means **understanding how to reach them** and what they’re looking for in their travel and tourism experience.

The main, new priorities of these consumer markets include **LGBTQ+ inclusivity and sustainability**, and they’re **willing to pay more to have them** in their travel plans.

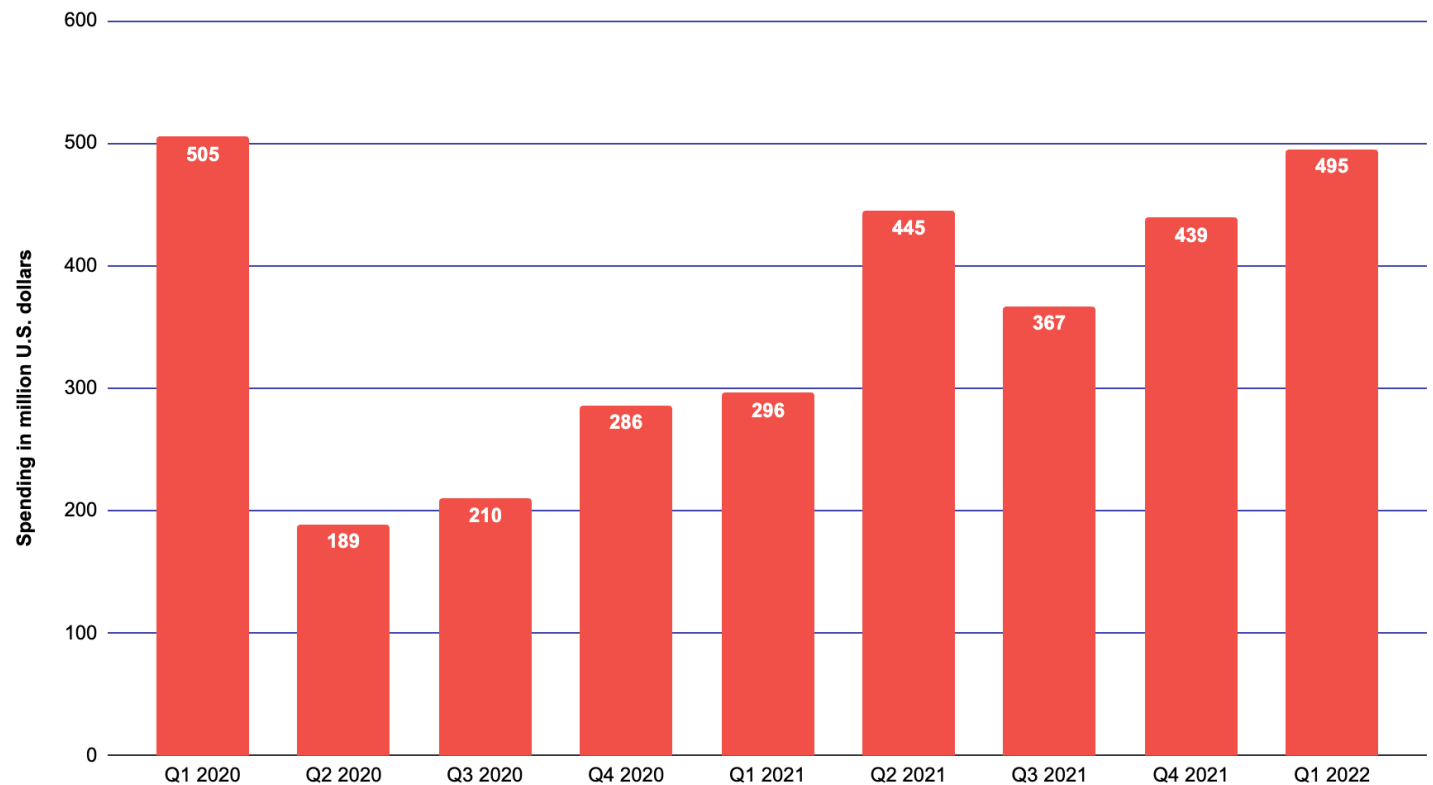
# U.S. TRAVEL AD SPENDING GROWTH

Travel and tourism companies have **dramatically increased their advertising budgets** in order to meet the large consumer demand post-pandemic.

- 67% increase (\$199 million) from Q1 2021 to Q1 2022<sup>[3]</sup>
- 30% increase (\$357 million) in annual spending from 2020 to 2021<sup>[3]</sup>

It's imperative for travel businesses to expand their budgets in line with the industry to **remain competitive and capitalize on the increased consumer demand.**

Travel Industry Ad Spending in the U.S. 2020-2022





# DOMESTIC VS. INTERNATIONAL



# DOMESTIC VS. INTERNATIONAL



## Americans have a newfound passion for domestic travel

For the first time in 17 years, domestic travel has outpaced international travel.

The shift is understandable for the past couple of years because of the pandemic, but it is predicted to continue.

41% of American travelers said, "Going on vacation in my own country is just as exciting as traveling abroad."<sup>[9]</sup>

# DOMESTIC VS. INTERNATIONAL

- 38% of American travelers reported they prefer the ease of traveling domestically<sup>[9]</sup>
- 37% said, “I like to travel domestically as it means family or friends can join.”<sup>[9]</sup>

Domestic travel-related companies started expanding their offerings during the pandemic, and **consumers found greater value in modern U.S. travel.**

Local businesses, hotels, and resorts will continually benefit from expanding their goods and services.

**Consumers are looking for more luxury and or unique travel options within the U.S. as opposed to abroad.**



# DOMESTIC VS. INTERNATIONAL

Smaller cities and non-urban resorts are becoming more attractive to travelers seeking adventure and outdoor activities.

- 26% of American travelers are prioritizing nature/outdoor vacations<sup>[9]</sup>
  - vs. 20% in the past two years
- 23% reported prioritizing a camping vacation<sup>[9]</sup>
  - vs. 18% in the past two years



These destinations have expanded their outdoor and adventure activities to capitalize on this opportunity.

The expanded services came out of the pandemic, and after their high reception, **these destinations will benefit from continuing these offers and expanding them further.**





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**REVENGE TRAVEL = HIGHER SPENDING**



# HIGHER SPENDING



## Americans are spending more and are looking to splurge after the the pandemic

After two years of isolation, Americans have become aggressive in their travel plans. Now being labeled as “revenge travel.”

Despite doubts in the economy, travelers are still **spending more** on their vacations **by an average of 11% this year compared to 2019.**<sup>[5]</sup>

After a few years of isolation, travelers are willing to splurge to get the most out of their experiences.

# HIGHER SPENDING



- 47% of American travelers said they will spend more on traveling and vacations than pre-pandemic<sup>[9]</sup>

- 21% said they will spend a lot more<sup>[9]</sup>



- 66% of Americans plan on traveling before the year's end<sup>[5]</sup>

- 67% of them are for leisure travel<sup>[5]</sup>



# HIGHER SPENDING

The average spend per person, per day, is \$512 for 2022 as opposed to \$463 in 2019.

Increased spending and Americans having travel as a budget priority serves as a great opportunity for travel and tourism companies.

However, it's important to understand that American travelers are specifically looking for unique and or luxurious travel experiences.

**39% of Americans under the age of 35 are planning a dream vacation** <sup>[5]</sup>

**18% of American travelers are looking for a "Trip of a Lifetime"** <sup>[9]</sup>



# HIGHER SPENDING



Travel businesses should currently be investing in and expanding their goods and services.

This can mean investments in:

- Infrastructure
- Training
- Quality of products
- Anything giving greater value to your experience

The higher prices that travelers are willing to spend will help offset these investment costs.

Small changes can help take advantage of the current spending mindset as well, such as:

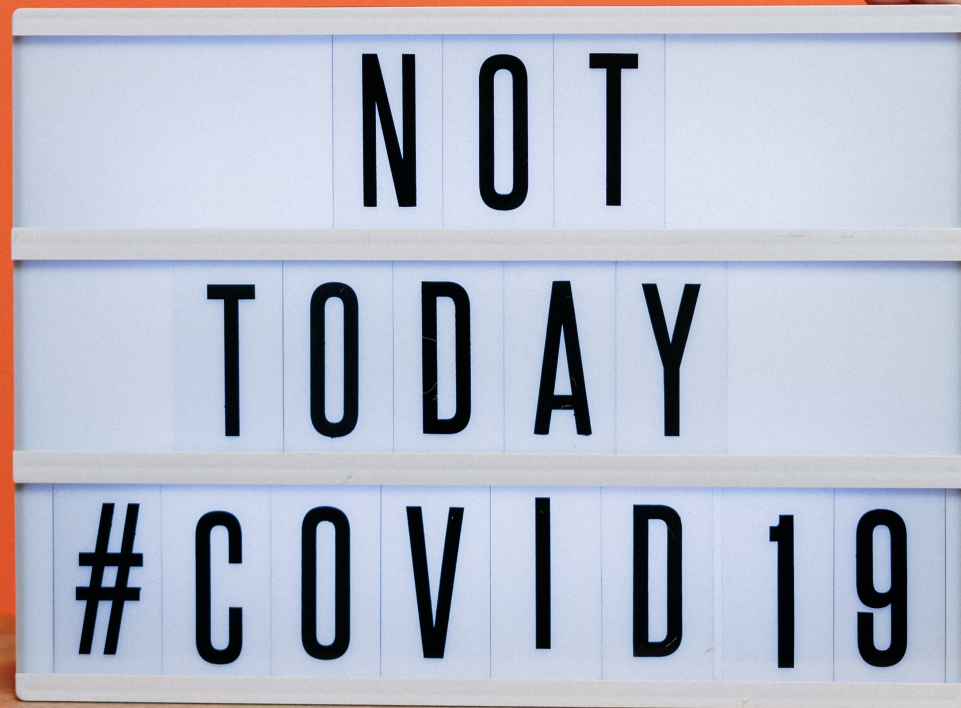
- Higher quality, diversified merchandise
- Higher prices on food and beverage



# CORONAVIRUS



# CORONAVIRUS



NOT  
TODAY  
#COVID19

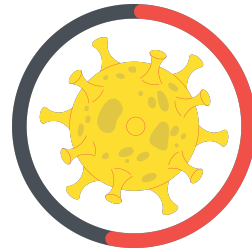
**Simple gestures go a long way in ensuring travelers' safety against COVID-19**

The coronavirus is still a prominent element for travelers deciding their plans, but it is no longer intimidating enough to discourage them completely.

Americans want to travel safely but aren't interested in more restrictive policies and procedures.

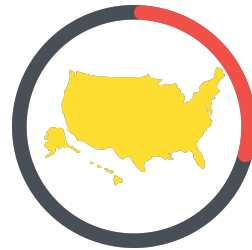
# CORONAVIRUS

- 54% of American travelers said the threat of COVID-19 has a moderate to massive impact on their travel behavior<sup>[9]</sup>



While the concerns surrounding the coronavirus deter international destinations, it has led to an increase in domestic travel.

- 30% of American travelers said they changed their travel plans from international to domestic because of COVID-19<sup>[9]</sup>



- 25% reported they avoid large cities because of COVID-19<sup>[9]</sup>





# CORONAVIRUS

When asked about the worst aspects of traveling during COVID-19, American travelers reported:

- 27% “Uncertainty over increase in cases”<sup>[9]</sup>
- 29% “Vaccination rules”<sup>[9]</sup>
- 33% “Fear of Cancellations”<sup>[9]</sup>

One of the strongest ways businesses can help travelers feel safer is through transmission barriers.

Mobile technology can help provide a lot of these by having:

- Contactless payments
- Digital check-ins / reservations
- QR codes for reading material



These measures demonstrate the effort of businesses to protect travelers and allow for more enjoyment in their experience.

There are other easy measures that also make travelers feel safer, such as having frequent cleaning and offering free hand sanitizer.



# ECONOMIC CHALLENGES



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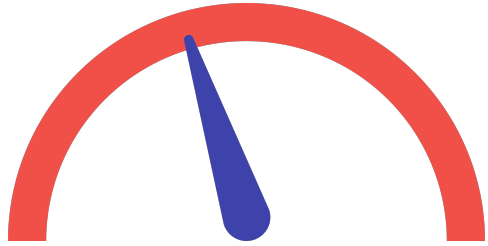


## Americans' economic outlook is bleak, but travel is still a priority

The percentage of travelers concerned about inflation and global conflict has doubled since 2019.

The rise in economic constraints has led to substantial cancellations in travel plans, and Americans aren't optimistic about the economy for the rest of the year.

# ECONOMIC CHALLENGES



- 43% of American travelers reported that increasing **gas prices greatly determine their travel plans in the next six months**<sup>[10]</sup>



- 23% have canceled an upcoming trip because of inflation in consumer prices<sup>[2]</sup>



# ECONOMIC CHALLENGES

Americans are still optimistic about their travel plans despite the difficult economic conditions.

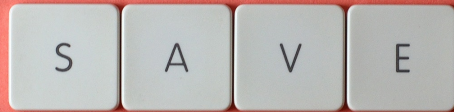
- 25% of American travelers reporting having trips planned in September<sup>[1]</sup>
- 20% reported having trips planned in October<sup>[1]</sup>

Travelers are now looking for destinations that can **maximize their experience without financial pains.**

While pricing is the main aspect travelers are looking at in their plans, they're not wanting to sacrifice many services and accommodations.



# ECONOMIC CHALLENGES



S A V E

**Special deals and bundles will persuade domestic travelers more** than standard rates or discounts because consumers will feel a more fulfilling experience at a lesser cost.

Businesses will also benefit from marketing an exclusive, unique experience not available to their competitors.

The uniqueness element does not have to be overly grandiose.

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**SUSTAINABILITY**



# SUSTAINABILITY



## Americans are bringing environmental focus to their travel destinations

- 25% of American travelers have paid extra for sustainable travel in the past 2 years<sup>[9]</sup>
- 26% changed their international plans to domestic for environmental reasons<sup>[9]</sup>



# SUSTAINABILITY

American travelers are more environmentally conscious than ever before and have developed self-awareness of how their travel plans impact their destinations.

**Sustainability now serves as a key priority** among many domestic travelers and they're **willing to spend more money to achieve it.**

Environmental responsibility covers 3 areas:

1. Supporting local communities and economies
2. Preserving cultural heritage
3. Protecting the planet



# SUSTAINABILITY

- 82% of American travelers reported they want to travel more environmentally responsible in the future<sup>[1]</sup>
- 70% reported that traveling sustainably enhances their vacation experience<sup>[1]</sup>

Travelers gain a more valuable vacation experience when traveling sustainably because they're **more engaged and immersed in their destinations.**

They also receive a **more unique experience and leave having peace of mind** knowing that they supported the local area and community.

Travelers specifically felt that avoiding flying, long-haul trips, and international travel as a whole helped reduce their environmental impact.



# SUSTAINABILITY



As the environment becomes a greater focus for consumers, **travel companies need to showcase their sustainable practices and values.** Some examples include:

- Encouraging reusable materials
- Supporting wildlife conservation
- Sourcing from ethical and local suppliers

Many domestic travel companies already participate in these behaviors but need to **market them to prospective travelers.**



# ORGANIC SOCIAL



# ORGANIC SOCIAL



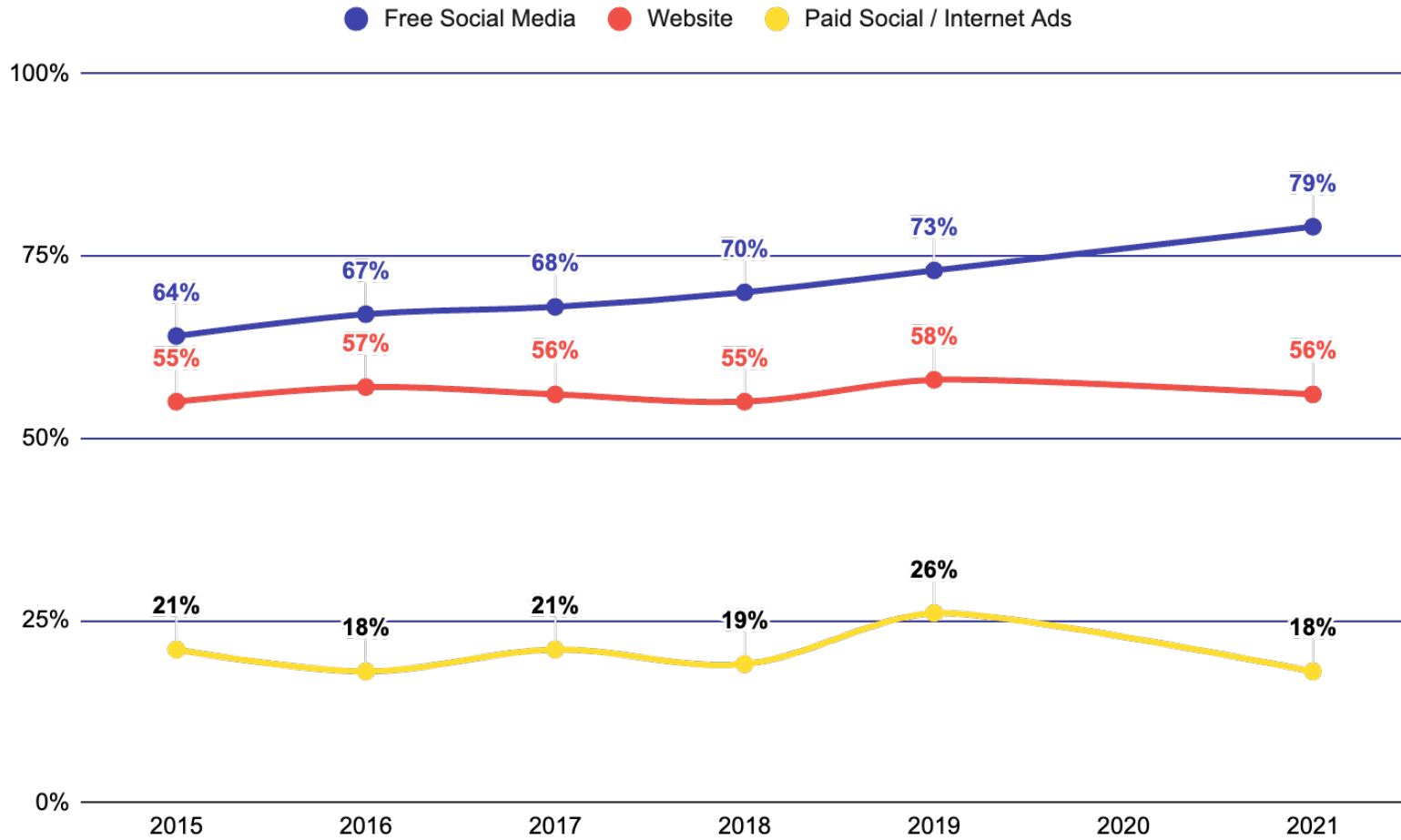
## GEN Z TRAVELS THROUGH SOCIAL MEDIA

Social media is the dominant platform for young, domestic travelers in the United States, in contrast to search engines and traditional travel websites.

This shift comes from the expanded search utilization in social media and the increase in travel from generations who use the platforms efficiently.

Younger travelers feel that individual travel advisors or micro-influencers on social media are **more authentic and credible** than traditional travel websites or blogs.

# ORGANIC SOCIAL



- Free social media content rose to 79% in 2021<sup>[7]</sup>
  - vs. 73% in 2019
- Paid ads dropped to 18% in 2021<sup>[7]</sup>
  - vs. 26% in 2019

# ORGANIC SOCIAL

**Businesses should prioritize their owned social media content** and encourage visitors to post about their experiences with shared hashtags and handles.

Many have been successful in doing this by encouraging travelers through giveaways, discounts, and other offers that help boost organic social media traffic.

**Traditional websites are still important** for other age demographics and as a platform for all consumers to ultimately make their purchases/reservations.

The content on organic social media should be heavily invested in alongside call-to-action links to a mobile-friendly site.





# LGBTQ+ TRAVELERS





# LGBTQ+ TRAVELERS



## LGBTQ+ Americans are looking for travel options without the continued discrimination

- 50% of LGBTQ+ travelers have still experienced discrimination while traveling<sup>[8]</sup>
- The LGBTQ+ community is the fastest growing consumer market in the U.S.<sup>[4]</sup>
- Census data shows it is also the fastest growing minority segment<sup>[6]</sup>
- LGBTQ+ buying power in the U.S. for 2021 was above \$1.4 trillion<sup>[6]</sup>

# LGBTQ+ TRAVELERS

LGBTQ+ Americans are doing extensive research to ensure their destinations are committed to being inclusive.

**65% of LGBTQ Travelers reported safety and wellbeing as a top priority during travel planning** <sup>[8]</sup>

**48% reported that being LGBTQ impacts what destinations they want to travel to** <sup>[8]</sup>



## LGBTQ+ TRAVELERS

There are few tools LGBTQ+ travelers can use, such as the blogging website, Travel Gay, or Destination Pride which scores locations on their LGBTQ friendliness and safety.

While these tools exist, information on LGBTQ+ inclusivity for travel destinations is mainly **exchanged by social media and word of mouth.**

The LGBTQ+ community both **travels more often and shares their experiences on social media more actively.**



# LGBTQ+ TRAVELERS



The community shines a light on businesses that have diversified, inclusivity-trained employees and LGBTQ+ specific content in communication and services, **beyond just Pride month.**

Employees who receive inclusivity training are less likely to assume a consumer's gender and or sexual orientation and are thus found to be more welcoming.

This training helps avoid awkward and hurtful situations, a common example is assuming same-sex couples are siblings or friends.

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# REFERENCES

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