

WTM Global Travel Report 2024

In association with
Tourism Economics



 **wtm**[®]
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Foreword



Introducing WTM Global Travel Report

World Travel Market brings together the global leisure travel community, providing inspiration, networking, and sourcing opportunities for travel professionals seeking to build unbeatable travel experiences.

WTM's aim is to help attendees navigate change, ensuring travel professionals are equipped for the year ahead. Commissioning the WTM Global Travel Report supports our commitment to providing attendees with the latest trends shaping the travel landscape. Using an expansive data-bank covering more than 185 countries worldwide as destinations and as origin markets, covering all major bilateral tourism flows in terms of visits, nights and spend, as well as unique industry insights, the report gives a comprehensive outlook on tourism.

Juliette Losardo
Exhibition Director
World Travel Market London



Introducing Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing destinations and corporations worldwide. More than 500 companies, associations, and destinations work with Tourism Economics every year as research partners. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. As part of the leading global economic forecaster and provider of quantitative analysis, our work is backed by world-class datasets for navigating economic uncertainty.

We are proud once again to partner with World Travel Market and share our perspectives regarding global travel trends. If 2024 represented a return to normalcy for tourism, 2025 is destined to see more elevated and innovative tourism experiences which go well beyond normal. The industry is poised for exciting growth fuelled by ever deepening wanderlust. This report illustrates key opportunities and unpacks trends to help capitalise on travel's increasing share of wallet.

Dave Goodger
Managing Director EMEA
Tourism Economics

Executive Summary

Global Summary

Tourism businesses and destinations are transforming and reinventing themselves to cater for a more discerning yet demanding customer. As we fully emerge from the disruption caused by the pandemic, consumer preferences have evolved. Travellers are now seeking more unique and richer experiences than ever before, sparking a new wave of opportunities for tourism globally. The prize is impressive; growing to a level 24% above 2019 values, global leisure tourism expenditure in 2024 is now worth over \$5.5 trillion.

International travel is expected to be a key growth driver in the coming years. In 2024, a significant milestone of 1.5 billion international tourism arrivals is expected, but by

2030 this figure should grow by over 30% to 2 billion. Advanced markets such as Western European countries and the United States will continue to represent the largest portion of outbound travellers. However, emerging markets are expected to post the fastest growth, with Chinese demand at the forefront.

Short-haul travel will continue to dominate, especially in the short-term, with many households facing increased financial pressures from persistent inflation in recent years. The challenging economic backdrop is shaping an increasingly cost-conscious consumer. Over 80% of tourism experts in a recent survey conducted by Tourism Economics think that price sensitivity will increasingly influence travel retail in 2025.

Consumers continue to prioritise travel despite the rise in value-hunting. Tourism Economics Travel Trends Survey (TTS) showed that three-quarters of all respondents are still prioritising travel but are looking for more cost-effective options. Travellers are also continuing to seek new destinations and experiences. Average length of stay on international travel remains elevated as some shorter trips are being sacrificed in place of longer visits. This is to explore destinations more fully as part of the slow travel trend. The overwhelming majority of TTS respondents said that they are now more interested in meeting locals or learning about local culture.

“
Cost of travel is becoming a bigger issue”
(% agree)
83%

Source: Tourism Economics, Travel Industry Monitor 2024

Emerging Markets Leisure Travel Spend (% of global value)
2010 **25%**
2019 **38%**
2030 **45%**

Source: Tourism Economics 2024

“
Undertaking leisure trips is an important priority each year”
(% agree)
75%

Source: Tourism Economics, Travel Trends Survey 2024

Regional Trends

In Europe, the largest markets— notably Germany, France, and the UK—will continue to drive leisure spend in 2025.¹ These markets also benefit from significant domestic tourism activity, which in the case of Germany accounts for around 95% of all leisure tourism spend. Meanwhile, profiting from travellers increasingly hunting for newer and more affordable experiences, the strongest growth will come from smaller markets. This includes emerging or developing markets such as Slovak Republic and Azerbaijan, while Albania and Armenia have experienced the fastest growth to date.

Domestic tourism will continue to be the mainstay of demand in North America, influenced by the United States, accounting for circa 90% of travel spending. However, international leisure spend is expected to grow by 9% per year until 2030, providing the greatest opportunities.

Central American and Caribbean countries have performed the strongest in Latin America, benefitting from strong demand by U.S. travellers. This looks set to continue next year with destinations such as Dominica, U.S. Virgin Islands and Barbados expected to achieve double digit spend growth. South American countries face a generally more subdued outlook, but with growth in a range of markets including the large Brazilian domestic market.

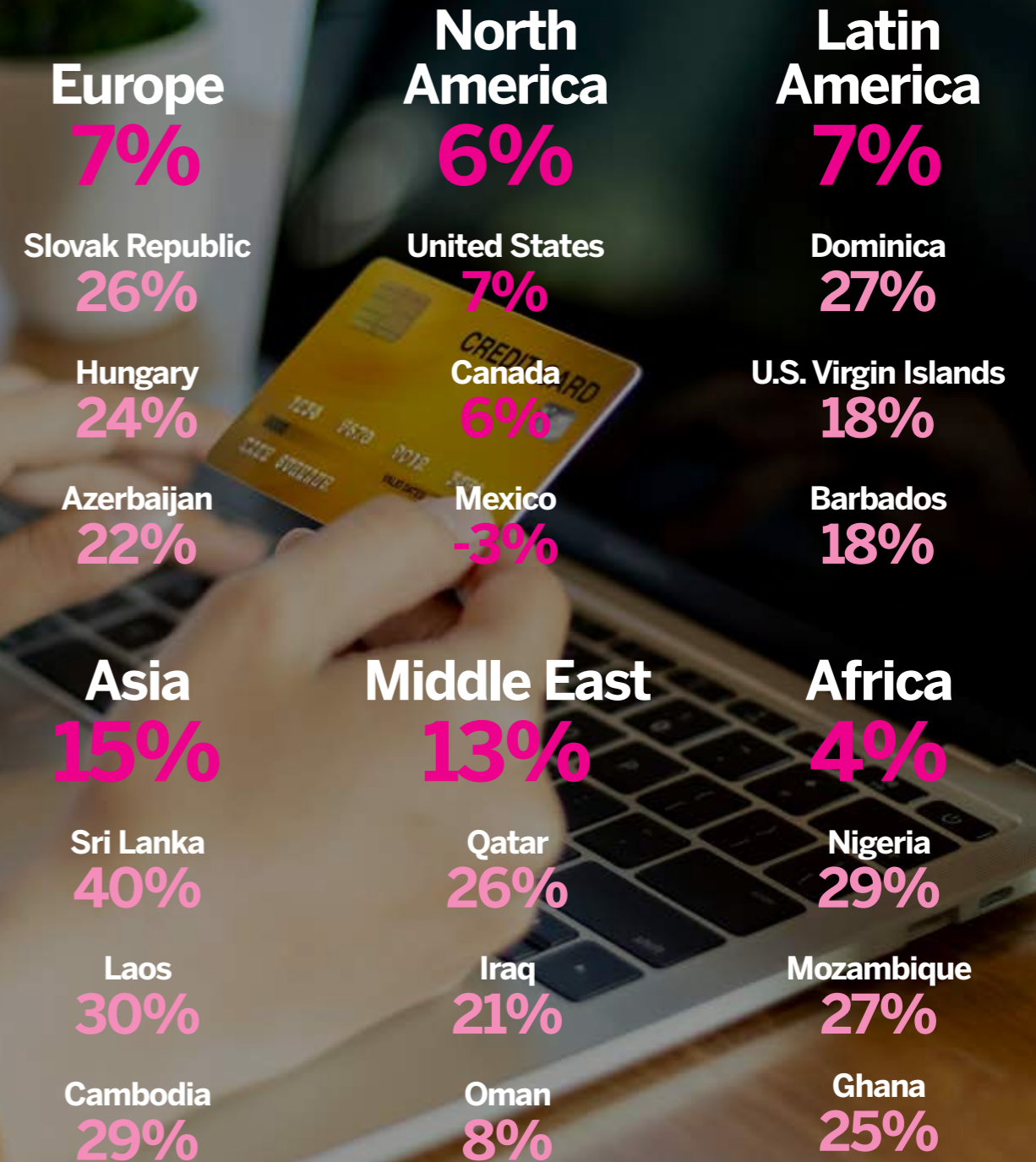
The slower travel recovery of China is weighing on the regional outlook in Asia. This is having a disproportionate impact on its near neighbours with Thailand and Vietnam particularly reliant on Chinese travellers. Recovery to 2019 levels is lagging, but overall tourism spend growth is expected in each of the 20+ territories in 2025 compared with 2024. The steepest growth is expected in Sri Lanka with spend set to increase by 40%.

Increased appeal to visit Gulf Cooperation Council (GCC) countries has played a major role in propelling tourism across the Middle East in recent years. In 2024, the region should attract roughly double the volume of inbound visitors compared with 2019. Global mega events, such as Dubai Expo and Qatar World Cup, and more relaxed border controls and visa policies are key features of this success. Improved connectivity and destination development will continue to drive growth in coming years. However, the travel outlook across the region is subject to a high degree of uncertainty due to the direct and indirect consequences of ongoing conflicts and instability.

Travel spend across Africa surpassed the pre-pandemic level in 2023, and is set to grow again in 2024 and looking forward to 2030, albeit, more modestly compared with some other regions. Geopolitical tensions are constraining the outlook while connectivity is also a challenge with limited route development across the region. However, with niche activities on the rise, including adventure travel, there are upsides for some countries, especially those less reliant on domestic tourism. This includes the big three—South Africa, Egypt, and Morocco—and other smaller destinations such as Mozambique and Ghana.

¹ Leisure (travel) spend relates to all destination spend including domestic and international.

Regional Summary: Travel Spend Growth (domestic and international) & Fastest Growing Markets (2025 annual % growth)



Source: Tourism Economics

Trendspotting

The rise of the global middle class is driving increased demand for newer and distinctive tourism experiences. This is leading to shifts in traditional norms in travel. The rise of alternative accommodations such as short-term rentals, which now represent 20% of tourism nights in Europe, illustrates how the industry has undergone significant change in recent decades.

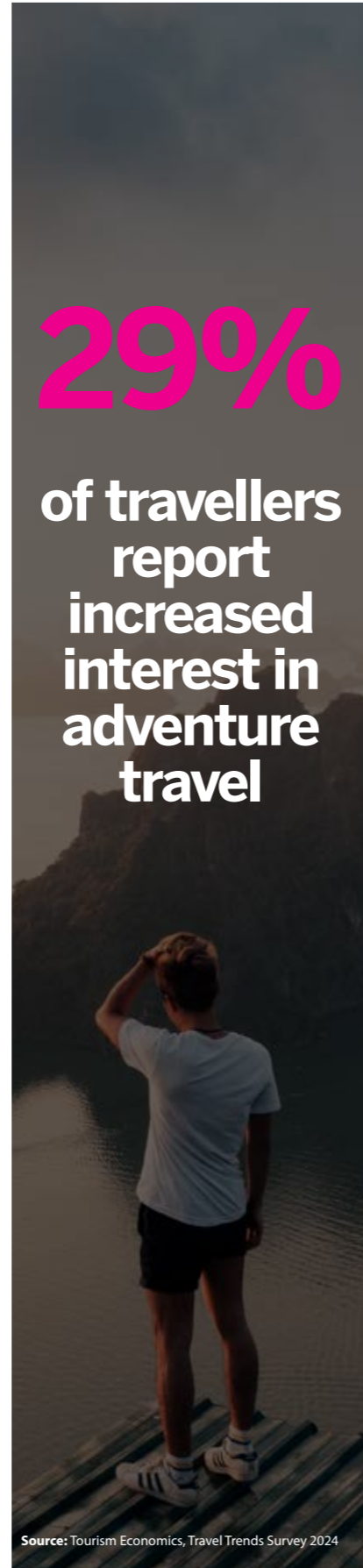
The prospect of further change and disruption lurks in many corners as technology is set to play an increasingly significant role in influencing behaviour. This is not only as a source of information but also as part of a new toolkit used by travel businesses to improve efficiencies and offer more immersive experiences. Growing adoption of new technologies could significantly grow profitability for tourism firms. Adoption of new technology is higher among younger demographics, with Gen Z respondents much more reliant on technology including AI for trip planning according to TTS. This is becoming more widespread among the wider travel population and, consequently, a large majority of tourism experts agree that these tools will boost productivity and experiences across the industry.

Sustainable travel choices will also continue to rise in prominence and influence activity. Elevated recognition of the potential negative aspects of travel on social, cultural, and natural environments, combined with climate change impacts, will shift behaviour. This may further fuel the trend of slow travel as consumers prioritise travel experiences by undertaking longer and more meaningful trips. Climate and environmental challenges may lead to the demise of some traditional tourism products for some countries as conditions or natural environments deteriorate. The number of days when typical tourism

activities are possible is projected to fall in some important destinations.

As some demand is displaced, there are sizeable opportunities for the industry to capitalise on growing demand for more sustainable offerings. This also coincides with a trend of increased interest in the outdoors, either through passive or more active activities, with adventure tourism expected to grow by over 15% per year in the next decade.

There is a trend of democratisation in travel with consumers drawn to and presented with a broadening range of offerings. Many of today's travellers are more interested in sustainability and authenticity, so local cultures and the natural environment are increasingly powerful magnets. There is potential for travel businesses large and small to tap into this increased curiosity which will propel the industry forward in this exciting new chapter.



29%
of travellers
report
increased
interest in
adventure
travel

Source: Tourism Economics, Travel Trends Survey 2024



Short-term
rentals share
of all
tourism nights
(2023)

20%

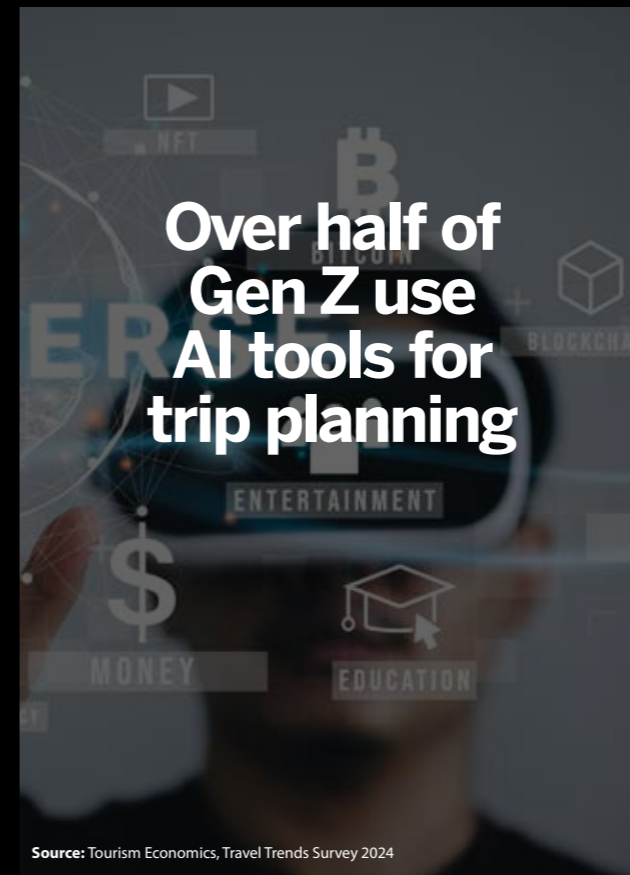
Source: Eurostat, Tourism Economics 2023



65%

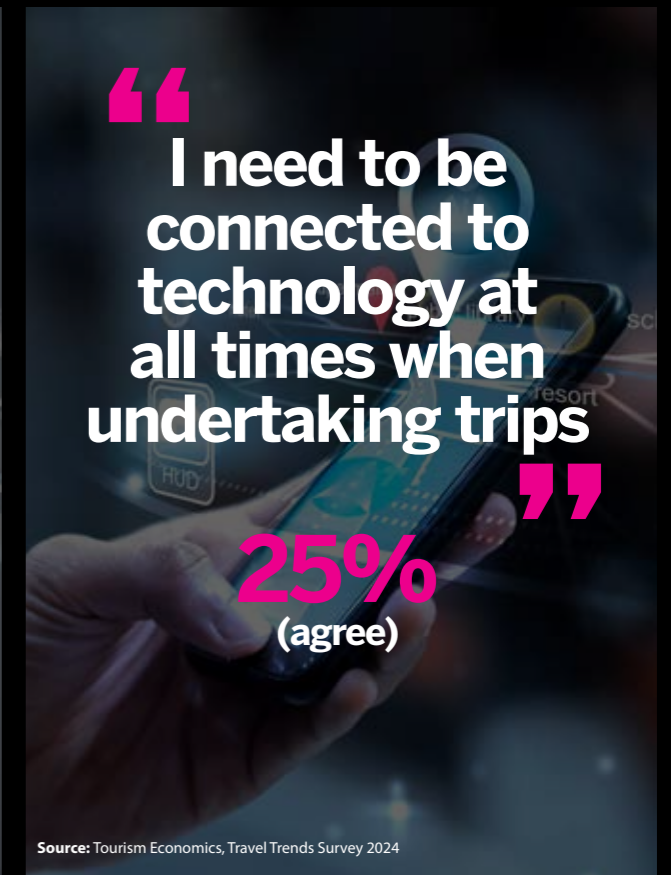
agree travel
has a negative
impact on the
environment

Source: Tourism Economics, Travel Trends Survey 2024



Over half of
Gen Z use
AI tools for
trip planning

Source: Tourism Economics, Travel Trends Survey 2024



“ I need to be
connected to
technology at
all times when
undertaking trips ”

25%
(agree)

Source: Tourism Economics, Travel Trends Survey 2024



01. Global View

Global travel hitting new heights

Global travel has reached new record high levels in 2024 according to latest estimates. Many analysts have been tracking progress relative to 2019 as a pre-pandemic benchmark. International arrivals worldwide are now set to surpass that benchmark, with 1.5 billion overnight arrivals expected this year.

Consumers are continuing to prioritise travel, especially within advanced economies, economies, with spending on travel rising by 24% since 2019 to match the growth in total consumer spending (in nominal USD terms). Furthermore, travel as a share of consumer

spending is continuing to rise in major advanced economies to rates higher than in the ten years prior to the pandemic.

Emerging markets, including some markets in Asia Pacific, have lagged recovery to date. This is especially notable in China where international outbound travel remains well below 2019 volumes. However, these emerging markets are now also prioritising travel and are starting to drive a rising share of demand once again. Travel as a share of spending in these emerging markets is returning close to the high rates experienced in 2019.

Overnight stays in all paid accommodation are set to exceed 2019 levels by 16%, including annual growth in 2024 of 7%. This improvement is clearer for overnights than for visits as average length of stay is rising. Average length of stay for both domestic and international stays trended down in the decade prior to the pandemic, but has increased during the post-pandemic recovery and remains elevated compared with the prior trend.

Global international arrivals to surpass 2019 levels in 2024 and reach a new record level of 1.5 billion overnight arrivals

Source: Tourism Economics, 2024

Travel spending as percentage of consumer spending

8.8%
(2024)

8.2%
(2010-2019 average)

Source: Tourism Economics 2024

Average length of stay in hotels on international trips: +12% in 2024 compared to 2019—more than offsetting the 8% fall in the prior decade

Source: Tourism Economics 2024

International travel is more dynamic

Recovery, and any growth since 2019, has been dominated by domestic demand which surpassed the previous high mark in 2022. Domestic travel was initially seen as a safer option, and now provides a more cost-effective option for many travellers.

Domestic demand still accounts for a higher proportion of overall travel, at 70% of overnight stays. However, this share has moderated from recent highs and is returning to more typical shares as international travel continues to rebound.

International travel is now reaching new record levels in 2024. For many major destinations, arrivals data in peak months is higher than in 2019. This is reflecting continued high travel confidence and prioritisation of new experiences among consumers. Consumer research illustrates this trend as 75% of key global travel markets consider overnight leisure trips an important annual priority.

The impact of increased length of stay is clearer for international travel. While arrivals are set to surpass prior peaks by just 2% in 2024, overnight stays by international visitors are estimated to be 8% above 2019

levels and 15% above 2023 levels. This increased average length of stay reflects the prioritisation of travel as well as some sustainable travel choices. Overall, this fits with the slow travel trend as some consumers place greater emphasis on travel experiences which can mean staying longer in destinations.

International demand is now, once again, becoming the most dynamic segment of travel, and is set to take a growing share of the market and, in doing so, converge with pre-pandemic growth trends in the coming years. This will be supported by continued robust growth from established markets including

the United States and those in Western Europe as well as further rapid growth from large emerging markets such as China and India.

However, travel patterns will not fully return to their prior norms. In addition to longer stays on trips, many travellers are looking for cost savings on travel in the near-term while new destinations are also being sought. Short-haul, intra-regional travel will continue to dominate cross-border growth in the coming years.

International travel is set to grow **12%** per year over the next two years, compared to just **3%** annual growth for domestic travel

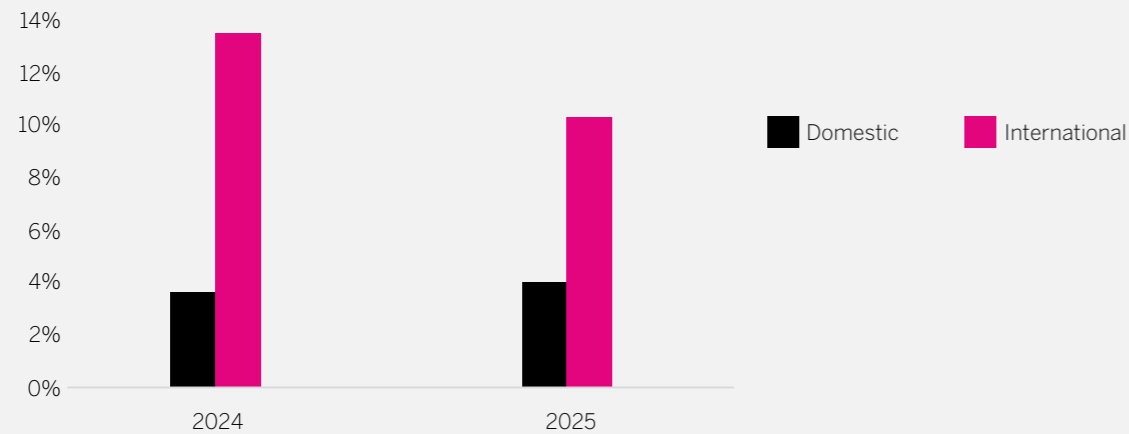
Undertaking leisure trips is an important priority each year



Source: Tourism Economics, Travel Trends Survey 2024

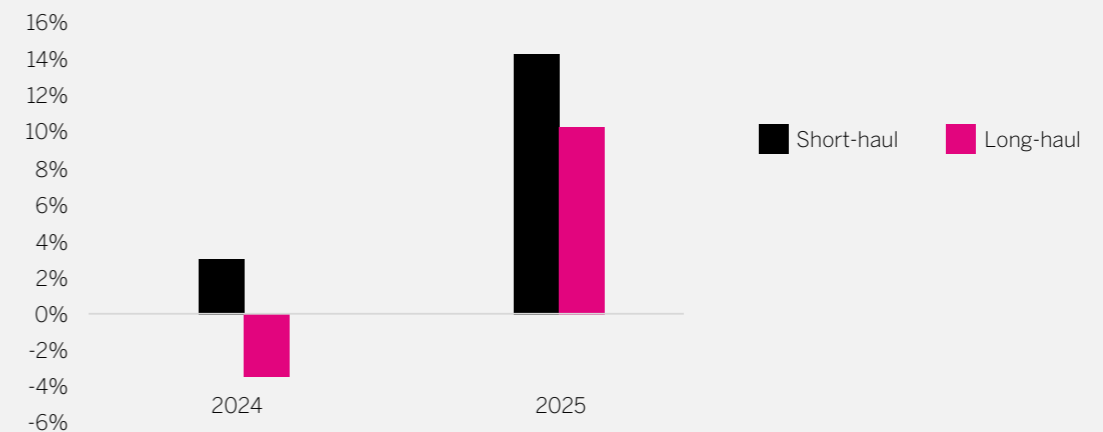
Source: Tourism Economics 2024

Annual Growth in Domestic & International Visits 2024-2025, change on previous year



Source: Tourism Economics 2024

Growth in Short- & Long-Haul Visits 2024-2025, change on 2019



Source: Tourism Economics 2024

Leisure travel remains crucial

The performance of business travel has been something of a surprise relative to prior expectations that this segment would be replaced by remote meetings and events. Yet, in-person contact is still highly valued and business overnights and spending have surpassed prior peaks.

Business travel is being built to a large extent around MICE events, with indications that business travellers are staying longer and spending more per trip. For example, the volume of international business visits remains 6% below pre-pandemic levels, while overnights are 3% above that benchmark.

This includes the phenomenon of blended travel, so-called bleisure trips, as extra leisure nights are added to business trips. The rise of remote working has created a more agile workforce who can live and work away from home.

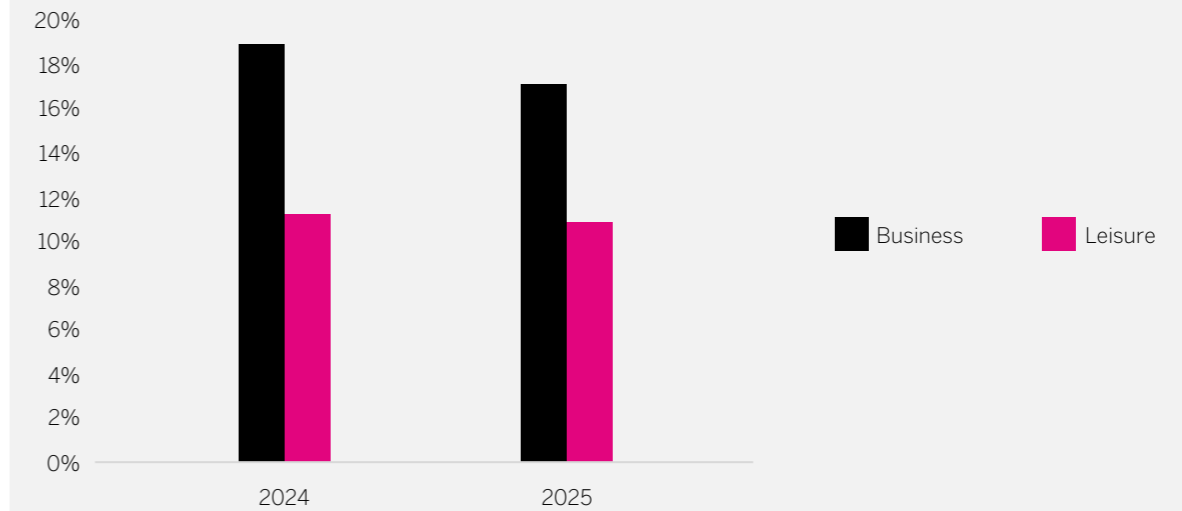
However, leisure travel remains the most important travel segment in terms of volumes and spending, comprising 69% of arrivals and 80% of global travel spending.

Growing consumer interest in travel means that both domestic and international leisure travel activity is now above prior peaks and is set to continue to grow further despite some more modest consumption increases. Global consumer spending growth slowed

from 3.4% in 2023 to 2.6% in 2024 in real inflation adjusted terms, and is set to grow at a similar rate in 2025. This is in line with some slowdown in disposable incomes, while the positive impacts of interest rate cuts will not become evident until late 2025 at the earliest.

Cost savings are increasingly being sought while luxury remains important for some too. An increasingly price-conscious and brand-agnostic consumer is evolving, ever willing to trade up or trade down, balancing financial considerations with greater appreciation of comfort and experiences.

Annual Growth in Business & Leisure Visits
2024-2025, change on previous year



Source: Tourism Economics 2024

Blended leisure and business travel is the top opportunity for tourism growth - mentioned by over 50% of tourism experts

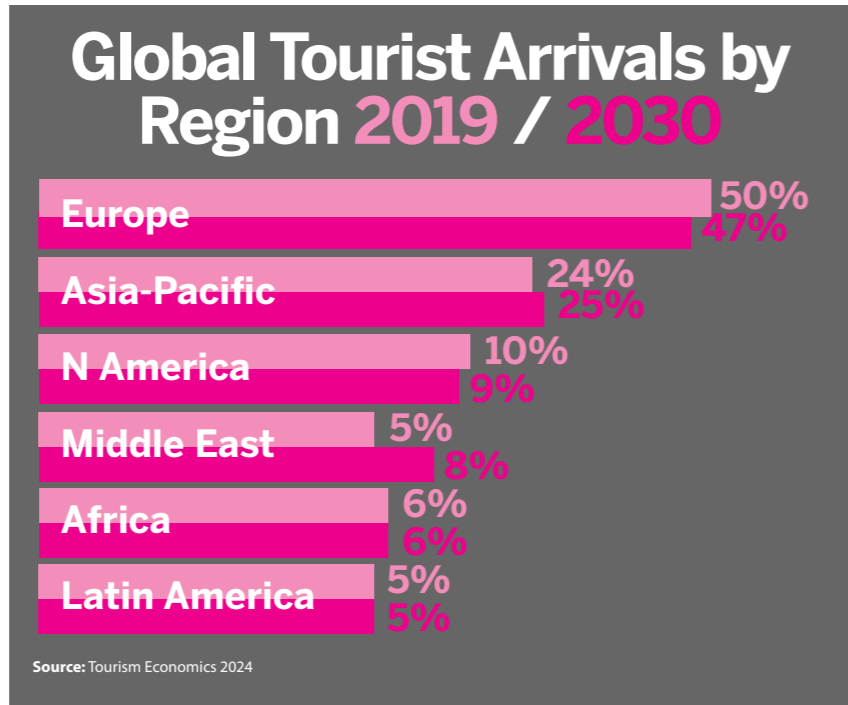
Source: Tourism Economics, Travel Industry Monitor 2024

The road to 2 billion visits

Longer-run leisure growth opportunities also remain clear and we anticipate that the number of international overnight arrivals per year will grow from 1.5 billion this year to surpass 2 billion before the end of this decade.



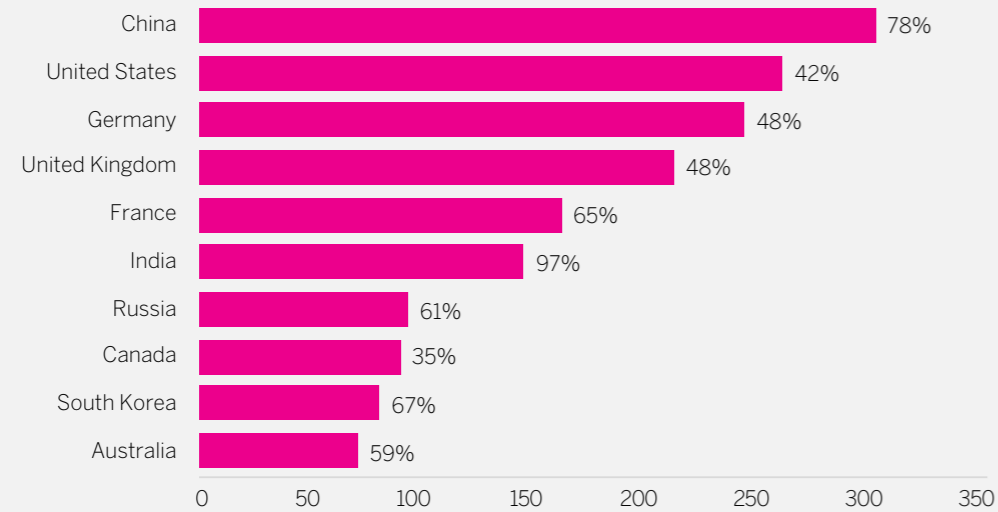
Developed markets will remain the largest travel source markets, but emerging markets will continue to gain importance. In the ten years prior to the pandemic, leisure travel spending by emerging markets rose from around 25% of the global value to 38%. This proportion is set to rise further in the coming years, representing almost 45% of global leisure travel spending by the end of this decade.



Global population growth is moderating, including in some major emerging markets, but these populations will continue to grow in prosperity. The global middle class will continue to expand, notably from emerging markets, with an increased travelling class evident in these markets.

Top Outbound Growth Markets: 2019-30

Increase in number of nights spent on outbound trips (millions) & % increase (in labels)



Chinese outbound is set to rise by **80%** from pre-pandemic levels by 2030 while Indian travel will double



Source: Tourism Economics 2024

02. Regional View

Europe: Intra-regional demand and value for money

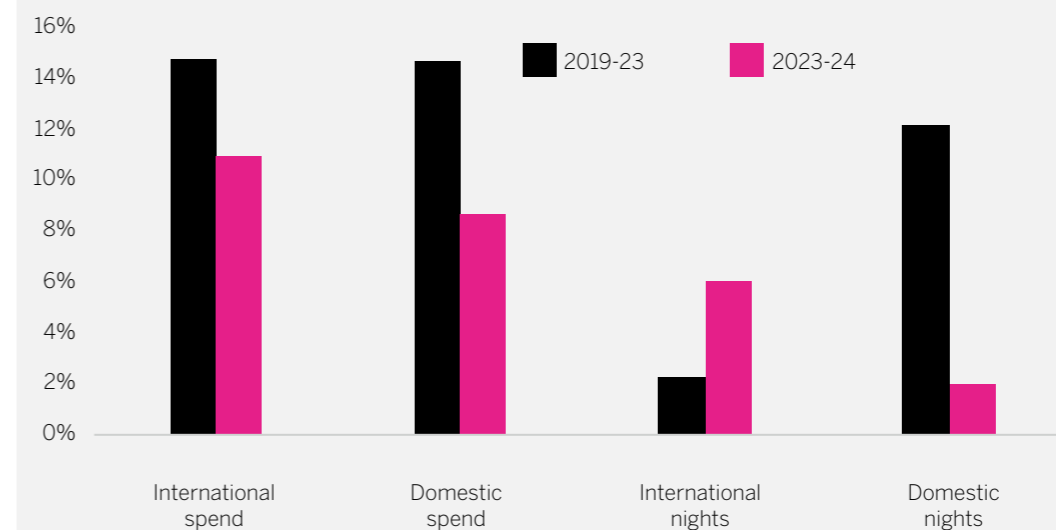
Europe is ahead of the general pattern of global recovery and the majority of destinations are expected to surpass 2019 levels by the end of this year. The elevated importance of international travel in Europe is partly due to geography as, in terms of distance travelled, a significant proportion of cross-border travel within Europe is equivalent to domestic travel in larger countries such as the United States. Nonetheless, European countries generate around 30% of global travel spending, including all domestic and international activity.

European travellers are now increasingly venturing beyond their borders and international travel demand is catching up with the recovery in domestic demand. International travel is making a greater contribution to growth in 2024 and will remain important in coming years.

Travel intensity (overnights per capita) is hitting new heights in a range of cities, including Barcelona, Amsterdam and Venice which are seeking to limit visitor volumes. However, stronger growth and greater intensity is evident in Edinburgh, due to the festival, and the associated benefits are seemingly more accepted there. There are opportunities for smaller destinations

“
Travellers are still seeking new destinations and experiences while also remaining cost conscious
”

Europe: 2024 Leisure Travel Summary % growth



Source: Tourism Economics, 2024

02

to position themselves as alternatives to these iconic destinations as overtourism becomes a greater risk.

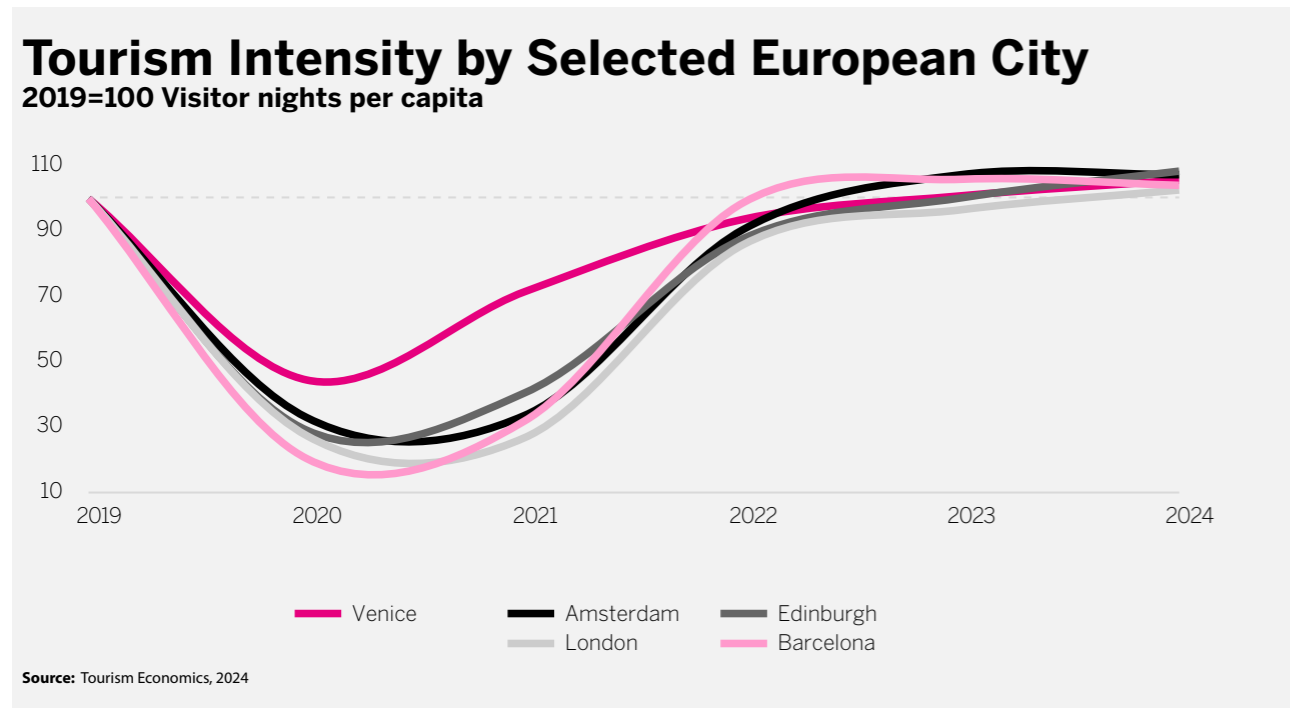
Travellers are also keen to explore new destinations, with a number of smaller countries experiencing the fastest growth as travellers seek new and authentic experiences. A range of countries will continue to experience double-digit travel growth in coming years. Albania, Armenia, and Serbia stand out as destinations where travel spending has doubled since 2019, with international demand to the fore. More moderate growth is now anticipated, but with markets such as Slovak Republic, Hungary, Azerbaijan, and Bulgaria gaining ground and benefitting from some

destination development. Türkiye is also expected to see growth in 2025, despite inflationary pressures and the more stable Lira raising the cost of travel there in 2024 to the benefit of alternative destinations. Greece has benefitted from the cost movements, while also benefitting from favourable visa changes which allow Turks to visit ten Greek islands with a visa on arrival.

Intra-regional demand is a crucial driver of international demand for many markets. Some slower consumer demand growth in the region is actually a positive as Europeans are reluctant to travel beyond the region, with value for money increasingly important for travellers.

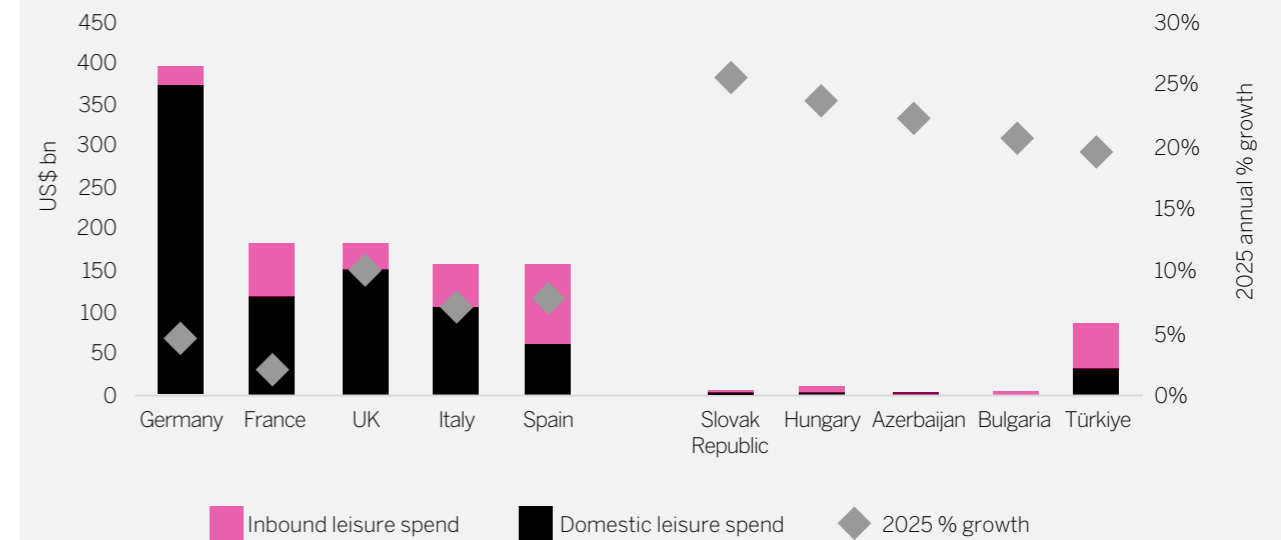
Long-haul travel to the region is a mixed bag. Travel from Middle East and Americas, and notably from the United States, has recovered. Travel from Asia Pacific markets and especially from China is yet to recover due to slowing economic activity and limited capacity.

“ Travel intensity is hitting new high levels in some major city destinations ”



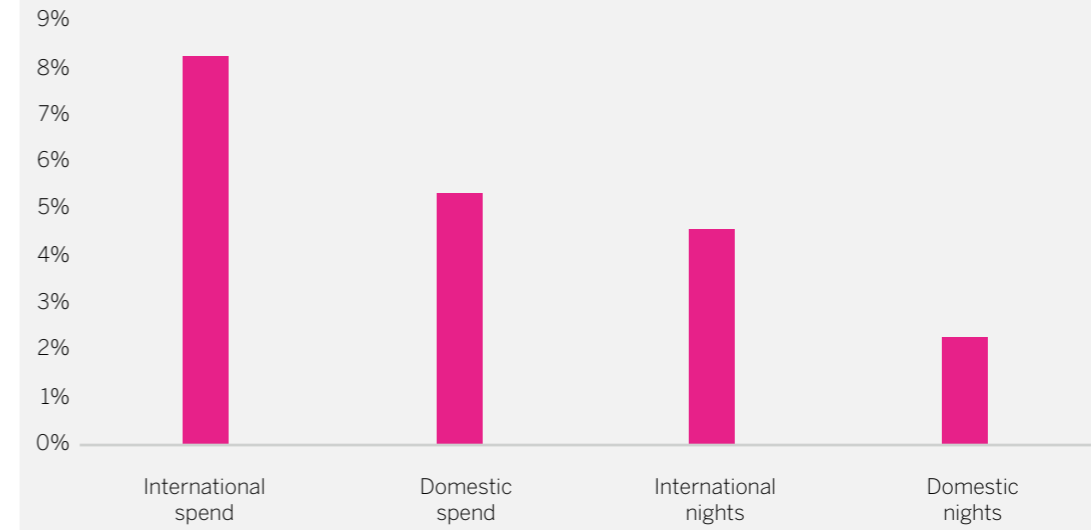
Europe: Largest & Fastest Growing Destinations

2024 market size & 2025 expected growth



Europe: 2030 Leisure Travel Growth

Annual average % growth 2024-30



North America: Domestic demand remains crucial

Domestic demand is vitally important for North America and especially for the United States where it accounts for 90% of travel spending. Domestic spending has been the key driver of travel recovery to date with overnights and spending well above pre-pandemic levels.

International travel volumes are yet to regain 2019 levels, but this is now the most dynamic segment and will drive growth in coming years. Inbound spending is also notably improving, in part due to inflation and the higher cost of travel, but also aided by affordability gains as the USD is now potentially weakening against other major currencies. Mexico is the regional exception, having

exceeded 2019 levels this year - largely due to sustained demand from the United States.

The impact of the strong performance of USD to date is evident in the travel imbalance as outbound travel remains high while inbound is yet to fully recover. As the exchange rate stabilises we should see a return to a closer balance, with improvement in inbound travel back above 2019 levels.

U.S. consumers have also been more extravagant spenders with a much lower saving rate than in other countries. A greater proportion of excess savings accumulated during the pandemic has also been spent. With prioritisation of travel within discretionary spending, domestic and outbound travel have boomed.

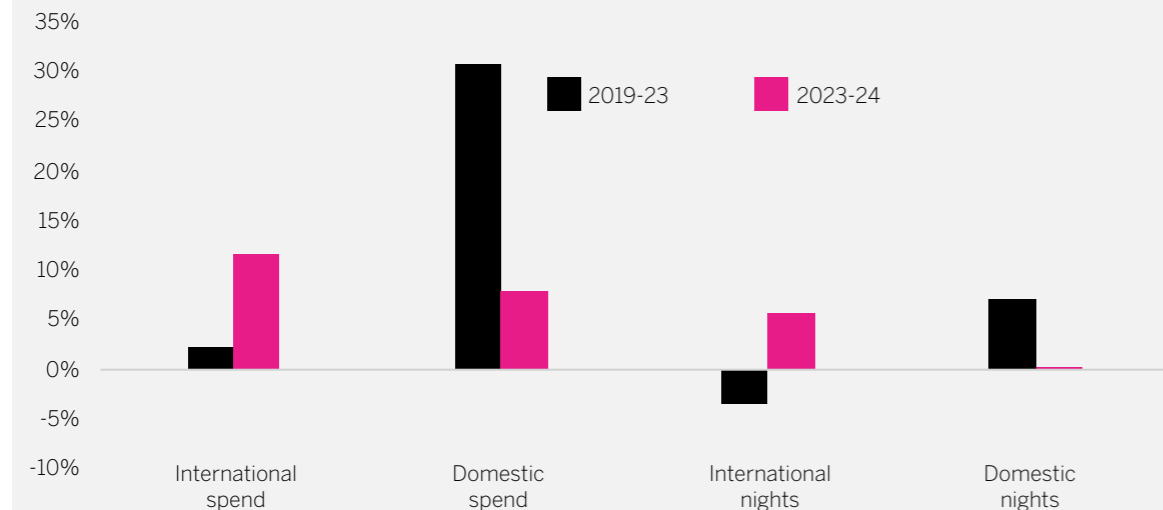
North America has taken a larger share of global spending - and travel from the United States has been a key growth driver for many destinations worldwide. North America holds a higher share of global outbound spending than it did pre-pandemic, largely due to robust outbound U.S. travel demand. The United States has been a key growth driver for Mexico, as well as destinations in Central America and the Caribbean. Economic slowdown in the United States poses a risk to the wider region, given its heightened exposure to the United States as a source market. This is also notable in the region for Mexico as well as for many destinations in the Caribbean and Central America. For example, Mexican international travel has seen significant recovery to date, with inbound making a large contribution. More moderate growth is expected in coming years.

U.S. inbound spending growth is now overtaking outbound to narrow the travel balance

Source: Tourism Economics, 2024

N America: 2024 Leisure Travel Summary

% growth

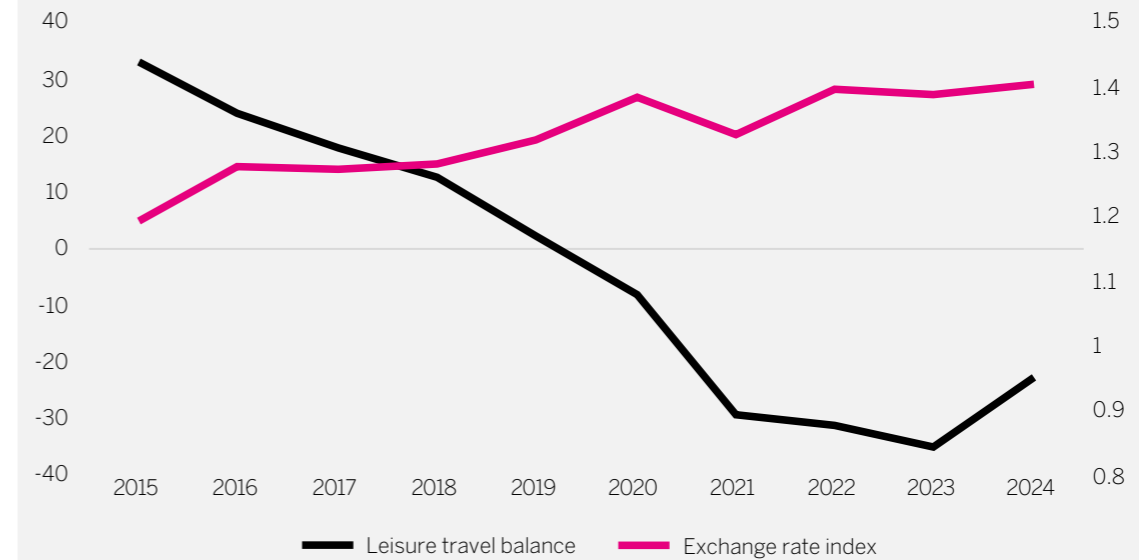


Source: Tourism Economics, 2024

United States: Travel Balance & Exchange Rate

Travel balance, US\$ bn (inbound leisure spending minus outbound)

Weighted average US\$ exchange rate index

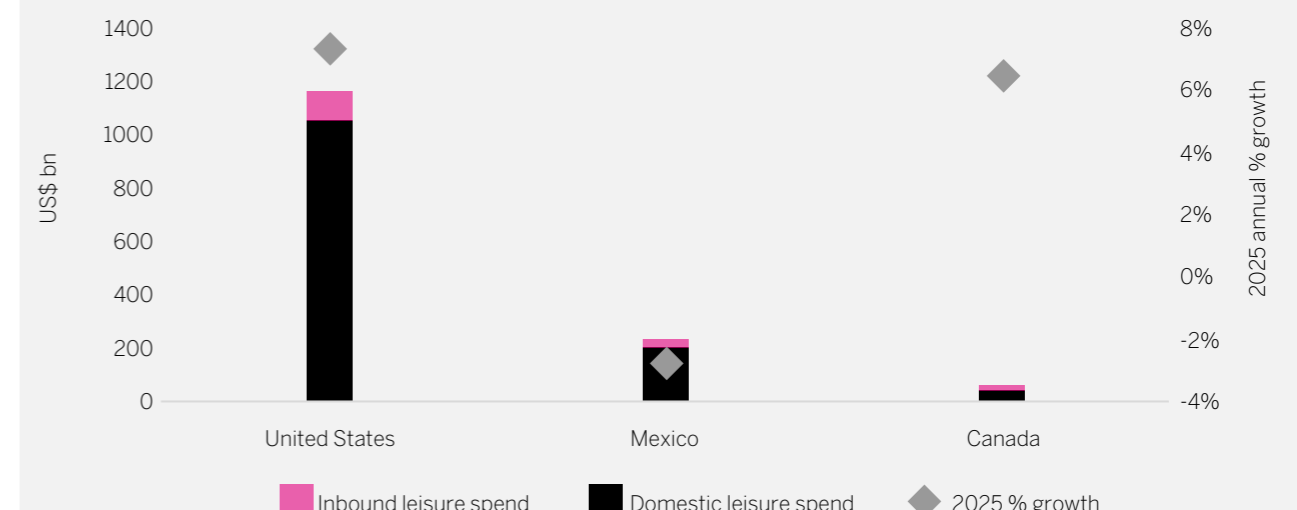


Source: Tourism Economics



N America: Destination Summary

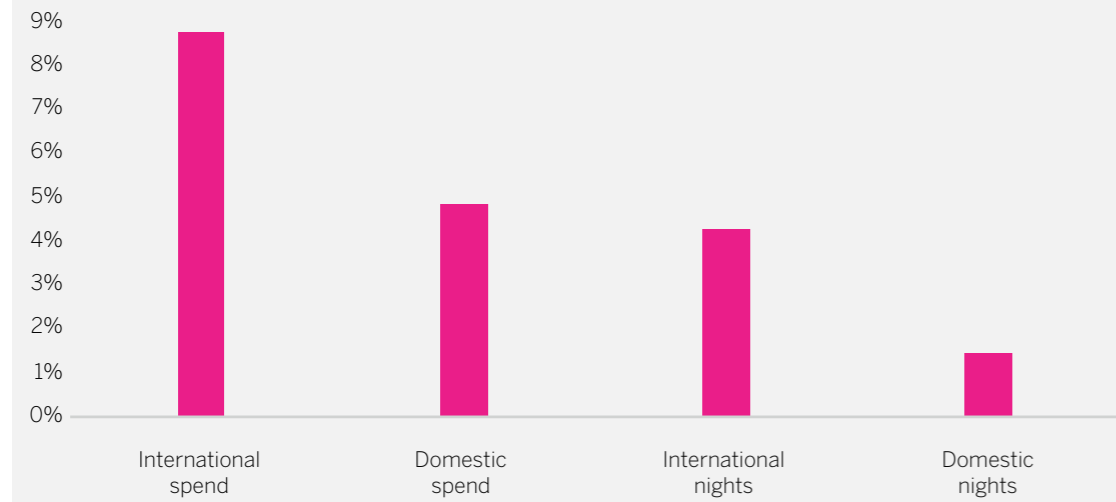
2024 market size & 2025 expected growth



Source: Tourism Economics, 2024

N America: 2030 Leisure Travel Growth

Annual average % growth 2024-30



Source: Tourism Economics, 2024



Latin America: Short-haul demand remains crucial

Caribbean and Central American destinations have benefitted significantly from the strong travel demand from the United States. Some of the strongest travel growth has been recorded in Caribbean islands in recent years, including Puerto Rico, Dominican Republic, and the Bahamas, and these were among the earliest destinations to regain pre-pandemic levels of travel. Both El Salvador and Guatemala have been receiving wider interest by offering eco-tourism and nature travel opportunities at a more affordable price point than Costa Rica.

The remarkable growth in cruise demand is also benefitting many island destinations. The Caribbean is growing faster than all other major cruise regions this year, with deployed capacity up 14% according to the Cruise Intelligence Platform. In contrast, capacity in the Mediterranean is largely unchanged.

The Caribbean is the favoured destination for new mega-vessels which account for 45% of new capacity in the region. This is also coupled with the rapid growth in private islands owned by cruise lines in the region, which appeal to new cruisers. Further developments of this sort may help to alleviate some overtourism concerns while allowing growth in this sector.

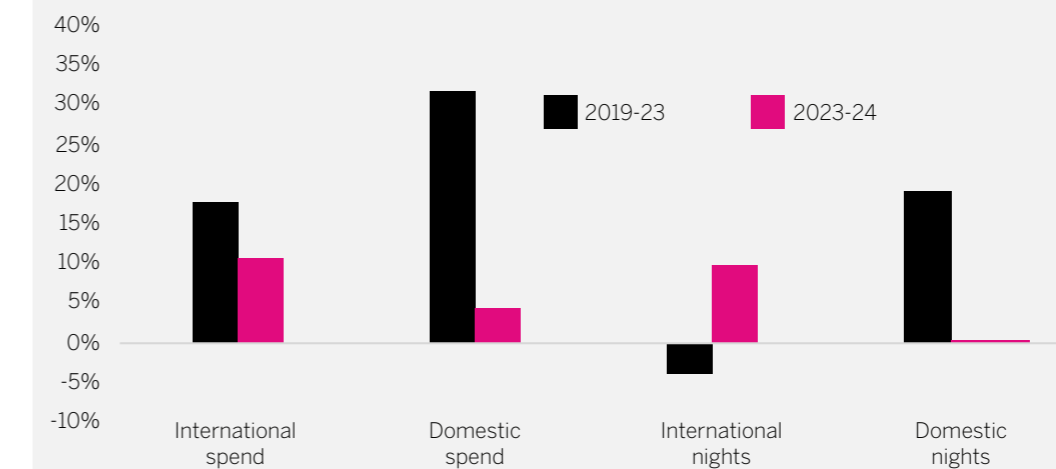
Meanwhile, the larger South American countries have experienced more subdued performance with a greater reliance on domestic and short-haul travel demand. For example, Brazil relies on domestic activity for around 95% of travel spending and has experienced a much more modest performance. Demand is continuing to expand among Brazilian travellers both domestically and for outbound travel, including on transatlantic routes. This is mirrored by growing

70%
Caribbean
travel growth
is from the
U.S.
(2019-24)

Source: Tourism Economics, 2024

Latin America: 2024 Leisure Travel Summary

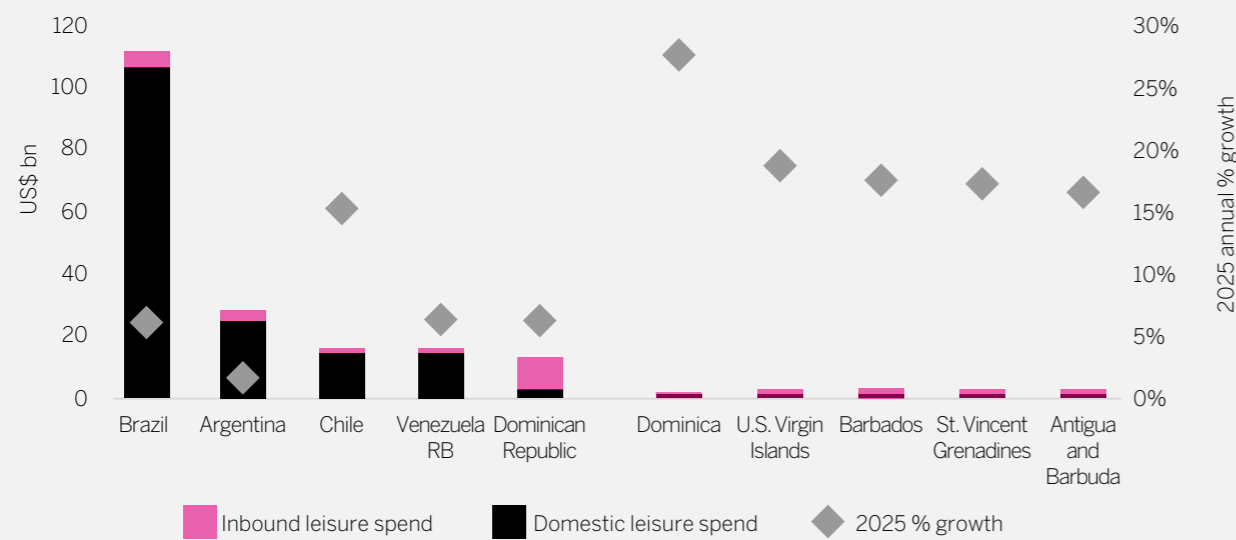
% growth



Source: Tourism Economics

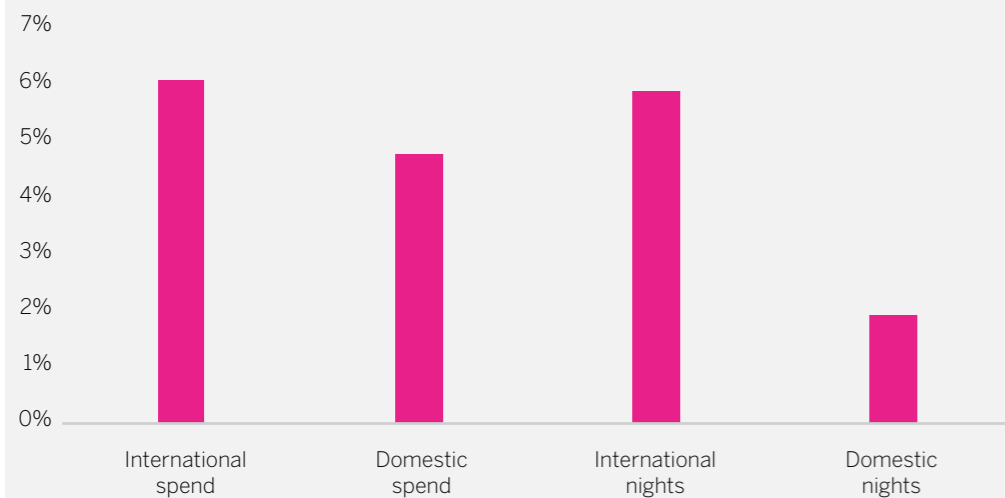
interest in Brazil as a destination. It will remain the largest market in the region and take a growing share of international travel.

Latin America: Largest & Fastest Growing Destinations 2024 market size & 2025 expected growth



Source: Tourism Economics, 2024

Latin America: 2030 Leisure Travel Growth Annual average % growth 2024-30

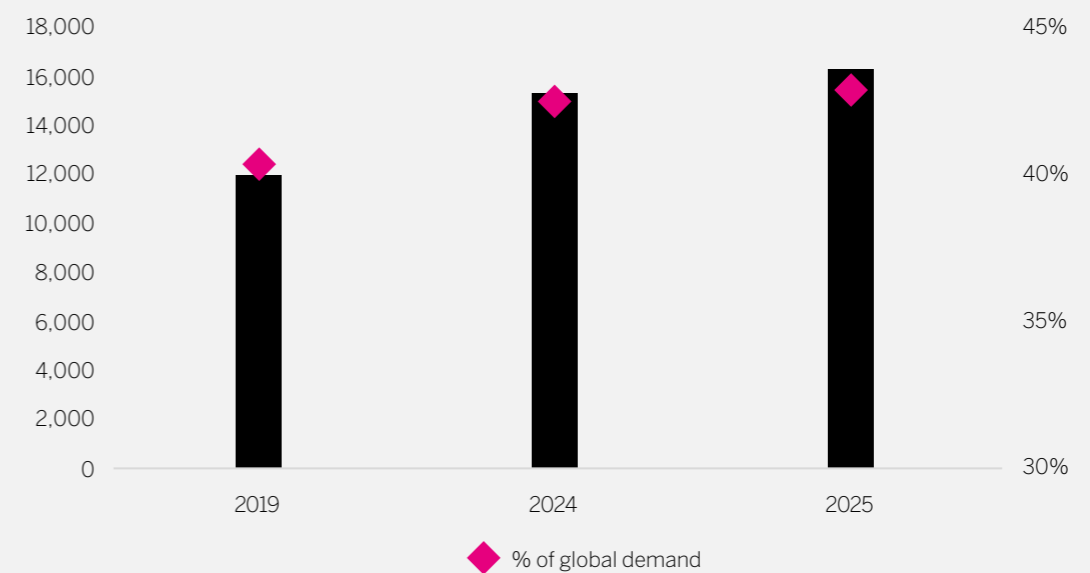


Source: Tourism Economics, 2024

Record cruise demand is benefitting the Caribbean with 14% increase in deployed capacity

Source: Tourism Economics, Cruise Intelligence Platform 2024

Caribbean Cruise Passengers 000s & % share of global demand



Source: Tourism Economics, 2024

Asia: China to remain crucial for growth

Travel within Asia is lagging the recovery and subsequent growth being experienced in other global regions. However, this is influenced by the importance of China within the region as a source market and as a destination. Travel to China is expected to remain 22% below 2019 levels in terms of inbound visitor arrivals in 2024, while many destinations have experienced strong growth in international demand in 2024.

Domestic demand in the region surpassed 2019 levels last year. All destinations have now recovered, but China is also having a large impact on the regional total. Travel within China, and across Chinese borders, was still subject to restrictions until early 2023 while other markets were closer to a return to normality. While Chinese consumers are starting to spend a high proportion of income on travel

again, this is not as high as the pre-pandemic rate and is still skewed towards domestic demand.

Travel from China to other destinations in the region and beyond is still well below pre-pandemic levels, with Chinese visits to Asia being 28% down on 2019 levels in 2024. Exchange rate and price shifts mean that Chinese spending power is diminished (although the yuan has partly recovered in 2024 Q4), while travel preferences have seemingly changed with the emergence of lower-spending international travellers, including more repeat travellers.

China remains crucial for regional and global growth. Despite the slower expected economic outlook, the population will continue to become wealthier, and the number of households defined as middle class and able to afford travel will increase.

44
million new middle class households in China expected by 2030

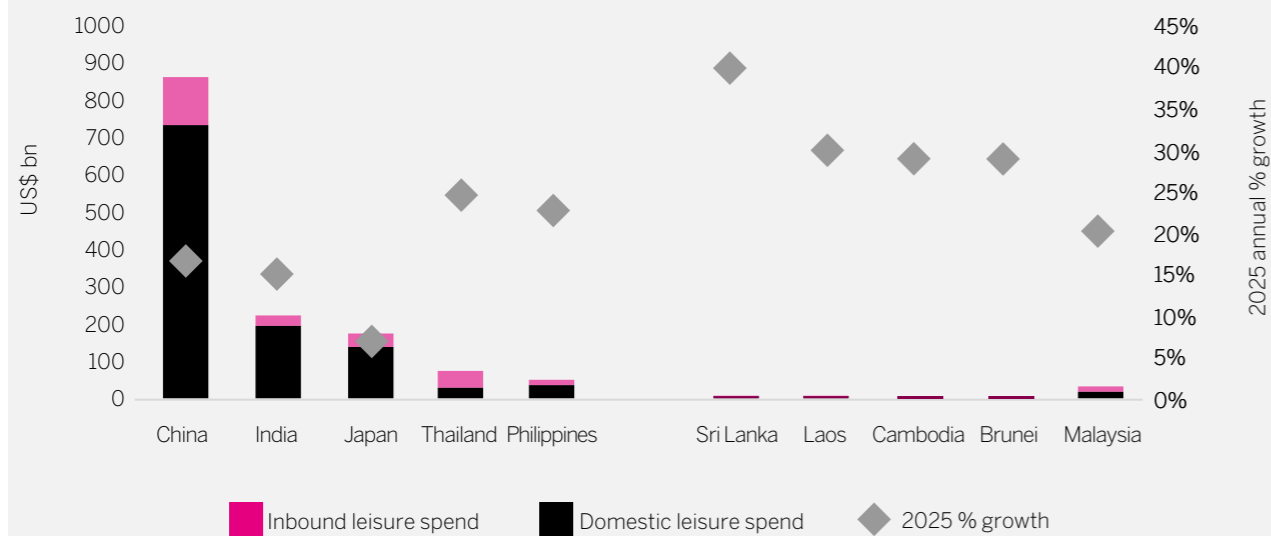
&

9
million new middle class households in India expected by 2030

Source: Tourism Economics, 2024

Asia: Largest & Fastest Growing Destinations

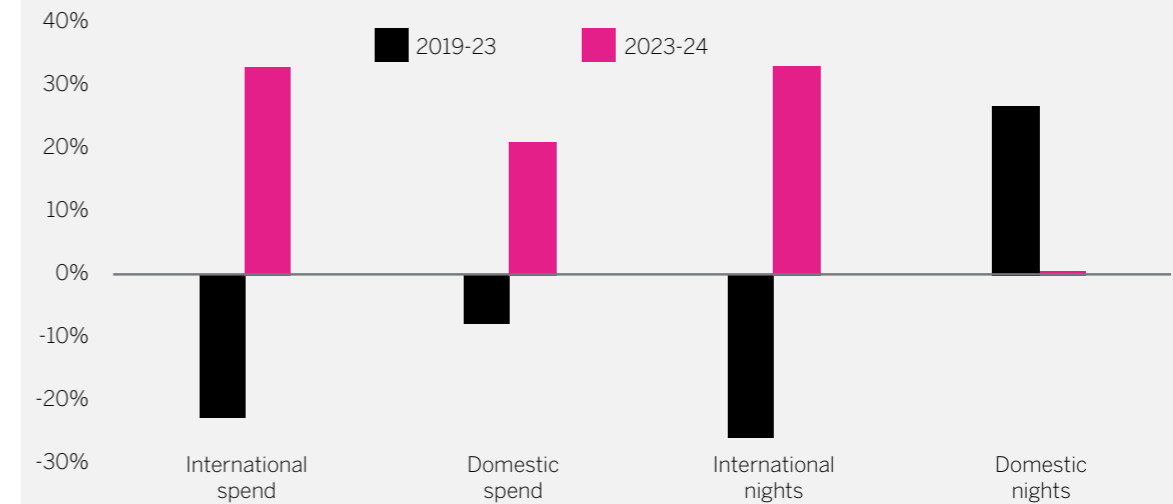
2024 market size & 2025 expected growth



Source: Tourism Economics

Asia: 2024 Leisure Travel Summary

% growth

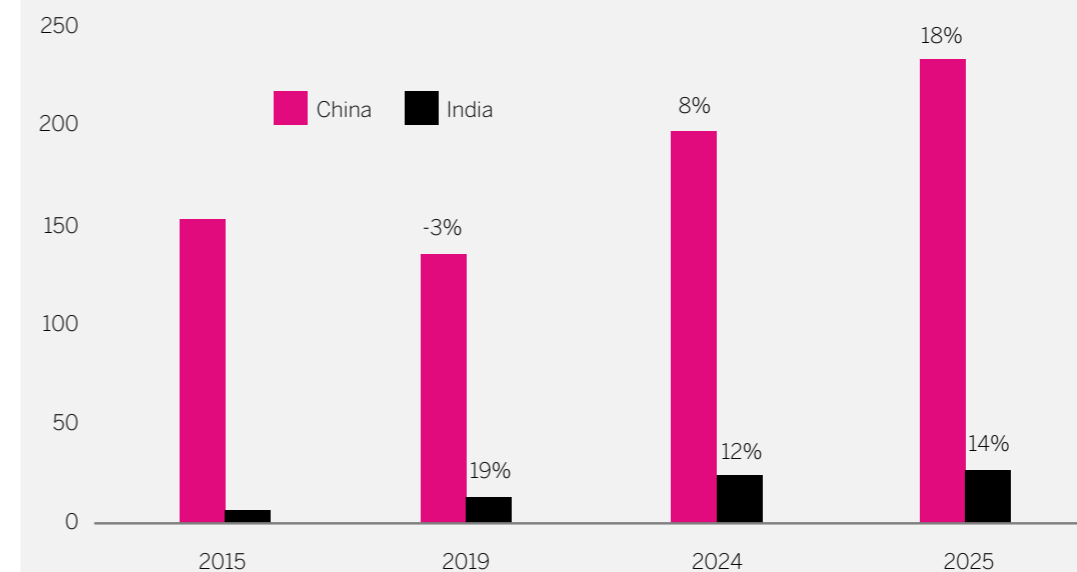


Source: Tourism Economics



China & India: Outbound Leisure Travel Spending

US\$ bn, 2019 and 2024 labels are average annual growth rates from 2015, 2025 labels are growth rates from 2024



Source: Tourism Economics

India will see rapid economic growth, and associated rapid growth in travel demand, but this is from a lower starting point. Domestic and outbound travel growth from India will still lag behind that from China in terms of volumes. Additional challenges in terms of capacity and infrastructure, as well as visa policies, will limit international travel growth to and from India without further reform.

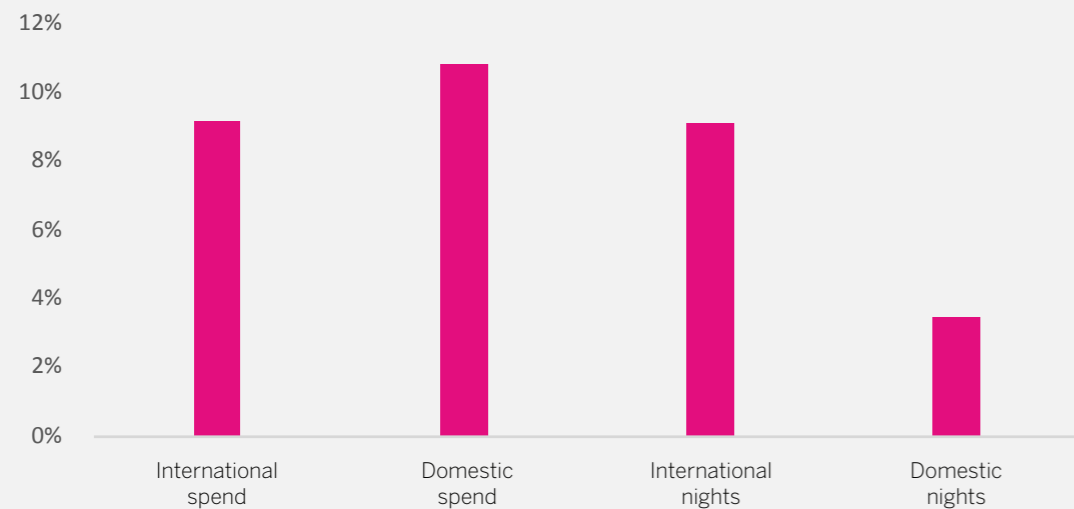
South-East Asian countries are growing rapidly and account for the majority of the fastest growing destinations in the region. These countries are benefitting from regional demand, as well as some significant inflows from Russia, as travel to more traditional European countries is no longer possible.

South-East Asian countries also remain attractive to other longer-haul travellers who are hungry to explore new and more affordable destinations. Long-haul travel to the sub-region will outpace that for the wider Asia region.



Asia: 2030 Leisure Travel Growth

Annual average % growth 2024-30



Source: Tourism Economics

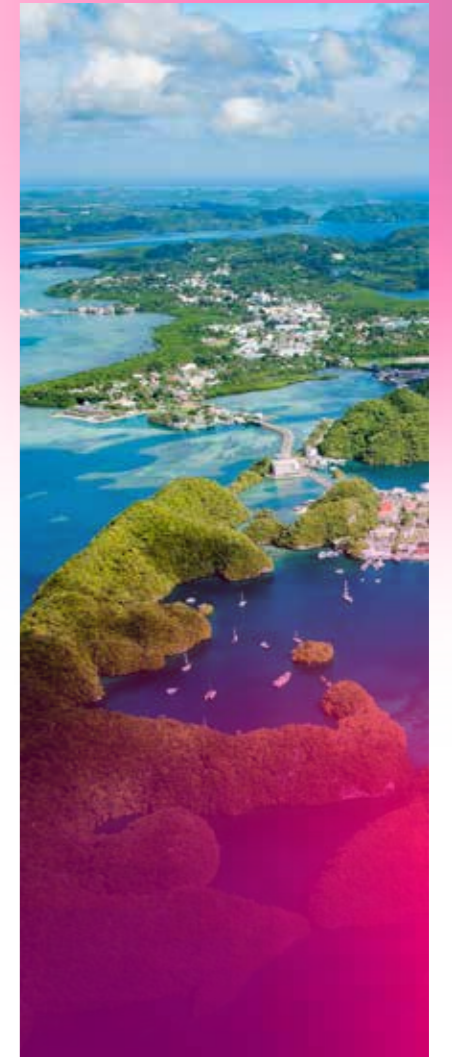
Oceania: Steady growth ahead

Travel to Oceania is set to experience some of the most rapid growth out of all world regions – in part thanks to growth from China as it continues to recover. This is broadly in line with the growth being experienced in many destinations in Asia, and comparable to some of the growth trends in South-East Asia which are benefitting from intra-Asian travel.

Australia is the largest market in Oceania and accounts for the bulk of the growth, notably in the recent improvement in domestic demand. However, performance this year and expected growth into the near-term is more subdued, as there is substitution towards outbound travel and away from domestic. Australian travellers are now increasingly returning to long-haul destinations, with such trips already up 6% on 2019 levels.

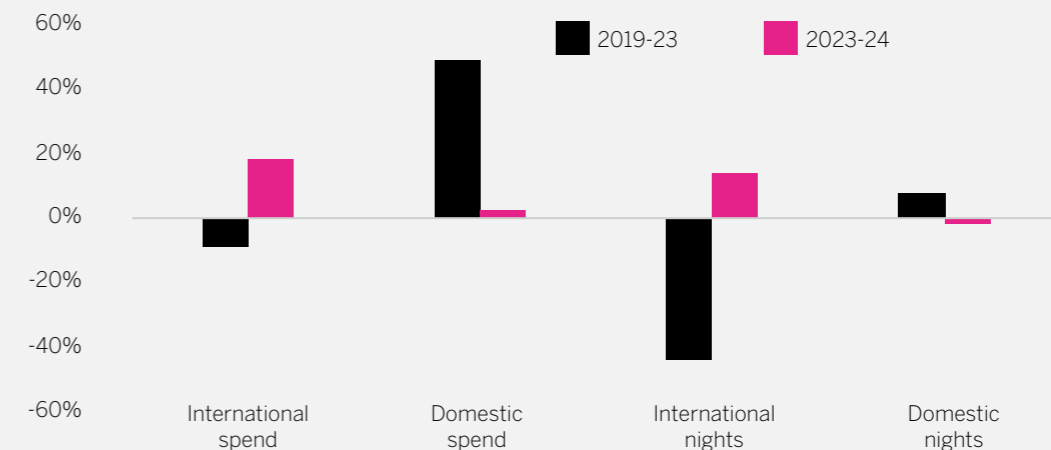
More dynamic international demand growth, including returning Chinese travellers, is now providing greater benefit to all Oceania destinations. There is more obvious growth evident for smaller countries with less of an internal market, including the Pacific Island nation of Tonga.

Long-haul demand has traditionally accounted for a large proportion of international demand for this region, including travel from Europe. This demand is not set to return to a strong growth path in the near-term, but will become an important driver for the outlook to 2030.



Oceania: 2024 Leisure Travel Summary

% growth



Source: Tourism Economics

Oceania: Largest & Fastest Growing Destinations

2024 market size & 2025 expected growth

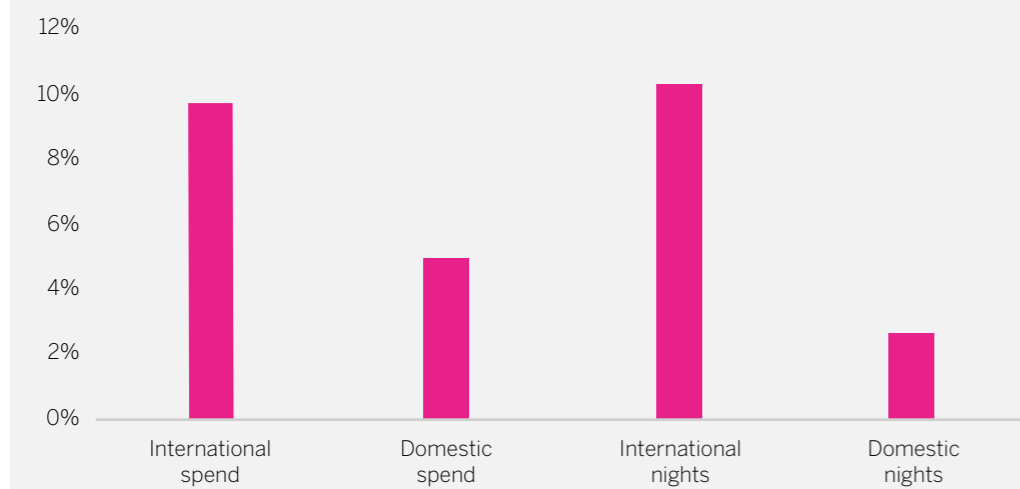


Source: Tourism Economics



Oceania: 2030 Leisure Travel Growth

Annual average % growth 2024-30



Source: Tourism Economics

Middle East: Rapid growth but large risks

The Middle East is the region which is most reliant on international demand and has enjoyed the strongest performance in recent years. International leisure overnights are roughly double the pre-pandemic norms.

This rapid growth is led by GCC countries as destinations, but also as source markets. Intra-GCC travel is growing rapidly as residents are increasingly travelling across borders within this sub-region in a way that is consistent with domestic demand in many other countries.

The positive effects of geopolitical developments constitute part of this success, as the end to the blockade of Qatar and resumption of travel with other GCC countries has seen a significant uplift in leisure visits and spending. The growth since 2019 is a somewhat flattering statistic since it includes some resumption of the travel that was limited after the prior peak in 2016. Plans for a unified GCC visa, still scheduled for launch at the

end of this year, will further boost travel in the region.

Travel within the region also benefitted in recent years from improved relationships between other countries, including the resumption of direct flights between Israel and some GCC countries but serious risks remain in the geopolitics of the region.

Travel has been further boosted by the new development and infrastructure that was put in place for the Dubai Expo and Qatar World Cup in 2022 which is now being enjoyed by all visitors. The successful hosting of these major events, and associated destination development has helped to attract new visitors. New connectivity, including airline and airport development is a further growth driver for the region, as well as provision of easier visa processes and notably for Saudi Arabia.

Saudi Arabia has seen particularly eye-catching growth with total visitor arrivals up 80% in 2024 since 2019. This is explained to large extent by religious tourism, but holiday travel has also increased

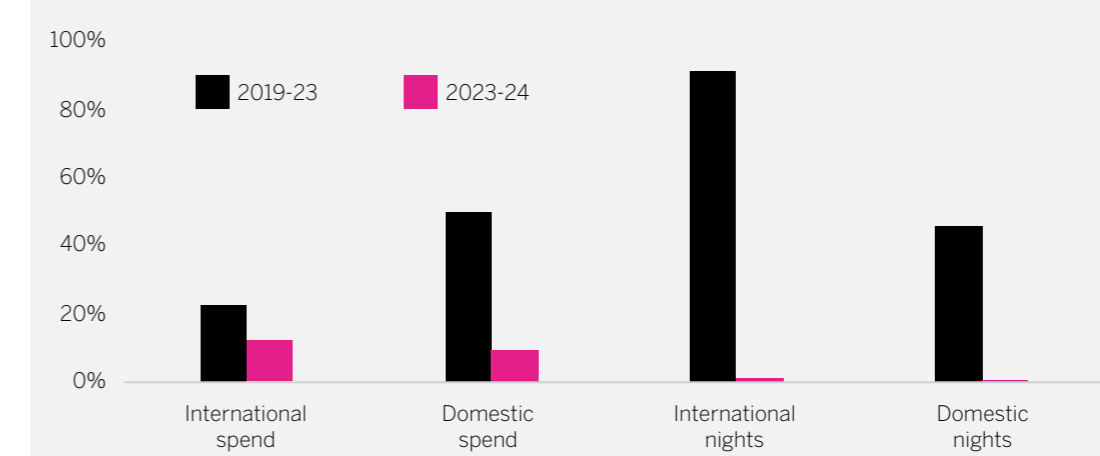
significantly. More modest growth is now anticipated within the region as some gains are consolidated, but continued development within the region, including new destination development within Saudi Arabia will drive continued expansion of the sector, as Saudi Arabia continues to diversify its economy away from reliance on hydrocarbons.

Middle East international travel has doubled since 2019

Source: Tourism Economics, 2024

Middle East: 2024 Leisure Travel Summary

% growth

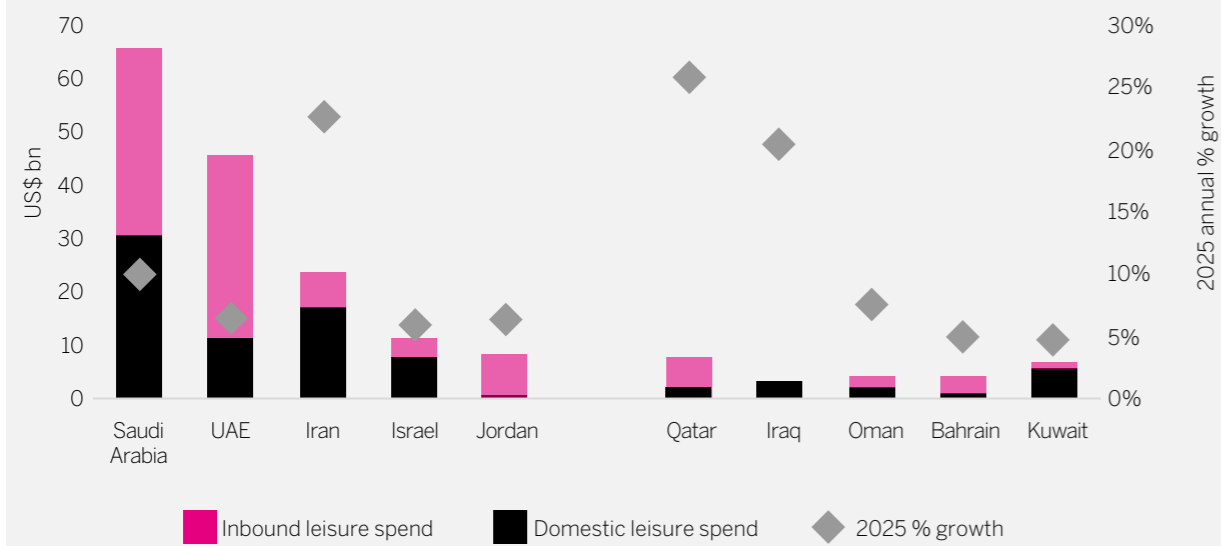


Source: Tourism Economics

However, ongoing conflicts and tensions are disrupting life in parts of the region, including impacts on travel patterns. Escalation could disrupt important oil and gas markets and further affect supply chains and

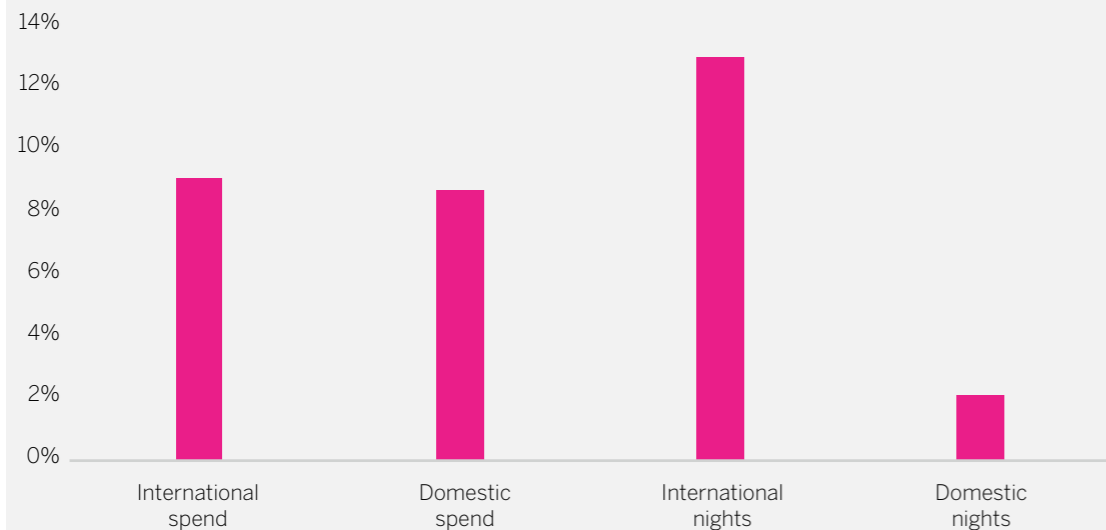
prices for consumers in the region and beyond. As a result, the travel outlook across the region is subject to a high degree of uncertainty.

Middle East: Largest & Fastest Growing Destinations 2024 market size & 2025 expected growth



Source: Tourism Economics

Middle East: 2030 Leisure Travel Growth Annual average % growth 2024-30



Source: Tourism Economics

Africa: Regional demand held back by connectivity

African travel has also returned to more normal levels on all metrics and is set for further growth, albeit more modest than in some other regions. These trends are strongly tied to intra-regional demand. Intra-African travel accounts for the majority of demand within the continent, especially when domestic demand is also included in the calculation, primarily due to pricing and connectivity effects.

Travel budgets within the region are typically more limited and short-haul trips are the most practical option for many travellers, hence destination performance is strongly tied to regional economic success. Robust, but unexceptional growth to 2030 is anticipated while there remain risks associated with geopolitical tensions both in North Africa and in several Sub-Saharan countries.

However, there are also notable upsides for some countries in the region from the rising demand for

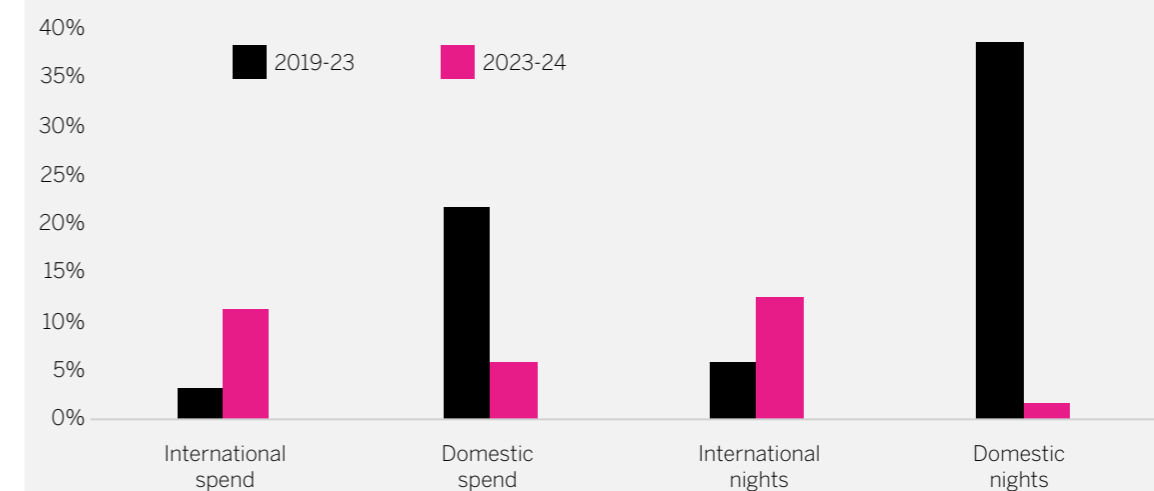
outdoor and experiential travel, which could benefit the African destinations which can offer safari holidays or adventure travel.

Air connectivity within the region remains limited; improved regional air transport agreements would facilitate cross-border regional flights. The introduction of regional air transport agreements in other regions has previously led to expansion of cross-border travel, including facilitation of longer-haul arrivals via regional hubs, as well as lower air fares. High transport costs remain a significant barrier to travel in Africa.

South Africa is the largest tourism destination country in the region in spending terms and is expected to see strong growth in 2025. Some North African destinations, including Egypt and Morocco, are also exceptions to the wider trends. These destinations have easier access, through proximity, to wealthier European and Middle Eastern markets and enjoy a higher international travel share as well as some more rapid current growth.

“ Rise in demand for experiential and nature-based tourism can benefit many African destinations ”

Africa: 2024 Leisure Travel Summary % growth

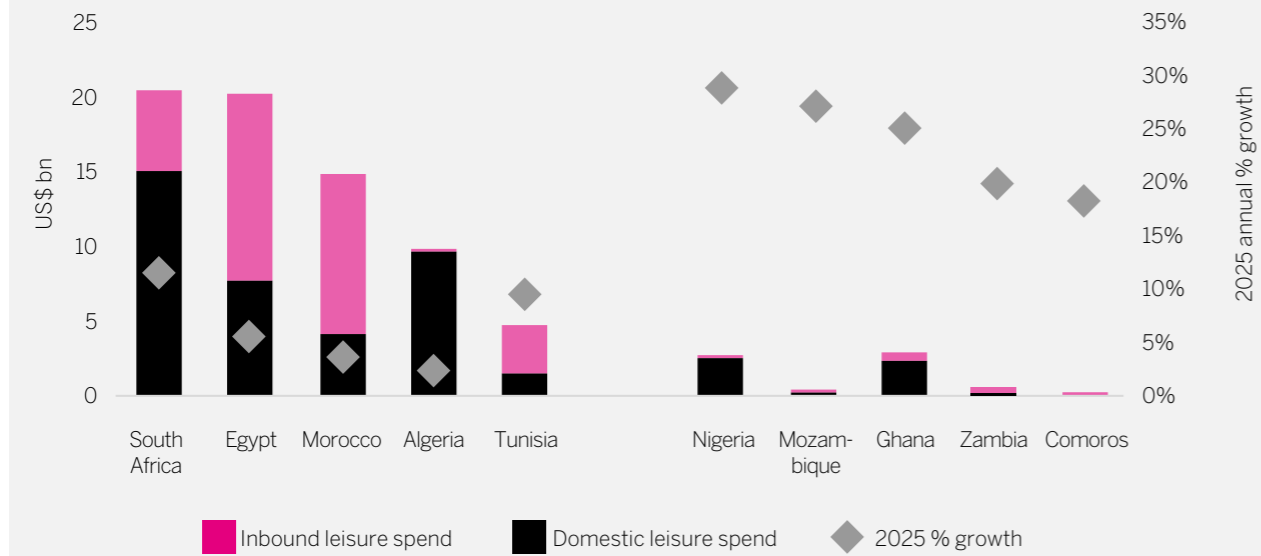


Source: Tourism Economics

Other developing and emerging markets are poised to see healthy growth in 2025 due to base effects from much lower levels of tourism activity. This growth is likely to come predominantly from increased domestic tourism spend, although

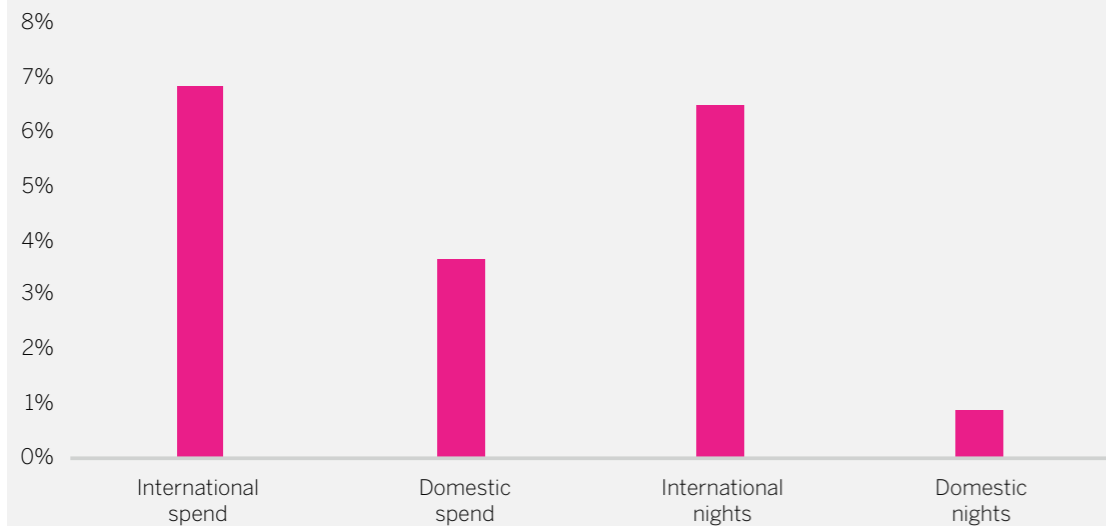
for countries like Mozambique and Ghana increased international travel spend is also expected.

Africa: Largest & Fastest Growing Destinations 2024 market size & 2025 expected growth

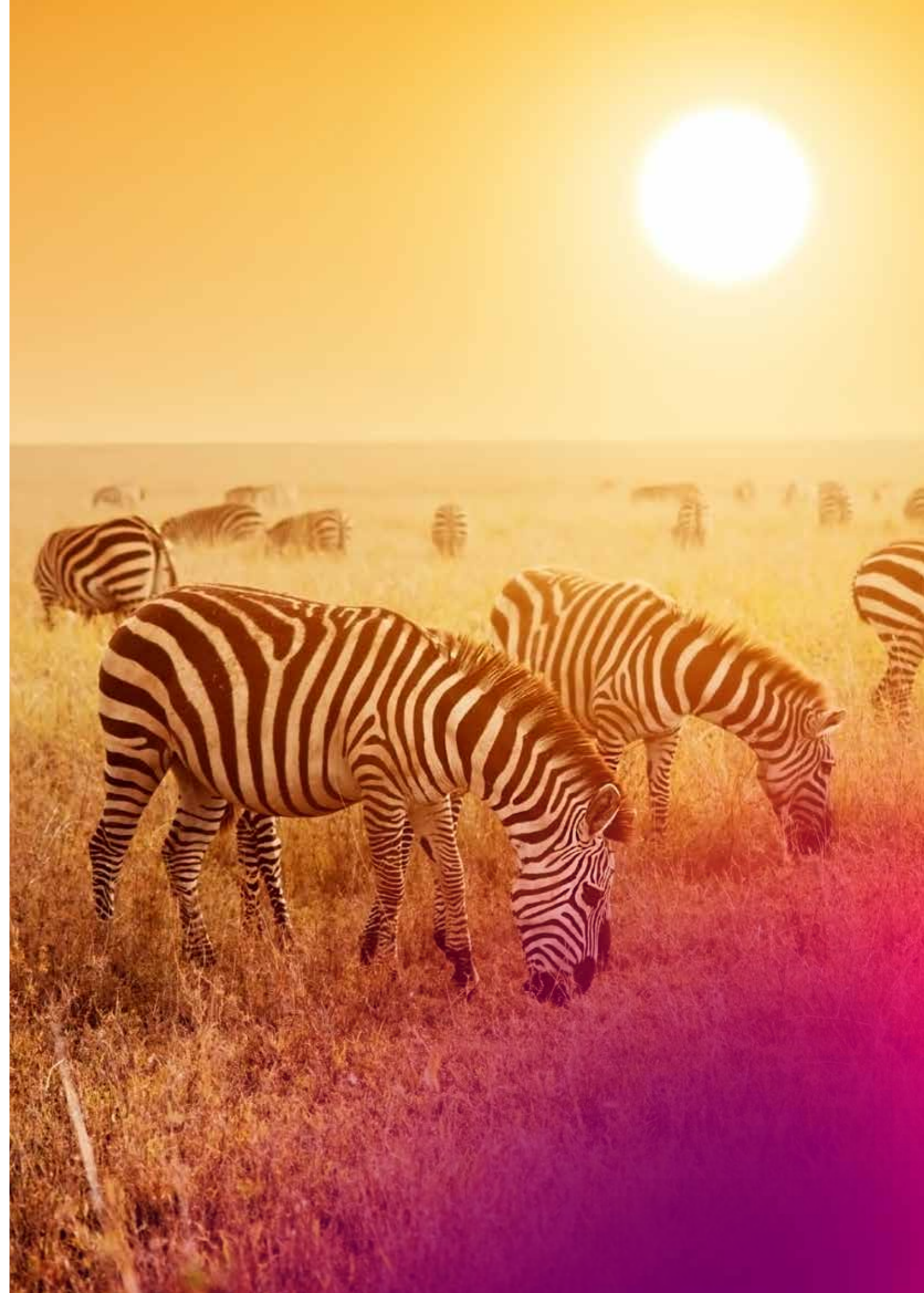


Source: Tourism Economics

Africa: 2030 Leisure Travel Growth Annual average % growth 2024-30



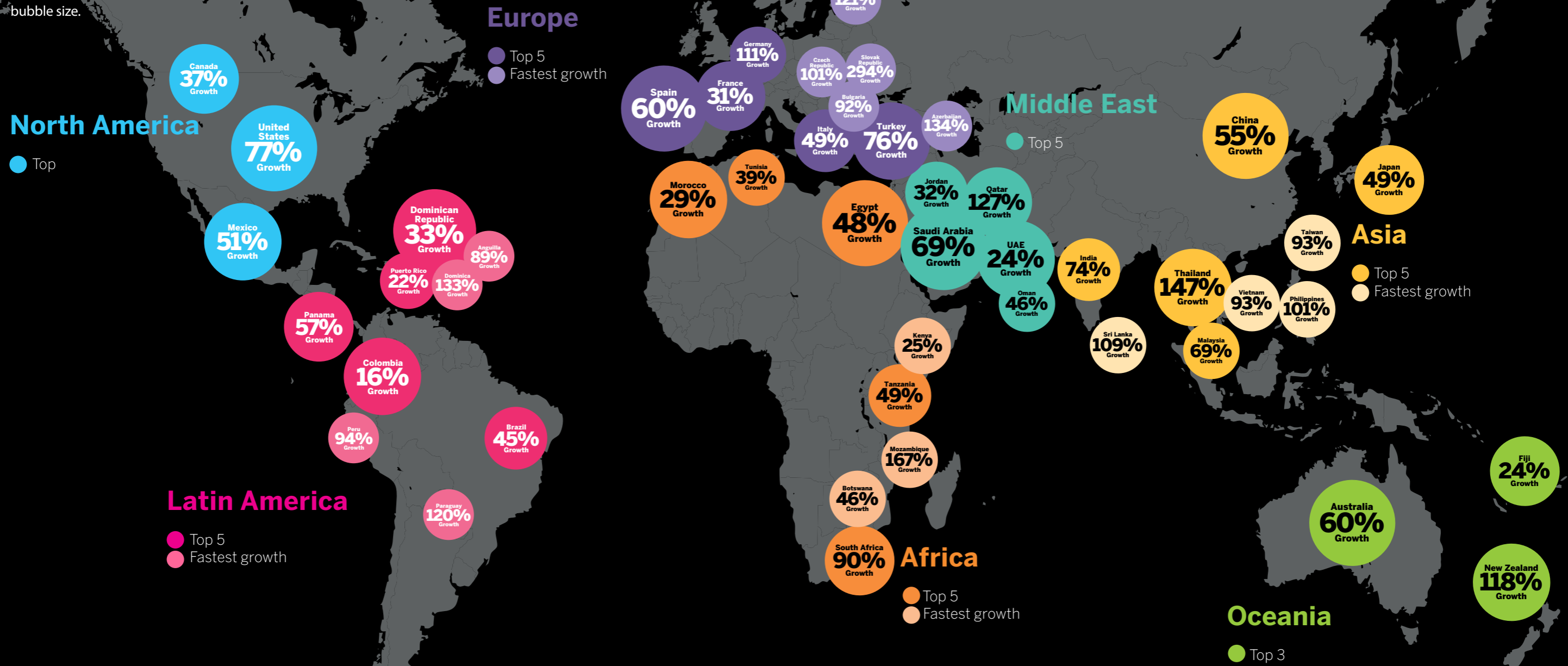
Source: Tourism Economics



International Travel Leisure Spend

2030 Largest & Fastest Growing Destinations

The bubbles show the largest destination countries by international leisure visitor spend in each region as well as a selection of smaller, fast-growing markets. The size of the bubble reflects the overall size of the market for the largest destinations in each region. Meanwhile, fast-growth markets are shown in a consistent bubble size.



Note: High growth markets are shown in lighter shading
Note: Figures in bubbles show % growth in inbound leisure travel spend (nominal terms) between 2020

03. Industry Trends

3.1. OPPORTUNITIES

Time to travel

For thousands of years travelling for pleasure has evoked a sense of wonder among civilisations. In ancient history, Egypt was an early example of a flourishing destination as privileged members of society flocked to see its famous monuments such as the Pyramids of Giza. The Seven Wonders of the Ancient World subsequently became must-see sights for ancient travellers. Over the passage of time countless destinations have spawned across the globe each offering unique experiences in distinctive natural, cultural, and historical settings. Despite some geopolitical risks and tensions in several regions around the world, some might say there has never been a better time to travel!

Growing global middle class

While the scars of the pandemic remain in some regions, notably Asia-Pacific, the overall outlook for tourism in 2024 is healthy as global visitor arrivals are expected to increase by 16% compared with 2023 and reach a new record level of 2% above the previous peak in 2019.

Economic trends are a key factor underpinning positivity with travel well-established as a priority spend item among advanced economies and a growing middle class emerging in developing countries.

The travelling class, consumers with sufficient disposable income to undertake leisure travel, will account for 21% of the global population in 2024. By 2030 and 2050, this audience is expected to grow significantly to 24% and 33% of the global population which presents huge opportunities for tourism growth.

75% agree, undertaking leisure trips is an important priority each year

Source: Tourism Economics, Travel Trends Survey, 2024

Global Visitor Arrivals 2024

+16%
vs 2023

+2%
vs 2019

Source: Tourism Economics 2024

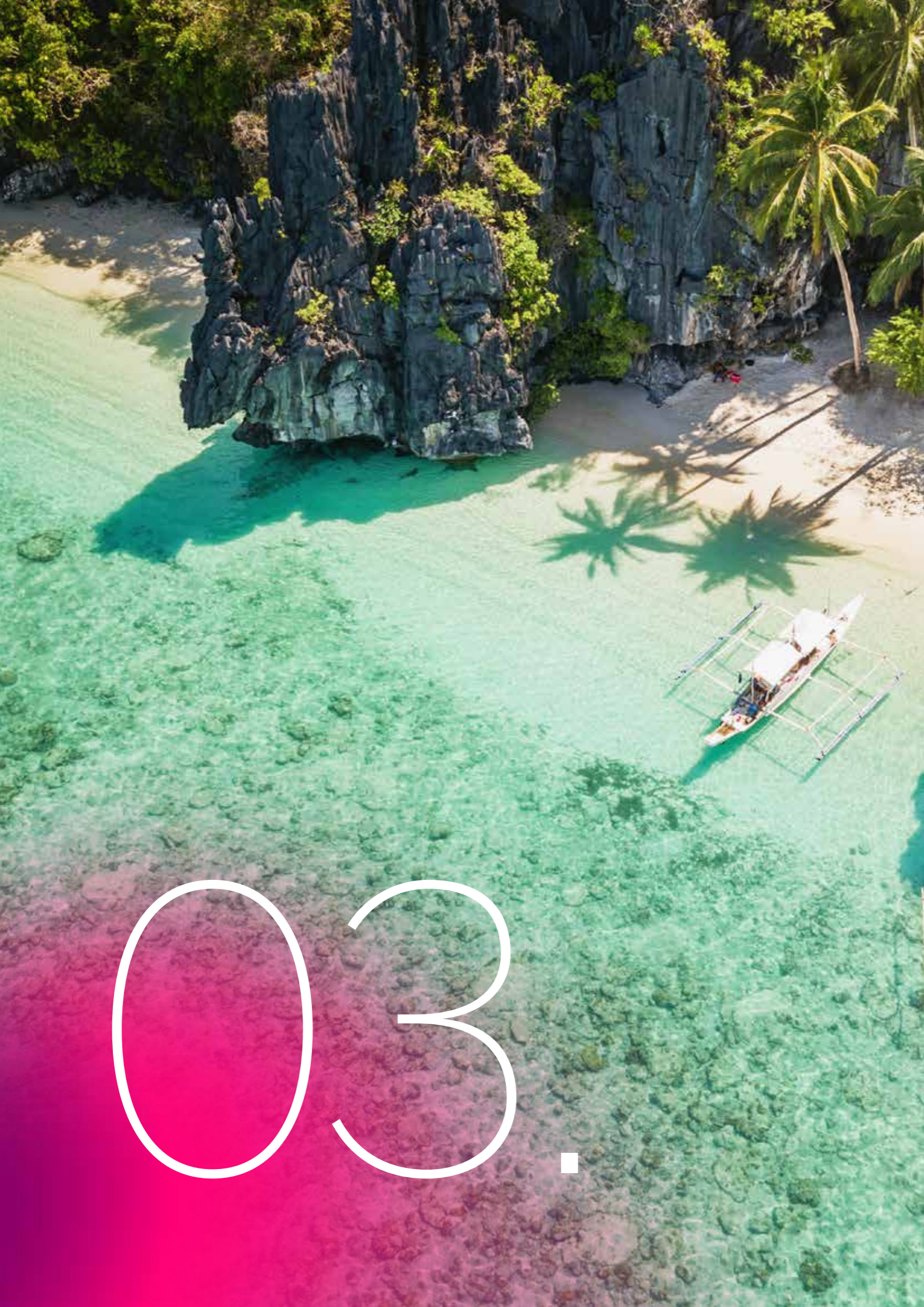
Travelling Class
(% of global population)

2024
21%

2030
24%

2050
33%

Source: Tourism Economics 2024



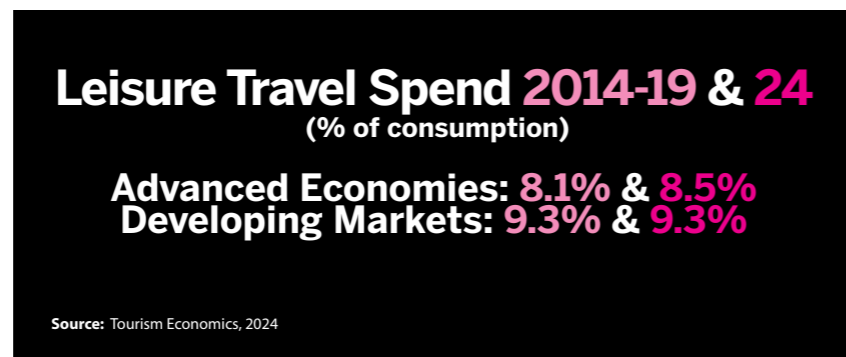
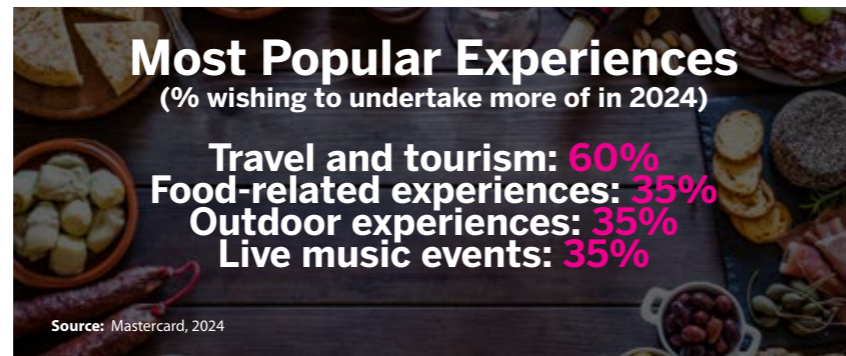
Experience economy

Triggering a further boon for tourism, consumers in developed nations have demonstrated increased demand for experiences in recent decades. Consequently, the “experience economy”—consumers prioritising memories over physical goods—has thrived.

According to Mastercard research, nearly nine out of ten people expected to spend the same or more on experiences in 2024 compared with 2023 with travel and tourism related experiences most in demand.

The trend is evident in the spending behaviour of consumers globally and not just those in developed countries. Over the last decade developing markets have spent a higher share of their disposable income on travel, catching up the proportion of spending in many advanced economies.

Furthermore, evidence, such as recent Skift surveys, suggests younger generations such as Gen Z and millennials place greater emphasis on experiences rather than materialistic goods which bodes well for the travel outlook.



The next best thing

The popularity of travel has fuelled remarkable creativity. Be it volcano-boarding in Nicaragua or cage diving with sharks in South Africa, a broadening range of activities are available to consumers driven by growing demand for new and unique experiences.

Consumer research recently conducted by Tourism Economics identified that the range of things to see and do is a leading factor in choosing both domestic (25%) and international (27%) travellers. Moreover, 57% of travellers in the same research indicated that they are more interested in visiting new destinations compared to five years ago which highlights increased appeal for fresh experiences.

The seemingly boundless opportunities for travel companies to innovate by offering distinct and personalised offerings, aided by technology, presents exciting possibilities for the industry.

Travel to new, alternative destinations is also continuing to boom, with stand-out growth in travel to new and emerging markets such as Saudi Arabia and Albania which achieved visitor arrival growth of 80% and 74% respectively in 2024 compared to 2019.



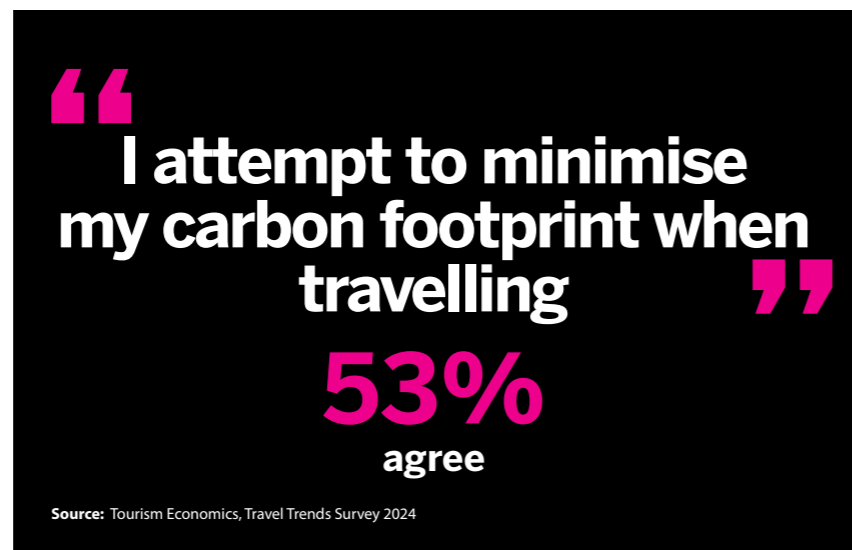
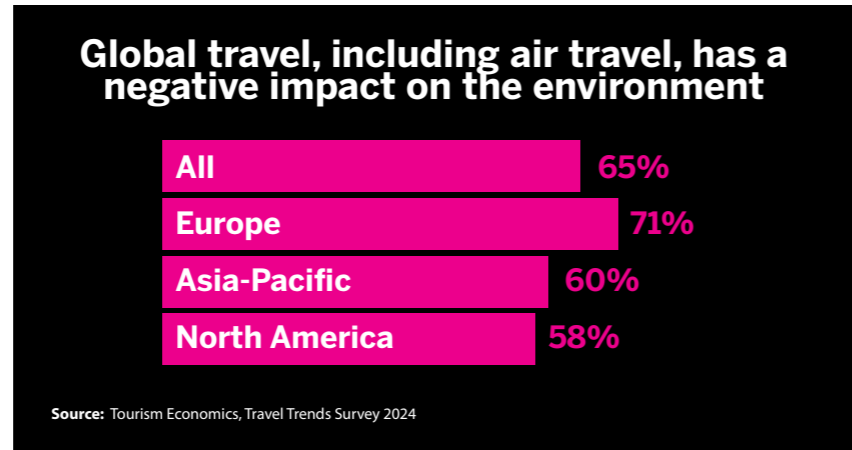
Sustainable tourism

According to Tourism Economics' latest Travel Trends Survey (TTS), nearly two-thirds of travellers from key outbound source markets recognise that travel can have a negative impact on the environment.

Increased recognition of the impact of travel on the environment is reshaping travel behaviour for and creating new opportunities businesses to tap into modern travellers' eco-consciousness.

Voluntourism—travelling with the purpose of helping local communities—is an example of how tourism has expanded in new directions which, according to Grand View Research, is expected to generate nearly \$1 billion globally in 2024. This is part of a broader movement known as sustainable or regenerative tourism, guided by the principle of tourism creating more positive impacts for local communities. Research conducted by Precedence Research suggests the economic value of the sustainable tourism market globally could grow by 14% per year over the next decade.

The industry has responded to growing demand for more sustainable tourism offerings. This is exemplified by the expanding efforts of many travel brands to help consumers identify more eco-friendly travel options. In a recent development to its sustainability program, Booking.com is now providing tools to accommodation partners to improve the pathway to third-party certifications displayed on its site. There are now more than 18,000 properties on the Booking.com platform that have achieved third-party sustainability certification. The platform is also enabling travellers in certain destinations to pick and choose greener options such as electric or hybrid rental cars or taxis.



Great outdoors

Engaging with nature and the outdoors has traditionally been an important element of recreation and leisure. However, since the pandemic many consumers have sought to reconnect with nature in more impactful ways. The impact of lockdowns and restrictions during COVID-19 likely strengthened this bond. As a result, eco-tourism and nature-based or outdoor tourism activities, such as hiking and cycling, are poised to attract expanding audiences.

Our TTS research reveals that, compared to five years ago, 34% of consumers reported a growing interest in rural and nature-based tourism while 29% indicated increased interest in adventure travel. Nature-based tourism, such as safaris and birdwatching trips, also emerged as a leading trend in China's tourism market—the largest outbound travel market globally—ranking as the top choice for short trips and vacations typically undertaken by Chinese travellers.

Growing appetite to engage with rural or smaller destinations is already happening and looks set to continue as travel growth, excluding the top 250 cities globally, has outperformed the global average. This illustrates growing demand beyond traditional city hotspots as more travellers seek further flung and more rural and countryside destinations. Trend beating travel growth in Greek and Spanish Islands also reaffirms this trend.

Physical exercise along with other health rejuvenation activities is part of booming wellness sector within tourism. According to the Global Wellness Institute, wellness tourism expenditure is expected to grow robustly at 17% per year over the next few years.

Nature Tourism Market

\$600 billion (market size 2015)

Source: World Economic Forum, republished from Balmford et al

Tourism Growth (2024 compared to 2019)

Visitor arrivals

Global average (excluding top 250 cities)

7%

Top 250 cities

5%

Leisure tourism spend

Global average (excluding top 250 cities)

20%

Top 250 cities

15%

Source: Tourism Economics, 2024

Wellness Trip Expenditure

16.6% projected CAGR (2022-2027)

\$1.4 trillion (forecast 2027)

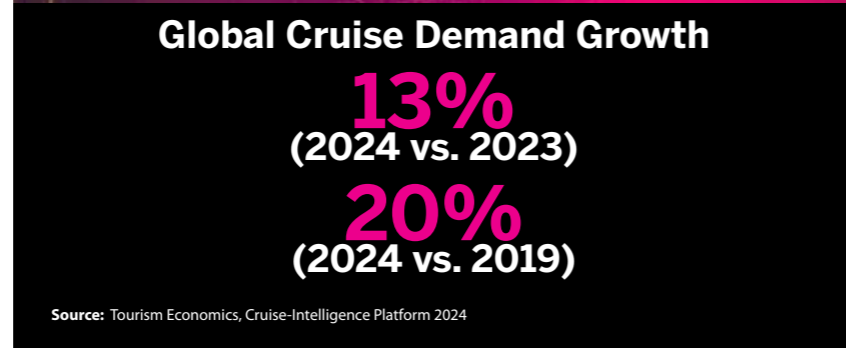
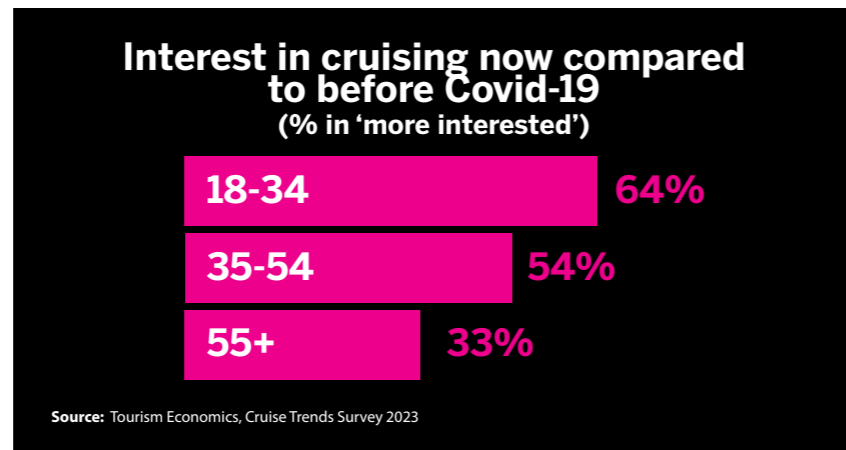
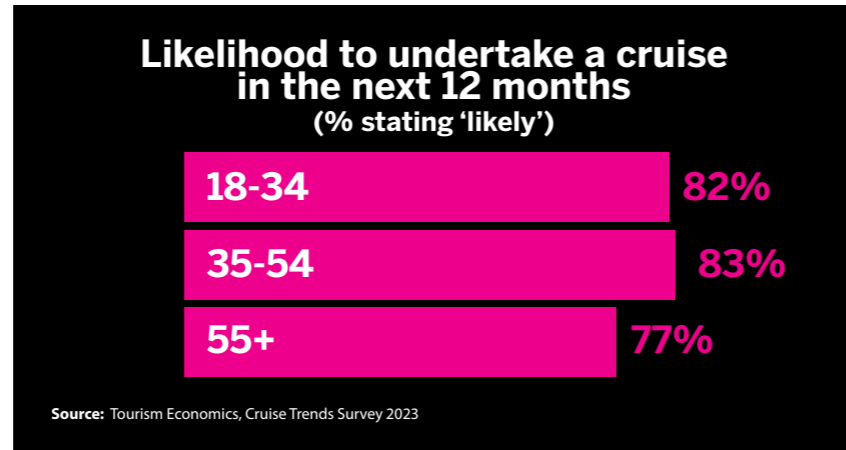
Source: Global Wellness Institute, 2024

Sailing ahead

Once synonymous with an older demographic, the global profile of cruisers has undergone transformation with younger consumers increasingly drawn to cruising. Based on recent research conducted by Tourism Economics among active cruisers, younger audiences, aged 18-34, indicated they were significantly more likely to undertake a cruise in the next 12 months compared to those aged 55 or above. Perhaps more tellingly, significantly above other demographics, over 60% of younger audiences indicated that their interest in cruising had been piqued since the pandemic.

The successful efforts of cruise operators to broaden appeal and target new segments along with value for money considerations are important drivers of change. Indeed, some brands now specifically target millennials. Royal Caribbean's newest ship, Utopia of the Seas, offers shorter, high-energy cruises directly aimed at younger customers.

In 2024, the global cruise industry is expected to see demand growth of nearly 13% compared with 2023 - a year which posted 7% growth compared to 2019, the high-water mark for cruise tourism before the pandemic. The outlook is also buoyant as demand is set to grow by around 4% per year, in line with the strong growth rate achieved by the industry before Covid-19.



Greater luxury

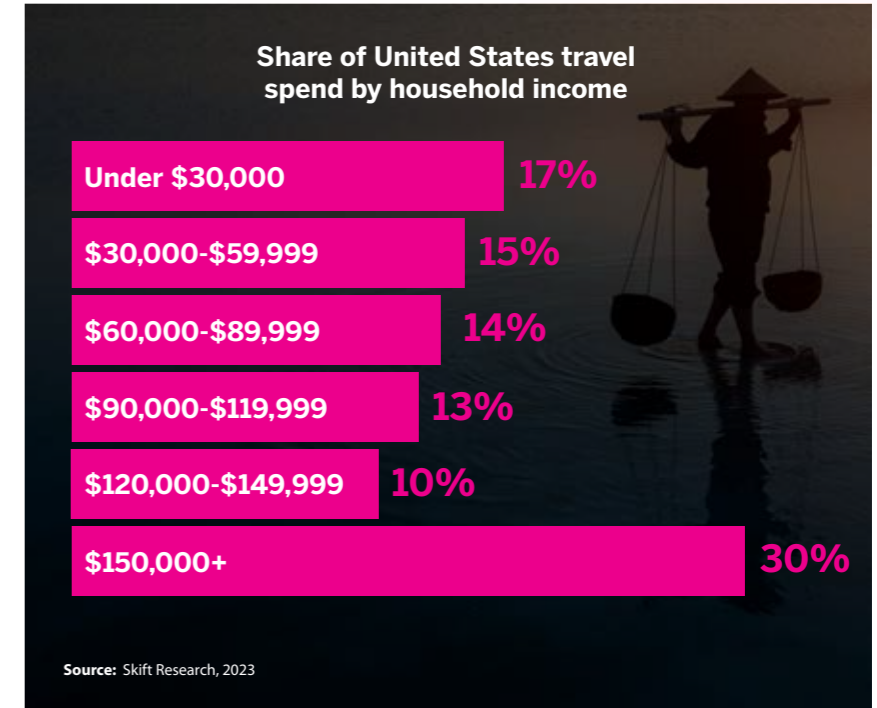
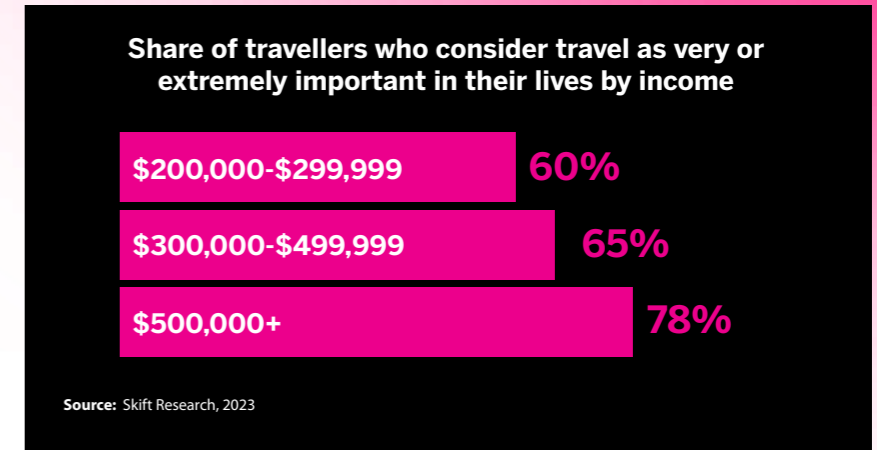
Luxury travel is poised to remain a major driver of growth in the industry. Recent research by Skift identified a correlation between income and the importance of travel with the highest earners most likely to consider travel very or extremely important.

Motivated to travel and with greater financial means, affluent travellers represent a disproportionately large share of tourism expenditure. According to the same Skift study, this segment accounts for 30% of travel spend in the United States.

However, luxurious travel experiences are not confined to the highest earners. Aligning with increased demand for meaningful and memorable experiences, travellers of all budgets seek pampering and indulgent leisure experiences. Based on our TTS research among key tourism markets, 39% indicated that they indulge in luxurious experience while undertaking travel - among Chinese travellers this figure increased to 55%.

Out of this has grown a trend of affordable luxury as consumers increasingly choose premium or higher quality offerings. According to the views of tourism professionals from Tourism Economics' Travel Industry Monitor, this is expected to remain important in 2025, despite a potential slowdown in the luxury market overall, as recently highlighted by LVMH, a well-known French luxury goods company.

While capitalising on splurge spending remains a clear opportunity in travel, there is growing evidence of increased price sensitivity as cost conscious consumers reevaluate their spending habits. From the same study conducted by Tourism Economics, over 80% of tourism experts agreed the cost of travel is becoming a more challenging issue in the industry.



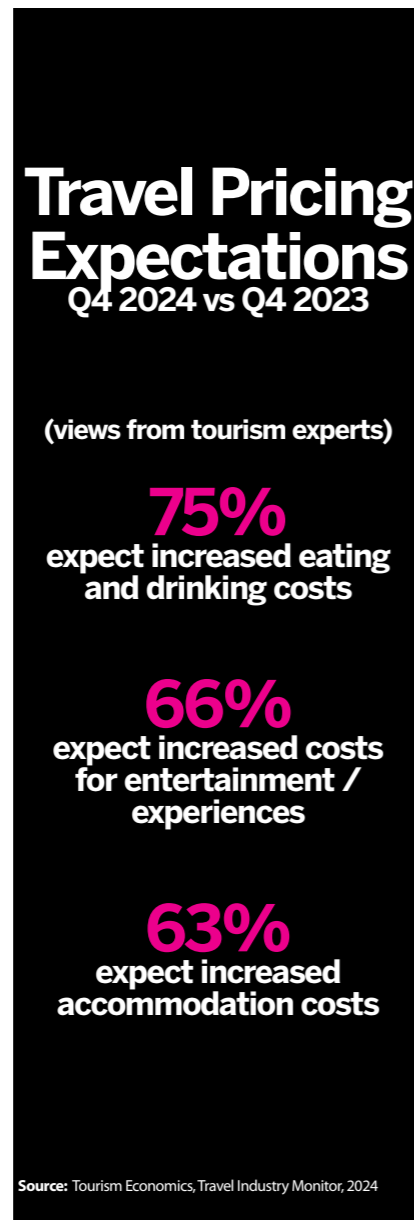
3.1. CHALLENGES

Counting costs

Economic theory dictates that increased demand generates higher prices but there are other factors which have contributed to drive up travel costs in recent years. Labour shortages, increased debt repayments and higher supplier costs are other issues which have forced many travel companies to review their pricing strategies. Based on quarterly research conducted among tourism professionals by Tourism Economics, rising business costs is a major constraint in travel.

Despite some economies experiencing reduced inflationary pressures, early evidence suggests stickiness towards higher prices in the industry. A "new normal" of steeper cost increases may threaten the continued growth of tourism, especially with key drivers such as pent-up demand and increased household savings increasingly in the rear-view mirror post pandemic.

In air travel an outlook of modestly increasing air fares marks a directional shift after a decade or so of decreased global air fares in real terms. Higher jet fuel costs and costly decarbonisation initiatives are a few variables which are contributing to a trend of increasing air fares. The need to cover debt repayments also add to cost pressures, while low-cost carriers are having less of a downward impact on prices.



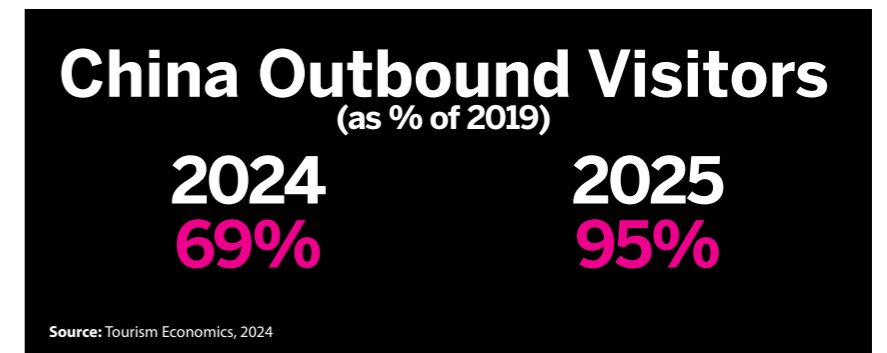
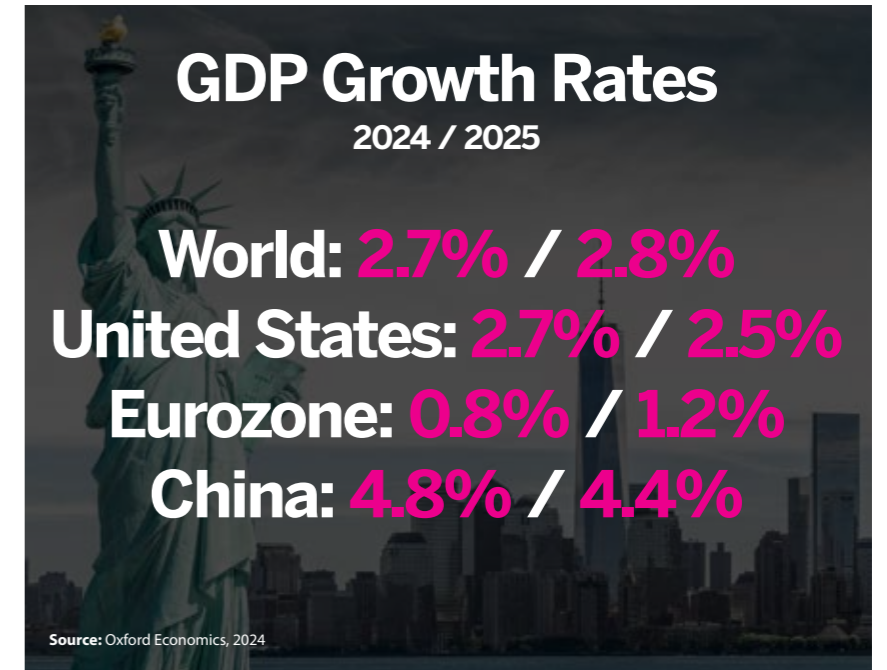
Mixed economic outlook

Alongside potentially higher travel costs, consumer sentiment in some markets has stalled recently which is linked to a range of economic issues, including persistent inflation and prolonged higher interest rates. Major travel markets such as Germany, the United States, among others, have recently posted mixed economic and consumer data which may signal headwinds for travel as consumers rein in discretionary spend. However, lower inflation means interest rates cuts are now underway which should boost household finances and spending throughout 2025 in advanced economies.

China is another key travel market showing signs of economic weakness. GDP growth is moderating and is set to grow by just over 4% in 2025; faster than many other markets but significantly slower than prior trends. This slowdown was largely anticipated and is partly a consequence of a maturing economy. However, price deflation and currency movements are eroding Chinese purchasing power.

Prior to the pandemic, China was the largest source market for global tourism but it has yet to fully recover. Underlining subdued growth, according to Tourism Economics' latest Global Travel Service (GTS) forecasts, in 2024, Chinese outbound travel is expected to hover at around 70% in 2024 and is unlikely to fully recover by the end of 2025.

This is particularly ominous for its near neighbours in Asia such as Thailand and Vietnam which have traditionally disproportionately benefitted from Chinese travellers, although Chinese travellers are returning to other Asian countries ahead of longer-haul destinations.



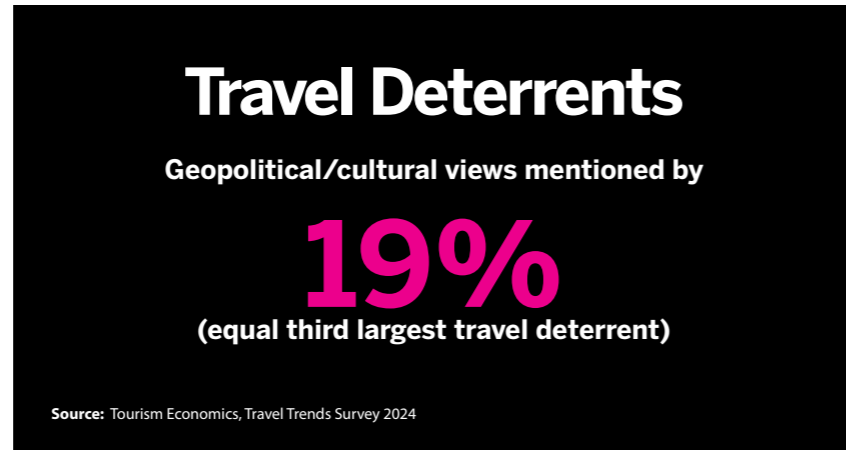
Slowbalisation

Influenced by increased regional insecurity and economic instability, among other factors, shifting societal views appear to be shaping a new world order in which nationalist priorities are taking precedence over global integration. A levelling off of global integration or “slowbalisation” with fewer free trade deals may pose new threats for tourism development in the future. Weaker trade ties between countries will likely see reductions in business travel with fewer international contracts secured but this may also generate negative perceptions which impacts bilateral tourism flows.

In a recent consumer survey conducted by Tourism Economics among key global travel markets, nearly 20% said that geopolitical or cultural views, such as negative perceptions of countries, were a deterrent when considering destinations.

Following an extended period which has seen an expansion of liberal trade policies, a new era for global trade could be shaped in the coming years. Rising world trade has facilitated sustained tourism growth for many decades, especially in the 1990s and 2000s. Slower trade growth since 2010 has had a negative impact on international travel, albeit offset by some lower price trends which are also now fading.

Reduced air route development may be one potential ramification if trade policies become more restrictive as cargo services contribute to the feasibility of many routes.

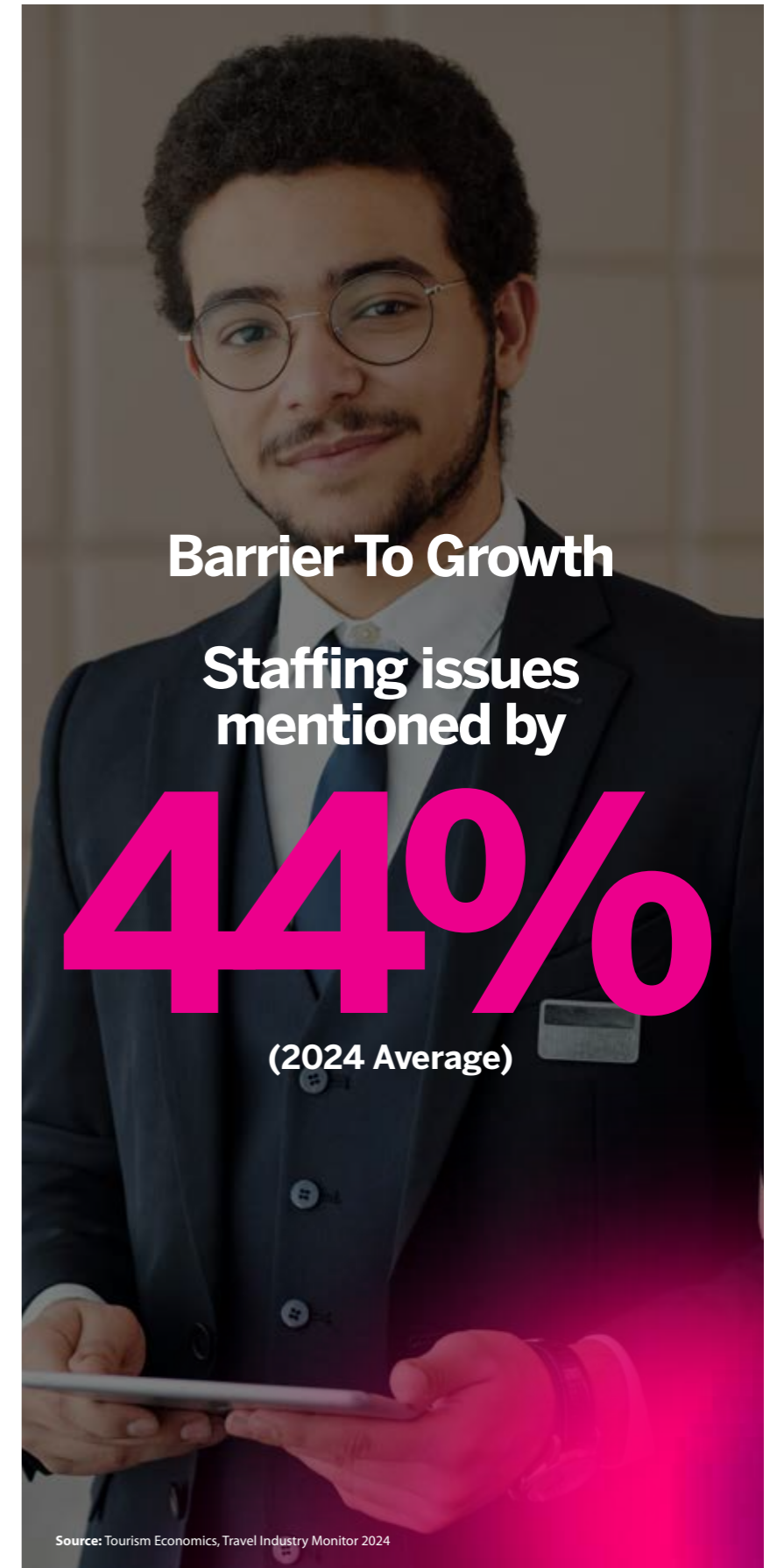


Hard work

The tourism industry has traditionally struggled to hire and retain talented staff which generates persistent challenges, and this will likely continue hampering operations in 2025 and beyond.

A combination of factors including an aging workforce, lack of perceived career development opportunities and insufficient training are commonly cited as reasons explaining this phenomenon. While the particularly acute impacts on staffing due to the pandemic may have ameliorated, according to Tourism Economics’ quarterly survey among tourism industry professionals, staffing challenges remain a key issue in the industry.

Tourism has also traditionally provided opportunities for part-time workers, including those beginning their careers. Some of these part-time workers left the labour force or found other jobs during and coming out of the pandemic which poses longer-term challenges for the sector.



Loyalty lost

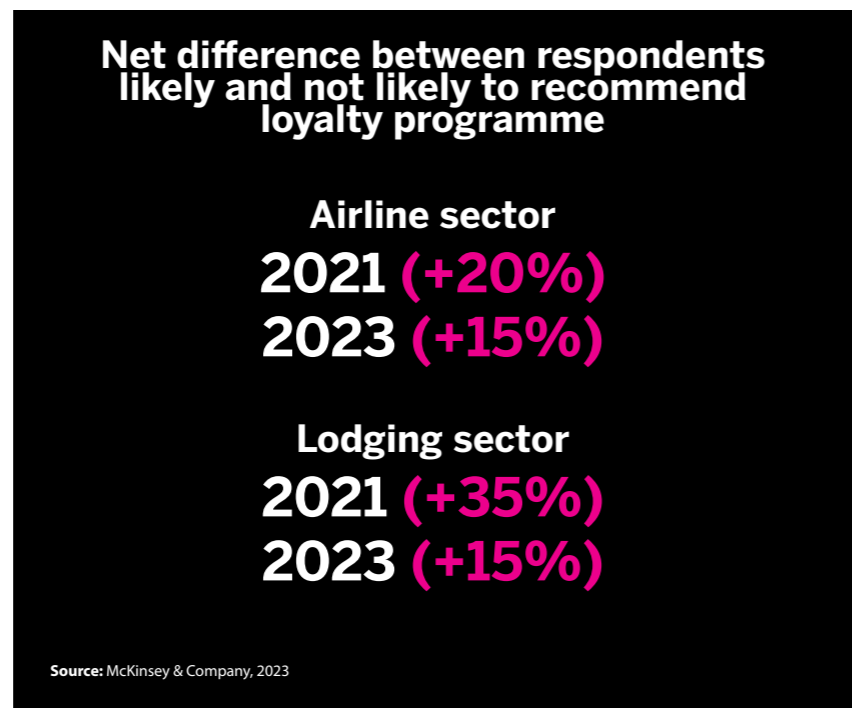
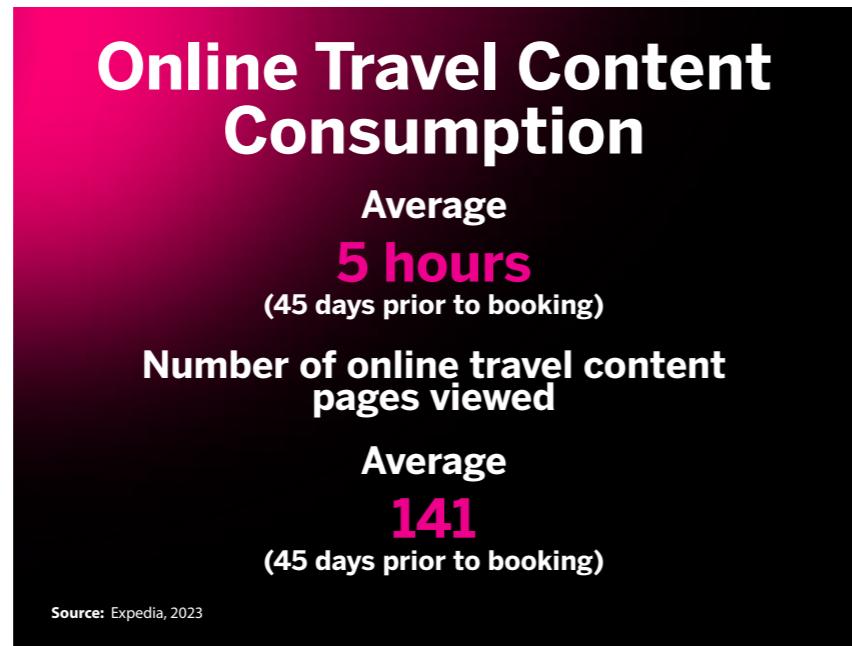
The growth of promiscuous shoppers, consumers who frequently switch brands and are often attracted by special offers, has gained prominence in recent years disrupting the status quo in industries. In retail, this has led to an expansion of discount retailers which have gained market share from incumbents.

Price and value-based decisions are likely to become ever more important in travel as consumer reliance on technology continues to grow amid a trend of increased travel bargain hunting. This means the role of individual brands could diminish leading to weaker customer relationships.

Younger generations such as Gen Z and millennials are more likely than other generations to consider and transact with a broader range of travel brands. This finding suggests that the path-to-purchase for travel shopping will become increasingly complex and nuanced in the future.

As consumers are becoming more price conscious and brand agnostic, this is leading to falling appeal for loyalty programmes which spells challenges for sectors traditionally reliant on this source of business. According to McKinsey & Company, likelihood to recommend travel loyalty programmes declined between 2023 and 2021.

However, more disloyal consumers should mean increased opportunities for the broader tourism ecosystem and, ultimately, more choice for customers. Increased online presence and more seamless online experiences are important for travel businesses to remain competitive in this environment.



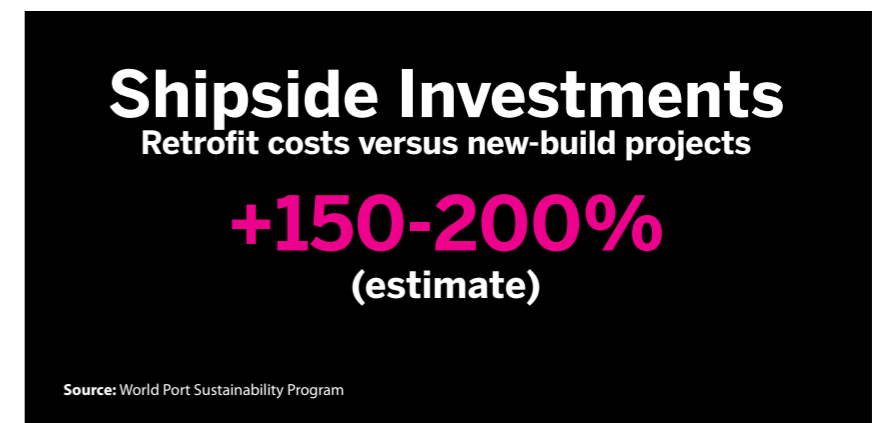
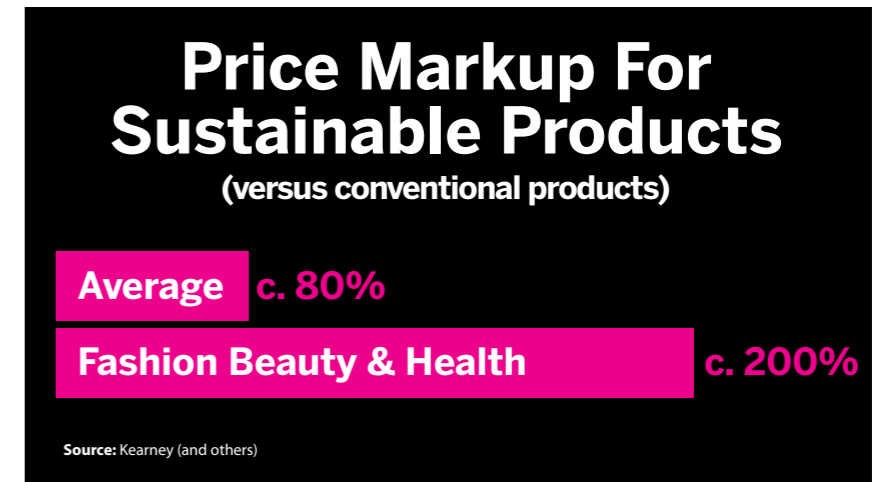
Sustaining sustainability

There are opportunities to benefit from a 'green premium' with consumers increasingly drawn to more eco-friendly offerings. However, tourism businesses face challenges transforming their operations to become more sustainable due to higher costs and likely increased regulation.

According to consulting firm Kearny, sustainable products can be around 80% more expensive than conventional products. Indeed, from the same study, costs for some categories are estimated to increase by over 200%, including beauty and health products. Increased raw material and manufacturing costs are two factors contributing to drive up the costs of sustainable products. These higher costs are additional risks for the industry as it continues to grapple with cost-related factors.

Developing more sustainable businesses is not just about changing suppliers to source greener products. In some sectors a more radical rethink is required to reduce emissions which poses further problems. Retrofitting cruise ships to use new sustainable fuels and other energy-saving technologies is an important task for the industry as part of its decarbonisation goals. However, practical challenges linked with costly and complex engineering make retrofitting particularly difficult for cruise ships and ports alike.

In the aviation industry there are strong hopes that sustainable aviation fuel (SAF) will drive down global emissions and help the industry to achieve Net Zero Targets by 2050. However, SAF is currently prohibitively expensive with costs ranging from 120% to 700% higher compared to conventional fuels, according to a recent critical review conducted by Watson et al.

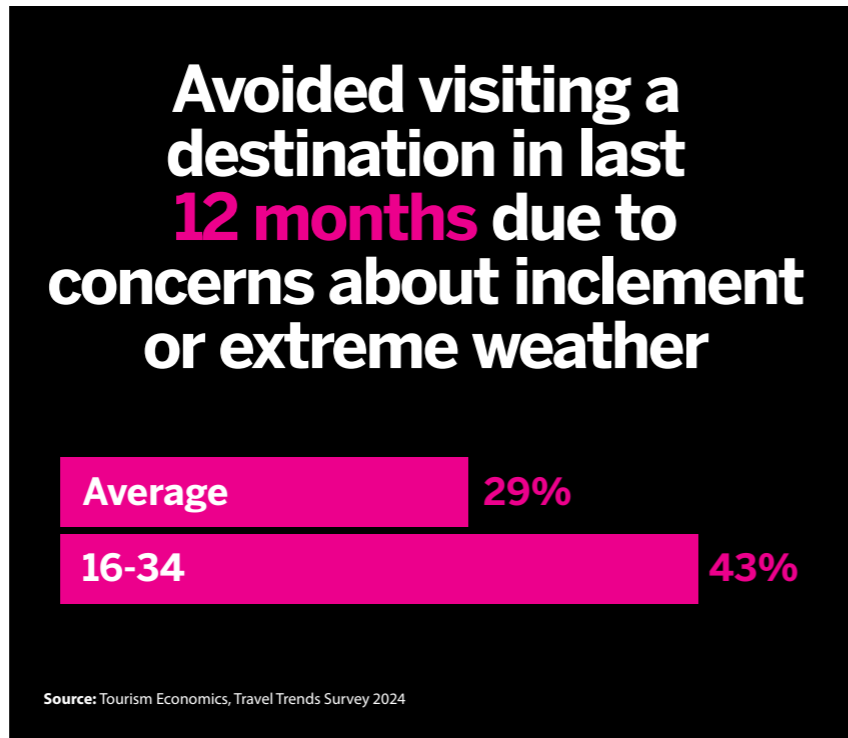


Climate change challenges

Wildfires, extreme heat, flooding are just a few examples of severe weather events which deter travellers and make destinations less appealing. According to Tourism Economics' recent survey among key global travel markets, almost 30% of all travellers and over 40% of younger generation travellers have been put off travelling to a destination due to inclement weather in the last 12 months.

While perceptions play an important role influencing consumer destination choice, the extent to which natural landscapes and environments change due to the impact of a harsher climate could play an even greater role limiting tourism. This includes degradation of nature and intolerable temperatures which prevent tourism.

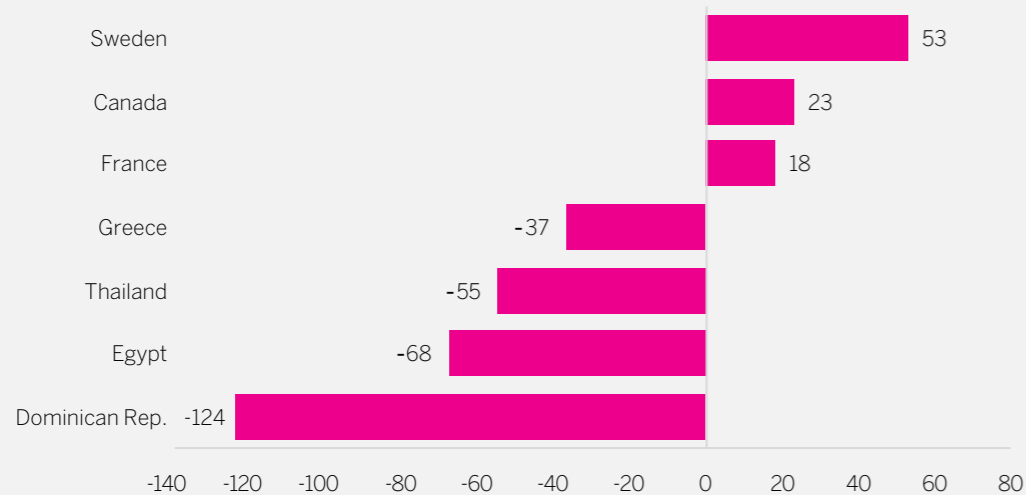
According to a 2024 study conducted by Massachusetts Institute of Technology (MIT), destinations such



as the Dominican Republic, Malaysia, Egypt and Thailand are expected to see significant declines in "outdoor days" – days with moderate temperatures that allow for outdoor

activities and more broadly travel and tourism. Some Northern European and North American destinations could see potential benefits.

Annual Change in Outdoor Days by 2100 (Selective countries)



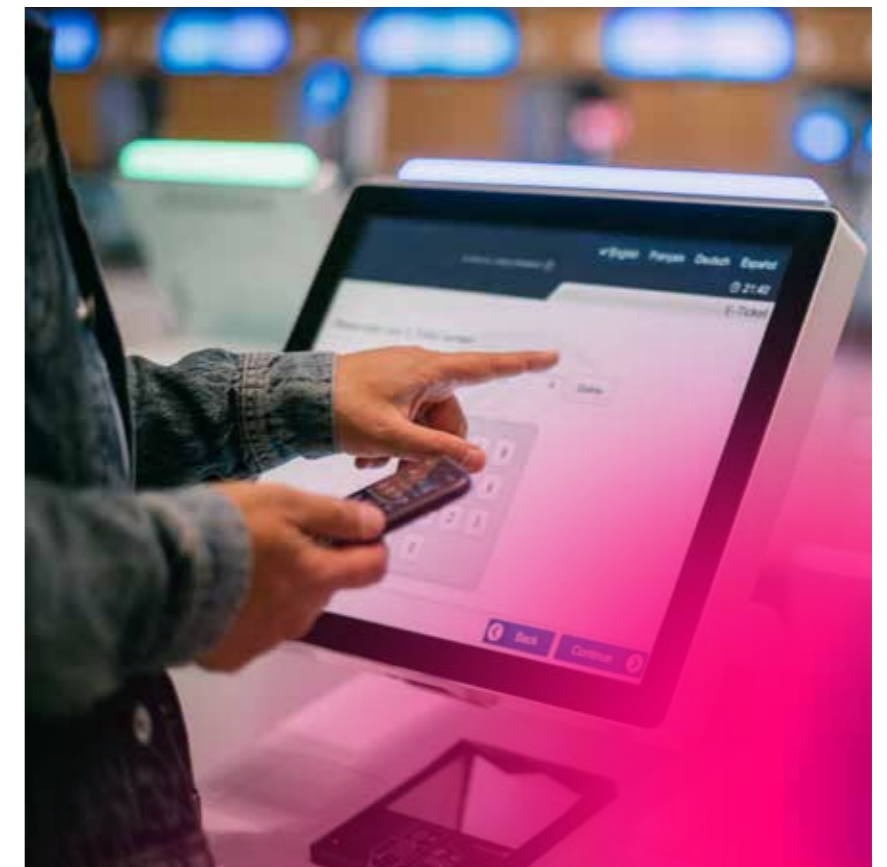
Source: Massachusetts Institute of Technology (MIT), Tourism Economics

Expectation and experience divide

As the experience economy continues to flourish, increasingly savvy and demanding consumers are placing greater emphasis on the quality of the experience. This sparks challenges for travel brands to ensure that customer offerings are marketed accurately, consistently high quality and, perhaps more decisively, able to match up against expectations. Technology is playing a role enabling travel businesses to provide more personalised offerings but there is increasing onus on providing transformative experiences which may be hard to fulfil.

Based on 2018 research conducted by PwC, there are significant gaps in the expectations and experiences of customers in the travel sector. The study assessed differences between satisfaction levels and the level of importance consumers placed on customer experience in different industries. Air travel recorded the highest disparity suggesting more underwhelmed customers compared with other industries. The research also highlighted increased weight attached to the customer experience in tourism settings compared to other industries.

With competition stiff as different sectors vie to tap into the burgeoning experience economy, there is a greater need for tourism brands to deliver high quality services and experiences among increasingly disloyal consumers.



04. Sectoral Trends

4.1. ACCOMMODATION

Based on the latest data from Tourism Economics, global accommodation spending is 24% higher in 2024 than in 2019, while the number of nights in paid accommodation has risen by 16%.

Accommodation spending is set to grow by 63% over the next decade, well above the 48% growth over the past ten years. This expected growth represents an increase of over \$1 trillion in accommodation expenditure which underlines exciting growth opportunities across the sector.

Accommodation is now taking a rising share of total tourism spending, accounting for 19% of travel spending in 2024, up from 17% in 2000, and 18% as recently as 2024.

Amid a trajectory of growth, the landscape for accommodation providers is expected to continue evolving rapidly as shifting consumer preferences, attitudes towards sustainability, and product differentiation, among other aspects, will lead to winners and losers in the lodging sector. Changes in regulation as well as finance and tax structures will also influence the mix of product supply.

**Global
Accommodation
Expenditure
Growth**
(2025-2034 forecast)

63%

Source: Tourism Economics, 2024

04.

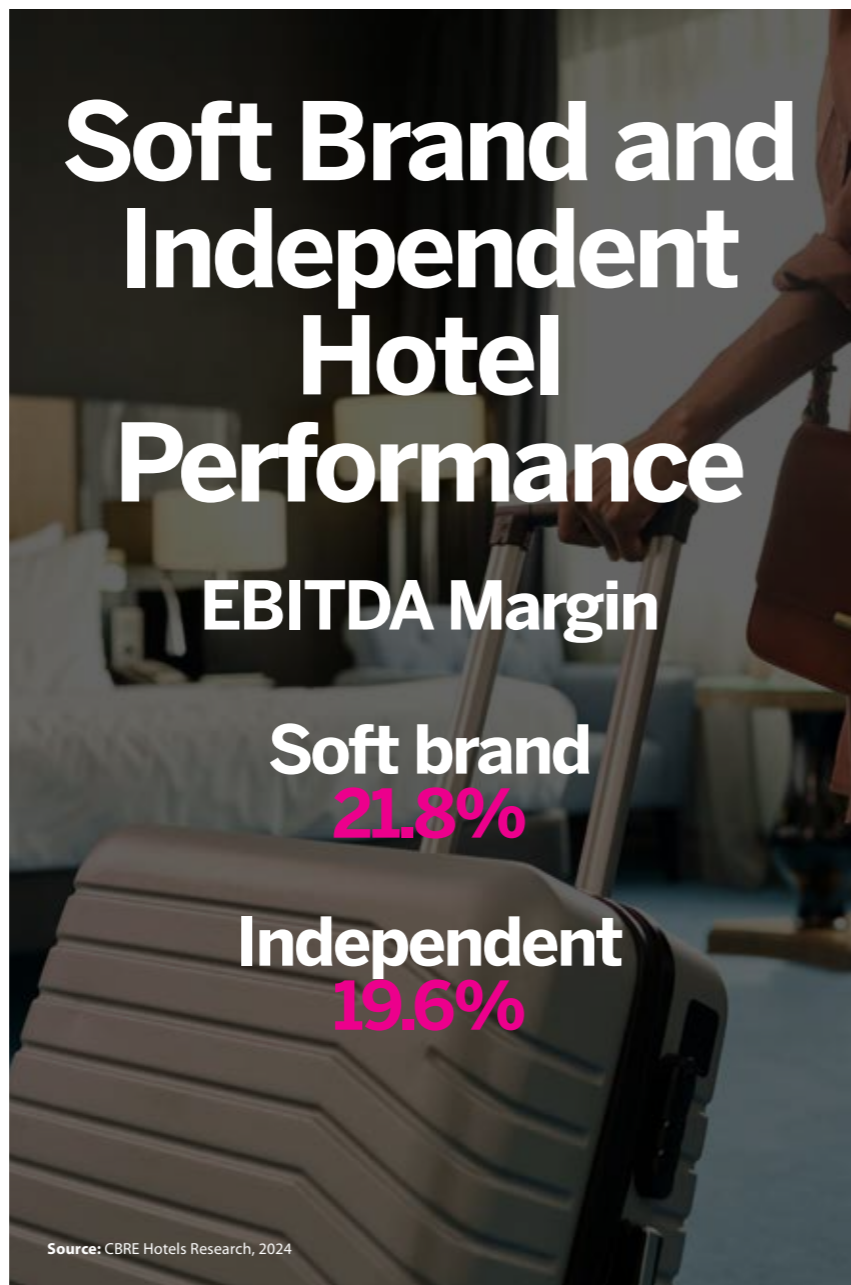
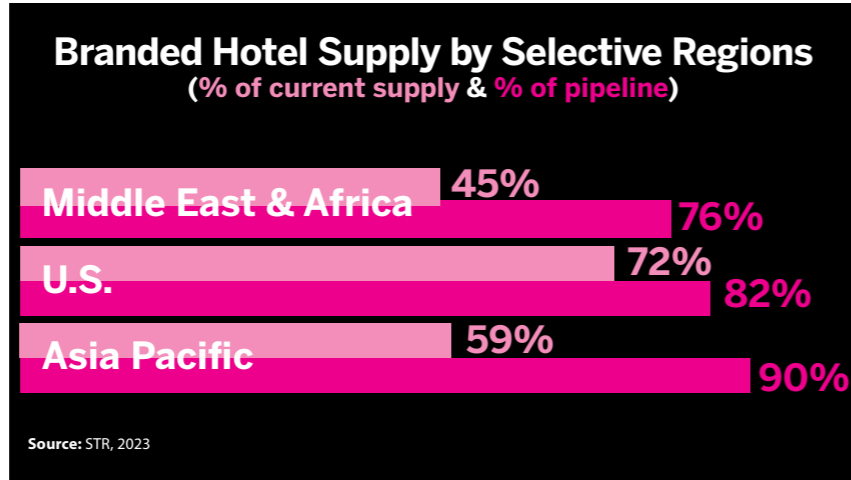
Independent or branded?

A key battleground in the hospitality industry is a turf war between independent and branded accommodation providers. In a backdrop of increasing need for authenticity, independent hotels are well-positioned. Meanwhile, branded operators with typically deeper pockets can offer more reliable services for today's travellers with exacting standards.

Data suggest that brands have grown in appeal to modern day consumers who seek more personalised and immersive experiences. According to STR, there are now more than 1,200 hotel brands worldwide, including over 60 brands in the Marriott and Hilton portfolios.

This is due to multiple factors, including hotel ownership structure and increased marketing capabilities, as well as the shifting of customer preferences. Lifestyle hotel brands and soft brands, which offer more experiential and unique experiences compared to traditional brands, illustrate novel developments in the sector which are gaining market share. Acquisitions of independent hotels for conversions to soft brands are also typically cheaper and more desirable than new property development as the real estate industry focuses more on adaptive reuse developments.

Similar opportunities can be unlocked by other accommodation providers by connecting with guests through storytelling, harnessing local communities and providing more unique and tailored services.



Long-term growth: Short-term rentals

As travellers have become more curious and consumer demands have widened, alternative accommodations have gained prominence. A key segment within this is short-term rentals, which according to Eurostat, accounted for around 20% of all tourism nights in Europe in 2023.

A notable player in the sector is Airbnb, which since launching in 2007 has attracted more than 150 million users globally who have booked over 1.5 billion stays on the platform.

The shared economy is a key ingredient of Airbnb's success, providing opportunities for a more authentic experience of a destination, including stays with hosts.

Another is the diversity of its offerings from flying saucers to wooden elephants. Increased demand for unusual and niche experiences aligns with a broader trend as consumers increasingly seek newer and more memorable experiences.

Growing adoption of short-term rentals is leading to fundamental shifts in tourism impacts as the sector is enabling rural and traditionally less popular destinations to benefit more from the impact of visitor spend.

Another segment poised for strong growth is camping and caravanning. According to Grand View Research, the global camping and caravanning market size is predicted to grow at just over 10% per year until 2030.

Camping and caravanning offers consumers increased affordability which could be more important for those continuing to feel the squeeze of the cost-of-living crisis moving into 2025. In addition, the sector is well-placed to benefit from biophilia – a growing trend of increased interest in the outdoors – and linked to that wellness tourism as many travellers rely on engaging with nature and the outdoors for self-healing.



Distribution wars

Online travel agents (OTAs) have captured significant market share this century and enjoyed rapid growth in profits. Booking.com and Expedia accounted for almost half of all online hotel bookings before the pandemic according to Skift.

However, as branded hotel presence rises and hotel operators increasingly adopt new technology such as integrated booking engines and sophisticated tools to manage inventory and guest relationships, the tide may be turning on the stronghold of OTAs. h2c's 2023 Digital Hotel Operations Study found that hotel direct bookings increased significantly compared with 2022 while OTA share fell.

Digitisation was considered a key feature of this success as inhouse technology is helping the industry to better understand the needs and want of guests leading to a virtuous circle of more loyal and repeat business.

Share of Online Hotel Bookings (2010 & 2019)

2010



2019



Source: Skift, 2019

Share of Hotel Chain Revenue (2022 & 2023)

2022



2023



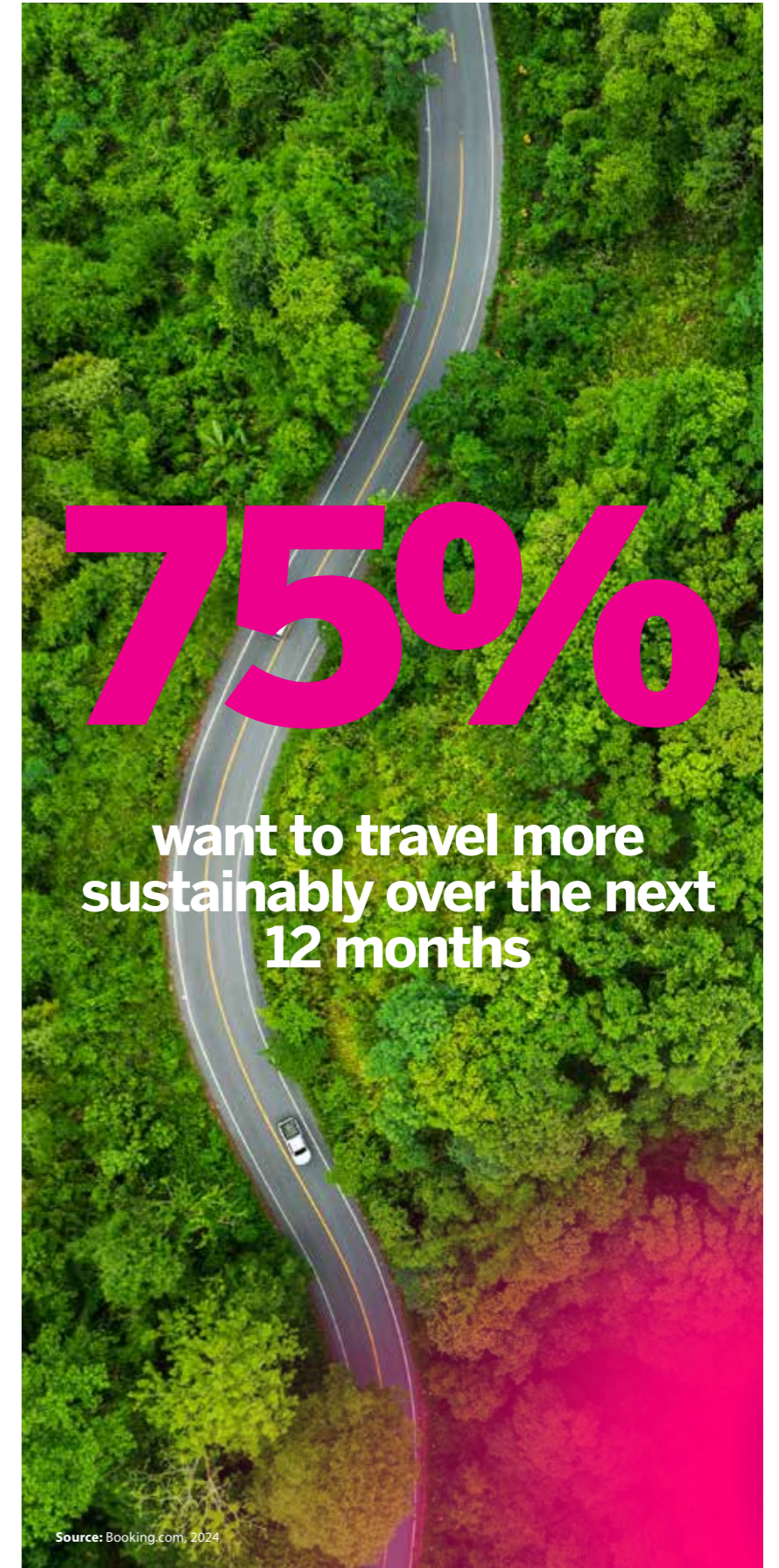
Source: h2c, 2023

Sustainability certification: Trustworthy or green washing?

While the industry has responded strongly to meet the need for more sustainable and eco-friendly travel options, choosing the most environmentally friendly option can be challenging as there are many sustainability accreditation schemes and, in some cases, limited information to substantiate good practice.

As a result, consumers are increasingly wary of greenwashing – companies providing false or misleading information about the environmental impact of their services. According to Skift Research, over 75% of consumers in a 2021 study were sceptical about travel companies' claims regarding sustainable practices. There is a real demand among travellers for more evidence-based sustainable options, with an emerging trend of regenerative travel that benefits destinations.

As we look ahead to 2025, marketing initiatives promoting green credentials are unlikely to dissipate nor will the exertions of the industry to drive down carbon emissions. This means a balance may need to be struck which could see third-party organisations such as the Global Sustainable Tourism Council playing a more pivotal role vetting sustainability standards. Initiatives, like the new program launched by Booking.com, which facilitate increased adoption of third-party certification will help consumers make more informed decisions regarding sustainable travel.



75%

want to travel more sustainably over the next 12 months

Source: Booking.com, 2024



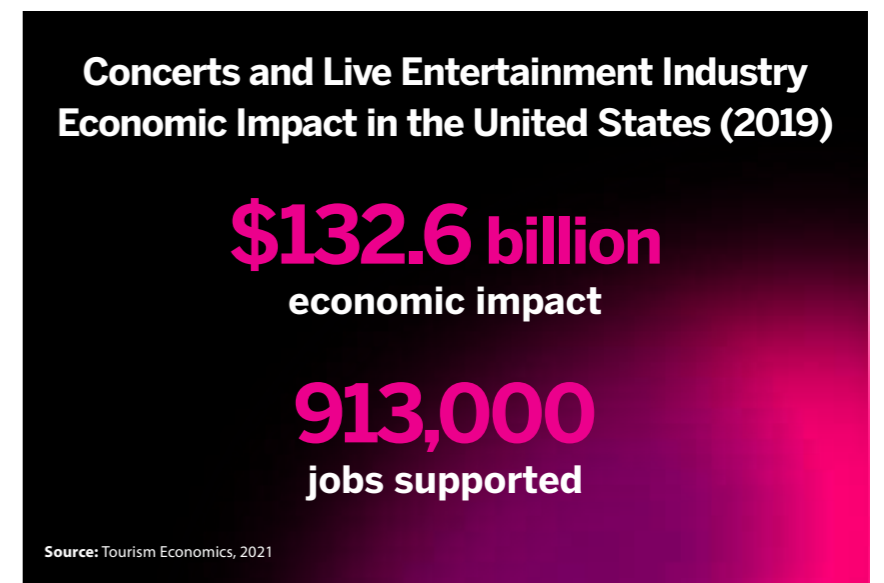
4.2. EXPERIENCES

Cultural connection

Increasing demand for unique and authentic experiences is heralding new opportunities for travel destinations and businesses to tap into a growing market interested in local culture. According to Business Research Insights, the cultural tourism market is expected to grow by nearly 15% per year over the next 5 years and its value could exceed \$17 billion by 2032.

Underlining the global significance of cultural history, over 900 of the current 1,200 plus World Heritage Sites are categorised as cultural heritage sites. These are major drivers of tourism with sites such as the Statue of Liberty and the Tower of London drawing millions of visitors per year. However, a broad range of mainstream and niche cultural factors are also key drivers of demand for destinations and brands alike including food and drink, music, and film.

A study conducted by ChampionTraveler identified that popular movies can increase tourism to filming locations between 25% to 300% with, for example, Harry Potter film locations posting visitor number growth of 50%.



Going local

Set to be relaunched in 2025, Airbnb's newer vertical, Experiences, which offers immersive tours and activities provided by locals, highlights growing relevance in cultural experiences through the lens of locals. Findings from Tourism Economics' Travel Trends Survey also reinforces that consumers are looking for deeper and meaningful interactions with local populations while travelling.

Technology is destined to play an expanded role developing experiences in this sector. Inhouse-trained AI models delivering personalised recommendations for travellers as they explore local destinations is already being provided by operators such as SmartGuide, which currently offers self-guided tours for over 100,000 destinations.



Eventful thinking

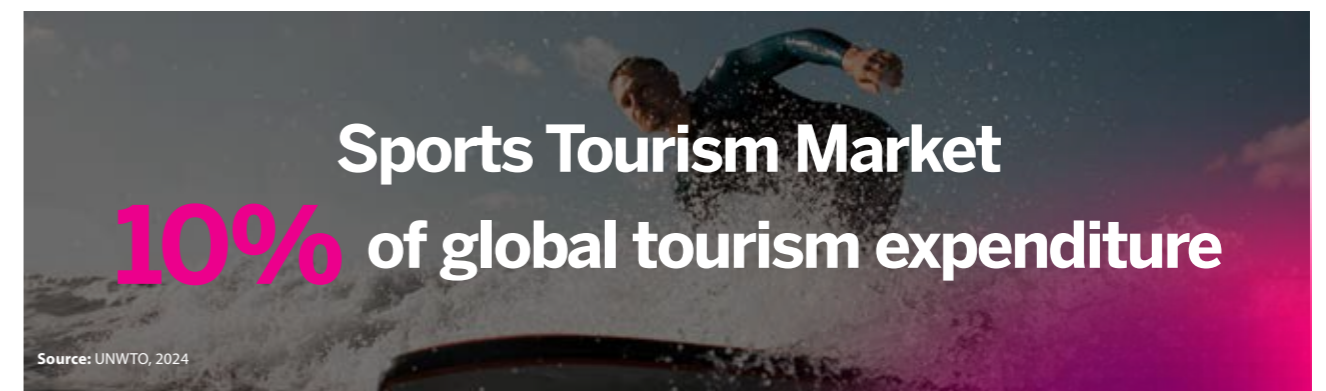
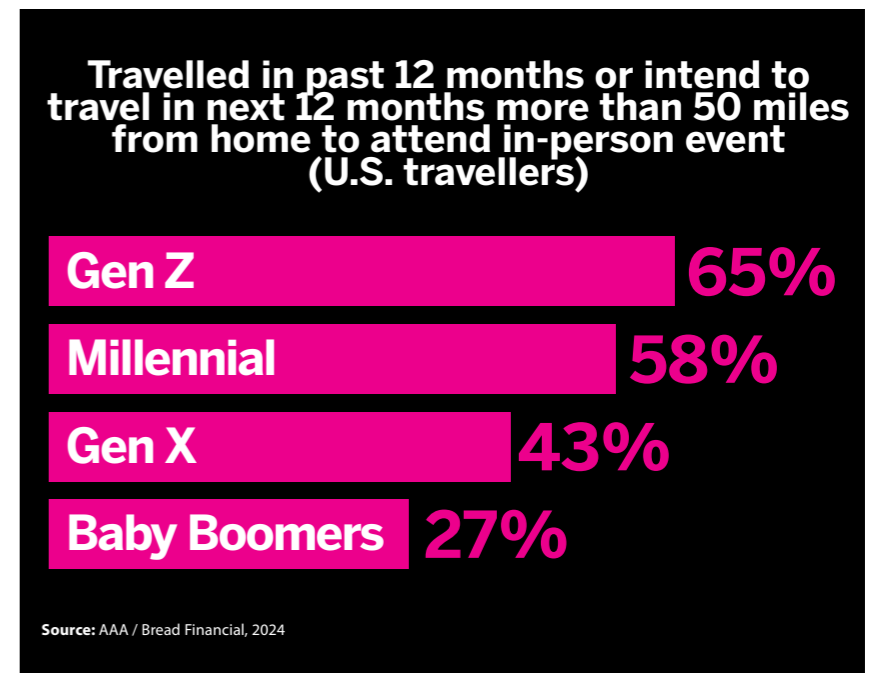
Following an action-packed year of mega events in 2024, the outlook for major cultural and sporting events remains bright, despite financial challenges impacting households. The Global Live Events Market report estimates that the sector could increase by over tenfold from nearly \$60 billion in 2023 to over \$754 billion in 2030, which represents annual growth of over 40%.

According to a recent survey conducted by AAA and Bread Financial some of this growth is due to surging interest in live events among Gen Z and millennial consumers who show greater willingness to attend events and higher propensity to spend compared with other generations.

In 2024, Taylor Swift's Eras Tour grabbed headlines and generated a significant amount of travel to host cities, but other events have also generated activity. This includes other music artists but also major sports sporting events and notably the Paris Olympics and EURO 2024 in Germany. These mega events bring people to host cities but also typically involve displacement of normal visitor flows. Our analysis indicates that there was no uplift in event time visitor volumes for these destinations. However, major events are likely to bring benefits in subsequent years as they generate

huge publicity and can attract visitors from new markets.

In addition to generating new demand for destinations which leads to increased footfall for local businesses, events can bring a different type of visitor producing additional benefits. Higher yield and longer length of stay visitors are commonly associated with events, including sporting events. An OECD study estimated that event visitors generate a 20% premium compared with the expenditure behaviour of regular tourists.



Just for the thrill of it

Consumers are also more open to adventure, thrill-seeking and extreme experiences. This is being compounded by growing demand for inimitable, "bucket list" experiences and increased curiosity, and, maybe even, greater tolerance of risk.

Future Market Insights forecast that the global adventure tourism industry is expected to grow at 16.2% per year until 2033, potentially making it worth around \$1.5 trillion.

Estimated to account for between 60% to 80% of the market, soft adventure activities, which are generally low risk and require limited experience, such as hiking, cycling and wildlife watching, represent the largest share of adventure tourism opportunities. However, hard adventure activities, like skydiving, mountaineering and whitewater rafting, are likely to gain increased traction among a typically wealthier audience more open to adventure and willing to take higher risks.

This type of riskier travel is also known as frontier travel. It is perhaps humans' unquenchable desire to see and experience remote and uncharted destinations that will propel space tourism in the coming decades. Anthropologist and credited as a pioneer of tourism research, Valene Smith once said what tourists want, the industry will provide.

Popular Trip Types
Out of comfort zone
(% agree)

73%

Source: Booking.com, 2023

Global Adventure
Tourism Market
(2033 forecast)

\$1.492 trillion

Source: Future Market Insights, 2023

“**What tourists want, the industry will provide.**”

Anthropologist, **Valene Smith**





4.3. TRANSPORT

**“It’s not the destination,
it’s the journey”**

Transportation not only provides a fundamental function of travel, but it also plays an important role enhancing experiences and is increasingly developing to become a standalone experience in certain settings.

A growing embrace of slow travel, a more relaxed approach to travel focusing on quality rather than quantity, is influencing travel behaviour which directly impacts the services of transport providers. Regulations are also becoming more important in the sector as governments review the role of transport alongside their Net Zero commitments.

Change to Overall Rating of Cruise Experience (% stating Good or Very good)

All 88%

18-34 94%

Source: Tourism Economics, Cruise Trends Survey 2023

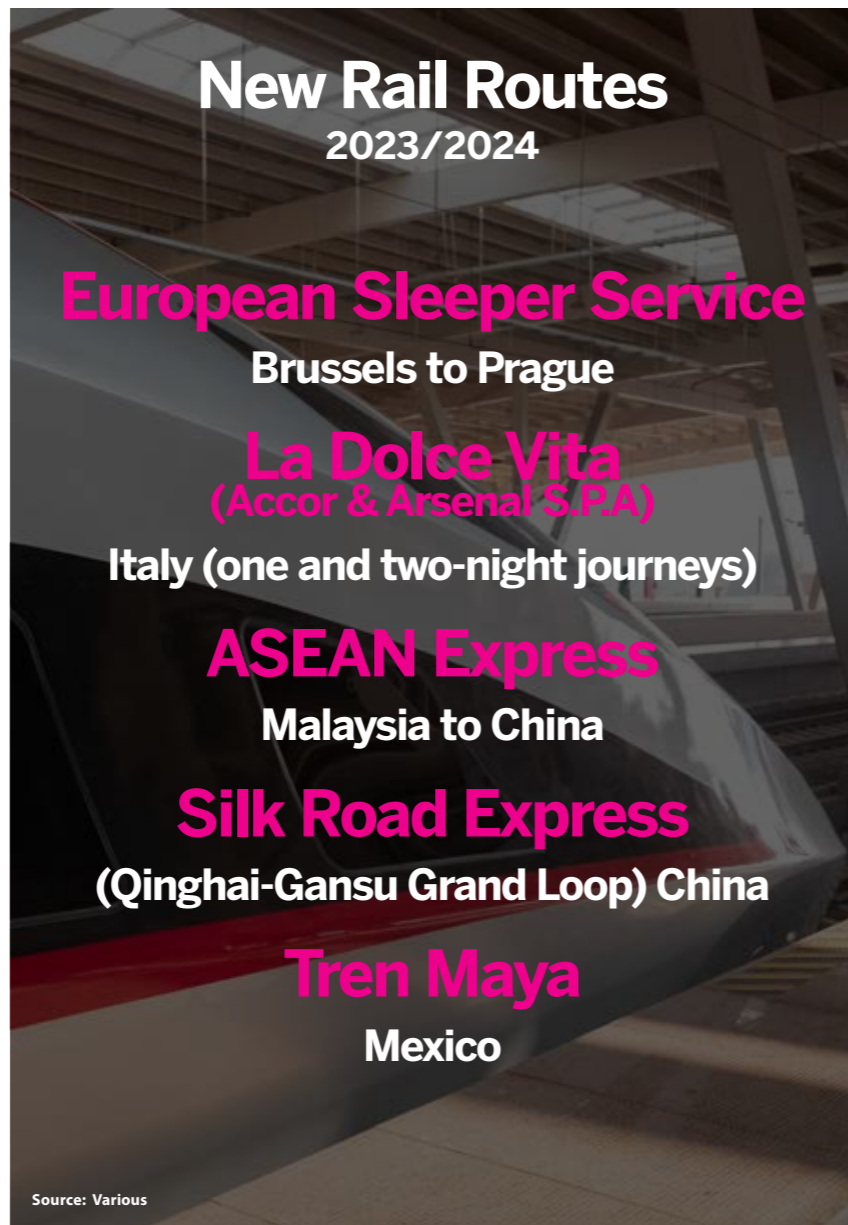
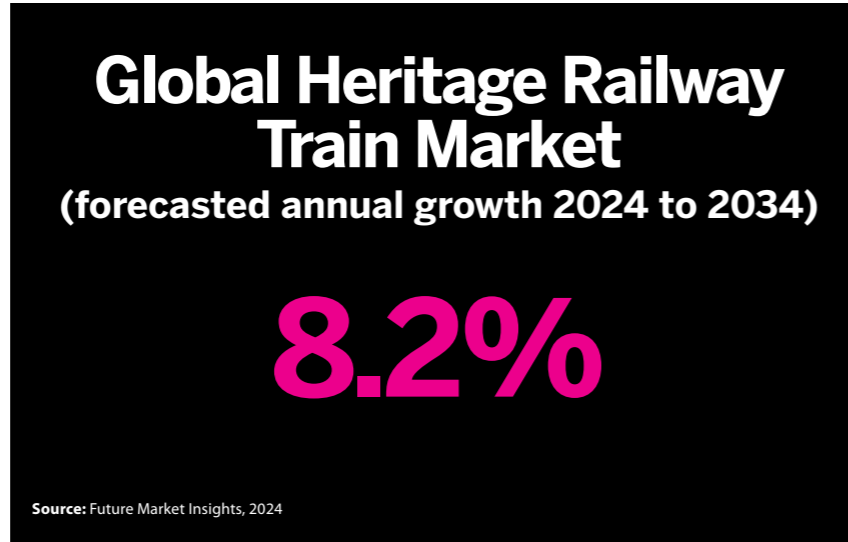


Taking the train

Since the launch of the Orient Express in 1883 connecting European capitals between Paris and Istanbul, luxury train travel has garnered appeal. Today, with luxury travel growing in many verticals and with an increased focus on sustainability, there is a new wave of opportunities running along the tracks for railway operators and the broader ecosystem.

An expanding range of rail routes globally is generating a new “Golden Age” for train travel, both as a means of achieving better connectivity between destinations and creating new tourism experiences.

Recently launching new itineraries dedicated to rail, Intrepid Travel, an Australian based adventure travel company, represents an example of how industry is responding to this growing opportunity.



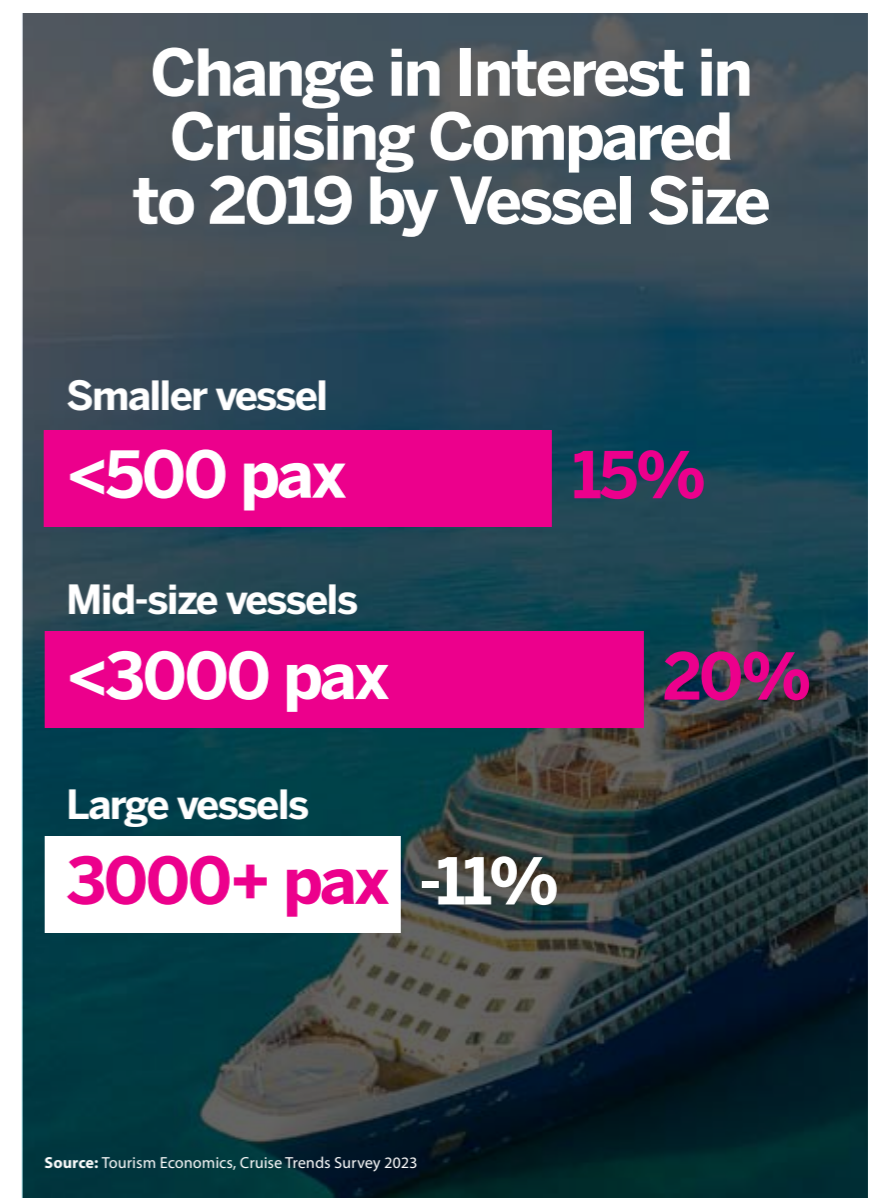
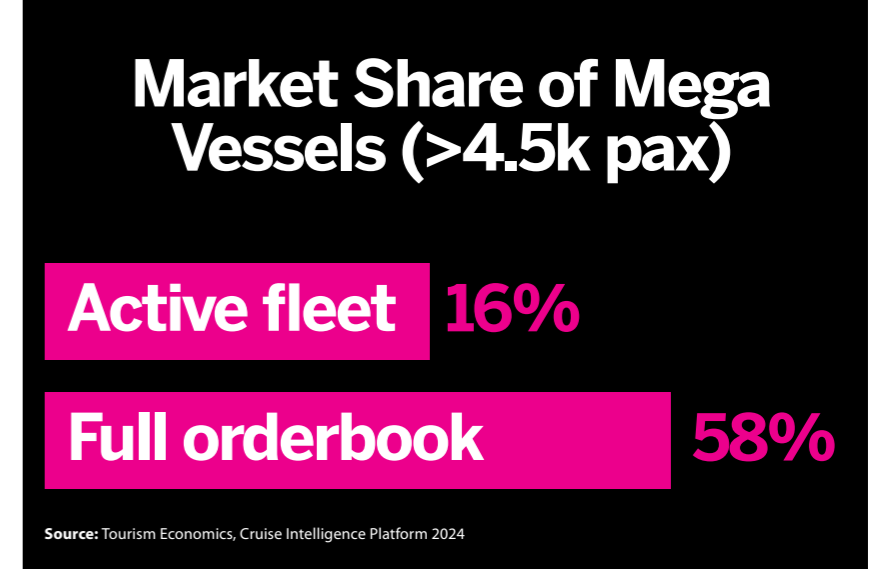
Cruise control

The global cruise industry is a story of overwhelming success in recent years, despite suffering catastrophically during the pandemic as cruising ground to a halt. As the industry increasingly appeals to a broader spectrum of would-be cruisers, including a younger demographic, there is an interesting dichotomy emerging.

Strong demand is influencing buoyant cruise pricing for all ship categories which highlights the need for supply growth. Operators are responding to this opportunity by investing heavily in the creation of small luxury ships and, more significantly, mega-vessels with extensive dining and entertainment facilities.

However, research conducted by Tourism Economics among active cruisers shows that demand is increasingly leaning towards smaller and midsize vessels with fewer than 3,000 passengers.

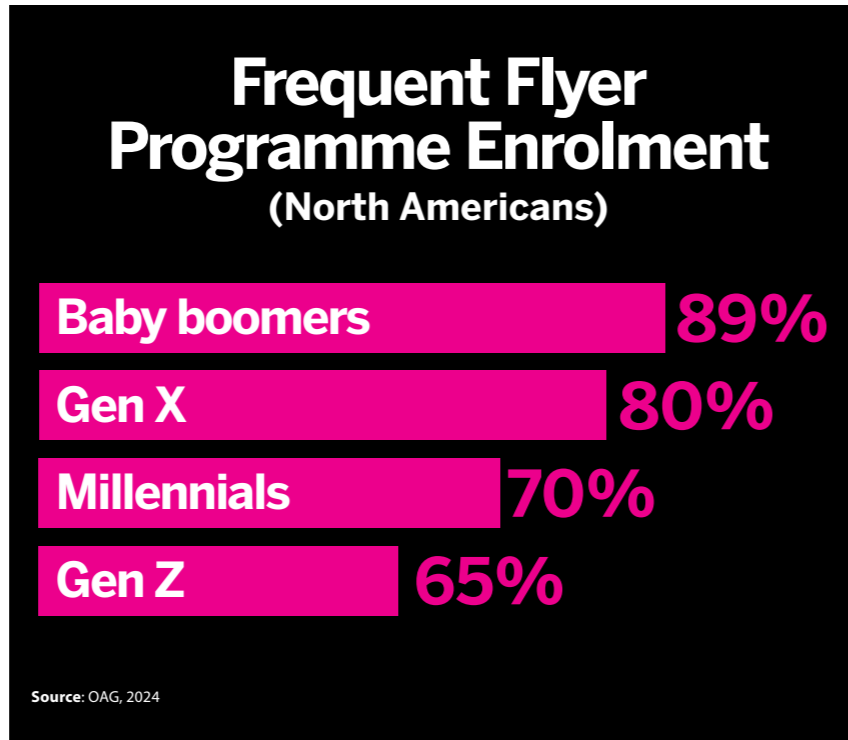
Moreover, there are limited larger and mega-size vessel berths among global ports currently which creates logistical challenges for continued growth. A growing wave of discontent in some destinations regarding overtourism poses further problems for the industry despite record interest in cruising. This movement has already led to cruise ship restrictions such as in Barcelona and Venice.



Price versus points

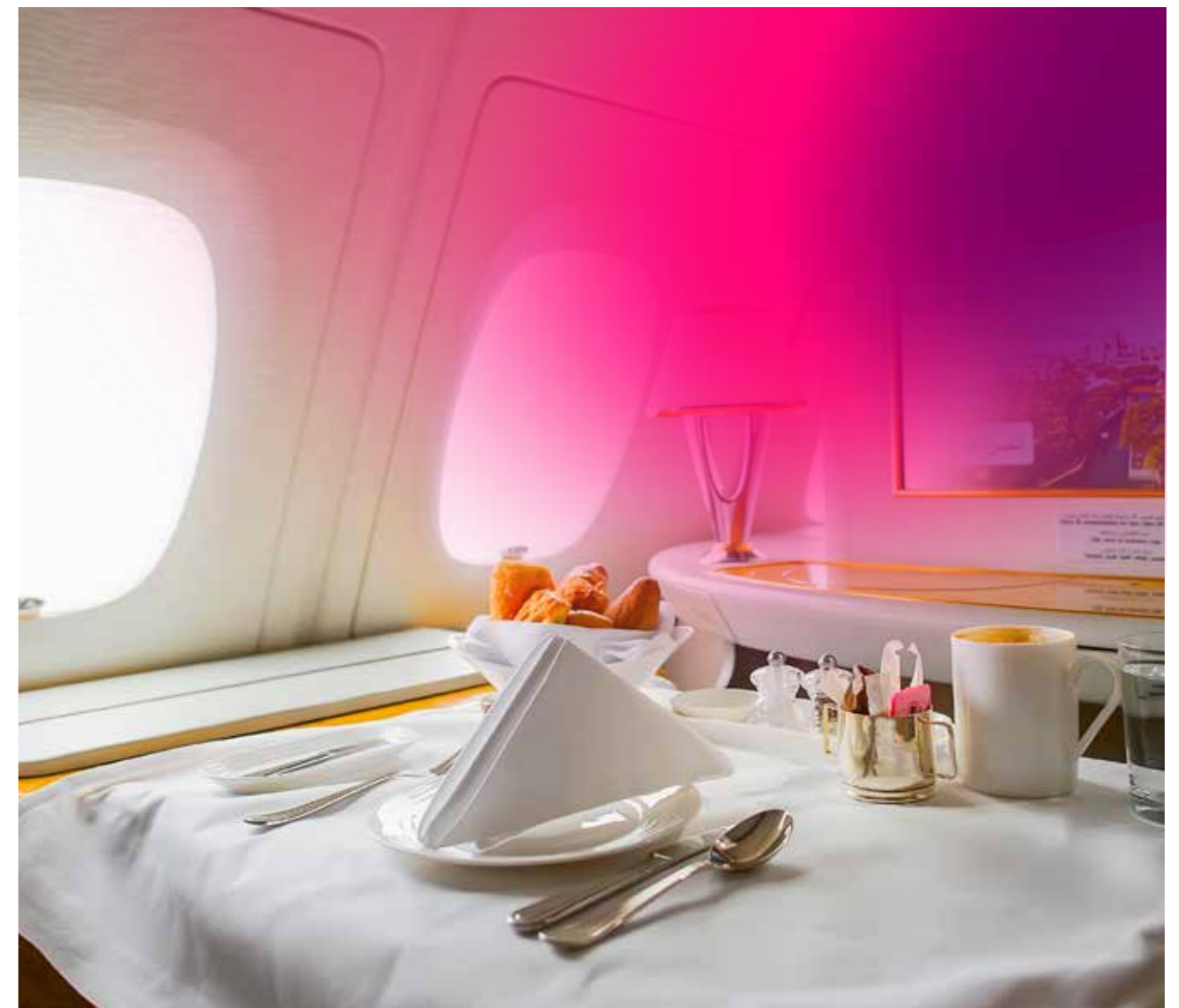
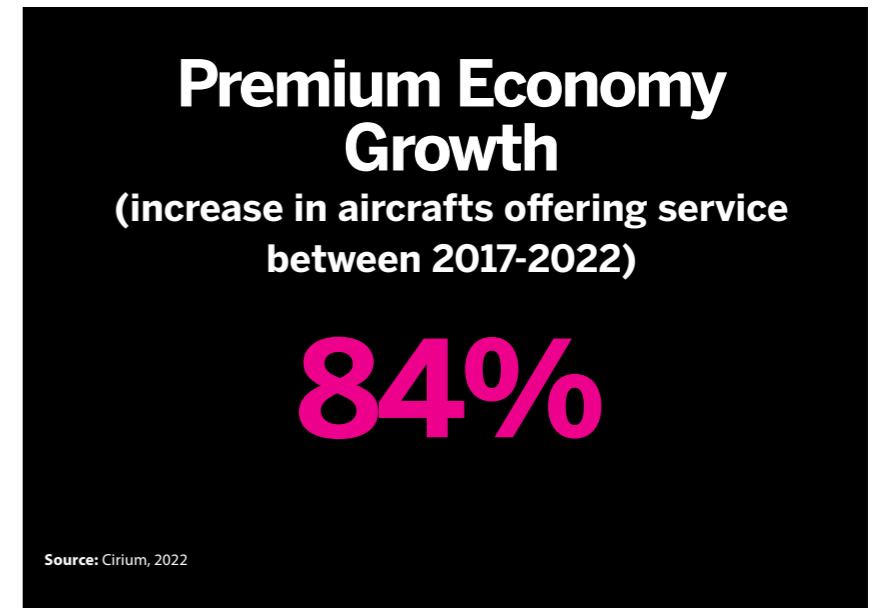
Airlines have traditionally relied on loyalty programs to attract and retain customers providing an important revenue source. However, there is evidence of diminishing appeal with these programmes which may reflect increasing price scrutiny and reduced importance attributed to loyalty points by more of today's consumers. The trend appears to be skewed towards younger travellers who are likely to shape the industry more in the future. In a recent OAG study, Gen Z and Millennials were around 25% less likely to be enrolled in an airline loyalty programme compared with Baby Boomers and Gen X.

This is leading to shifting dynamics in airline pricing as more consumers trade up from economy to premium classes with fewer ties and weaker loyalty to any single brand. This is yet another example of how modern travellers are placing increased weight on quality and raises questions regarding the long-term viability of loyalty schemes. It also highlights a need for the industry to respond to retain customer engagement.



Inbetweener: Premium Economy

Higher quality typically comes at a higher price and in a context of increasingly price conscious consumers, a balance is being struck. This is seeing growing popularity for premium economy cabin class, which bridges the gap between economy and first class and is often considered the "sweet-spot" for long-haul passengers and airlines alike. Data from airline analytics firm, Cirium, identified growth of over 80% in the global supply of aircrafts offering this cabin class as a distinct service between 2017 and 2022.





4.4. TECHNOLOGY

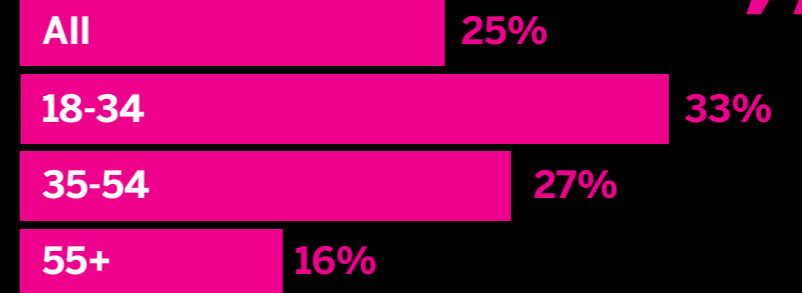
Switched on

According to recent research conducted by Tourism Economics, a quarter of consumers, and over 30% of those categorised as Gen Z, rely on being connected to their mobile device at all times while travelling. This finding highlights our strong and tightening bond with technology which is paving the way for more transformation in the industry.

Technology is permeating our lives in previously unimaginable ways and is changing how travellers plan trips as well as impacting business operations. Artificial intelligence (AI) chatbots, such as ChatGPT, are providing information and advice guiding more of our day-to-day decision making, including holiday planning, while new apps are providing tailored information and recommendations to travellers. AI and machine-learning tools are helping the industry to improve business operations and profitability.

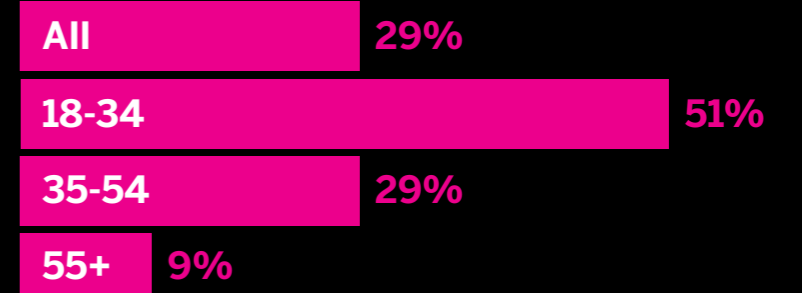
In 2023, Goldman Sachs Research estimated that sophisticated tools using generative AI have the capability to drive up global GDP by 7% or, put differently, contribute almost \$7 trillion over a 10-year period.

“ I need to be connected to technology at all times when undertaking leisure trips ”



Source: Tourism Economics, Travel Trends Survey 2024

Used artificial intelligence tool such as ChatGPT to research/plan overnight leisure trip



Source: Tourism Economics, Travel Trends Survey 2024

Potential contribution to global economy of widespread AI adoption (GDP impact over 10 years)

\$7 trillion

Source: Goldman Sachs 2023

Fixing business issues

With the rapid rise of AI, new technologies are being developed and applied in ever-expanding ways to solve business problems and provide automated services which improve customer experience. In hotel operations, machine-learning models are helping revenue managers better understand the flow of demand to optimise pricing decisions. Hoteliers are also using AI to understand guest behaviour better which leads to happier and more loyal customers and healthier balance sheets. Duetto and Mews are two technology providers with built-in AI capabilities enabling the accommodation sector to leverage and act upon data in new more powerful ways.



“ **Artificial intelligence and new technologies, like ChatGPT, will make the tourism industry more successful** ”

(% agree among tourism experts)

71%

Source: Tourism Economics, Travel Industry Monitor 2024

Bye passport, hello biometrics

Identification based on specific characteristics goes back hundreds of years with fingerprint signing in the 1800s. In travel, biometrics, identifying individuals based on unique biological characteristics, is increasingly emerging as a game-changer enabling safer and more efficient transport hubs.

However, the benefits of biometrics is not just confined to creating more seamless and secure transport, technology processing biometrics offers untapped potential for the tourism industry to improve customer experiences. Accelerating services such as check-ins and making payments or even replacing hotel key cards, the use of biometrics is likely to become more widespread.

Encouragingly, consumers are supportive of the use of this technology, according to Oracle's Hotel 2025 report over 60% of consumers agreed their experience would be improved with biometric technology.

98%
of airlines have implemented or plan to implement biometrics at airport services

60%
of airports expect to launch biometrics across complete airport experience in next five years

Source: Amadeus, 2024

Automated recognition using biometrics and facial recognition would enhance hotel experience

(% agree)

62%

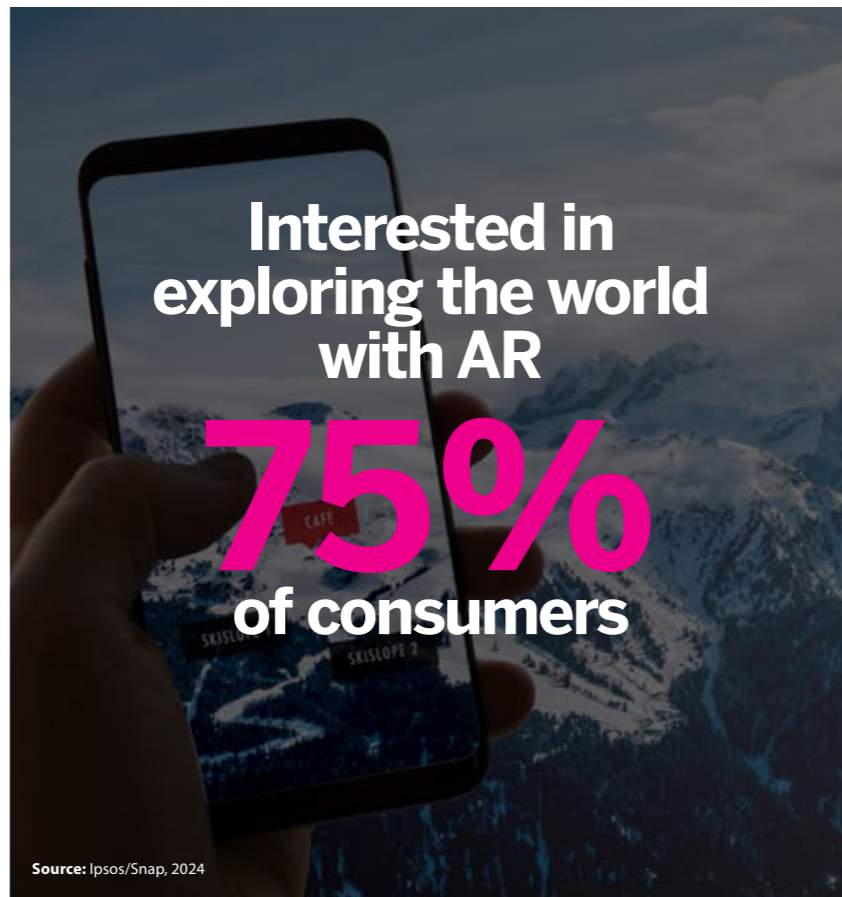
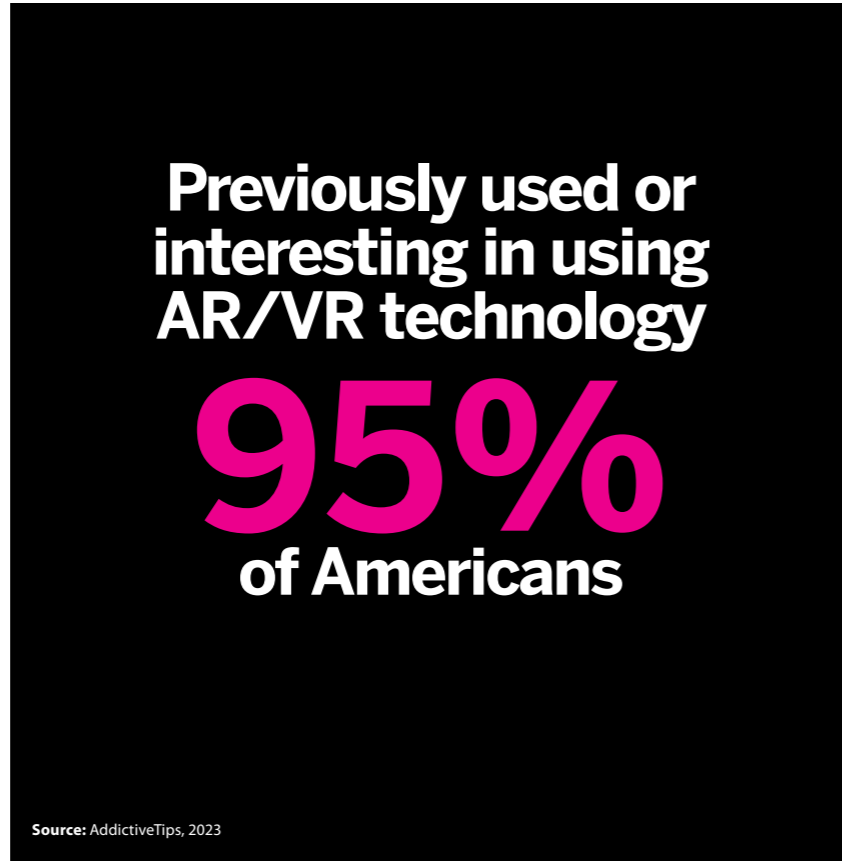
Source: Oracle, 2024

Real benefits: AR

Advancements in technology are leading to innovations which are enhancing visitor experiences and, in some cases, creating entirely new dimensions. In an increasingly competitive environment, new technology such as augmented reality (AR) can help the industry to stay competitive and relevant by providing a more immersive experience.

The Skin & Bones app, which brings skeletons to life using AR in the Smithsonian National Museum of Natural History's Bone Hall, provides an excellent practical example of new technology complimenting the visitor experience.

Blending the digital and physical world renders new and exciting possibilities for all sorts of tourism organisations. This is being spearheaded by amusement and theme parks with Universal Studios Japan and LEGOLAND Windsor Resort being examples of operators using AR to bring characters to life and, in doing so, elevating the visitor experience.



About **Tourism Economics**

Oxford Economics is the world's foremost independent economic advisory firm. Tourism Economics—an Oxford Economics company—combines decades of deep tourism knowledge with rigorous economics to answer the most important questions facing destinations and corporations worldwide.

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become a leading global advisory firm, providing reports, forecasts, and analytical tools on more than 200 countries, 100 industries, and 7,000 cities and regions.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Melbourne, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ over 650 staff, including more than 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

We serve 2,000+ clients worldwide—including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

November 2024

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