



THE GLOBAL TRAVEL COMPASS: 2024 INDUSTRY OUTLOOK



WE REVOLVE AROUND TRAVEL
2024

FOREWORD

As we settle into a new year, I always enjoy the exercise of reflecting on the year behind us and evaluating (with a healthy dose of optimism) what lies ahead. Inside our business, we're squarely positioned at the crossroads of the travel and tourism industry, where macroeconomic factors, consumer behavior and innovation converge.

In 2023, the industry continued its resettling following the impact of the COVID-19 pandemic. In 2024, our research shows that travel intent remains steady, despite rising travel costs and in defiance of many predictions. No longer driven by the need to travel just because they finally can, travelers are looking to elicit specific feelings when they select a destination and plan their experience. Given air travel has now surpassed 2019 levels, they are clearly prioritizing their moment(s) of bliss – whatever those unique experiences might be.

At MMGY Global, we're lucky to have the most experienced leaders across all facets of the travel industry leading our global business. Our team collaborated to share "ins and outs" for this new year.

While I will always be glass half-full on travel, there are certainly headwinds we're watching, and we are advising our partners on where to diversify strategy and when to lean into new opportunities because of changing travel behavior. I invite you to keep reading for a deeper dive into these ins and outs and the connections between them.



CEO

MMGY Global

In: Vibes. Travelers are looking to immerse themselves in other cultures, and brands that can find novel ways to fill their need will benefit.

Out: Revenge travel.

In: Event and gig trips. After Taylor Swift's "The Eras Tour" raked in billions, destinations will need to look at event-driven tourism differently in order to make the most of it.

Out: Banking your PTO.

In: As AI is used with varying degrees of success by the media, journalists and consumers are searching for proof of humanity and authenticity in the content they create and consume.

Out: AI hallucinations and deepfakes.

In: Regenerative travel. While sustainable tourism remains an important topic, it's evolving into a more holistic approach to create destinations that can successfully weather the test of time.

Out: Performative activism.

In: Keeping it real. With the evolving roles of DMOs and other tourism bodies, it's possible to eliminate some of travelers' perceived travel risks – but it needs to be done authentically.

Out: Staying in your lane.

In: We're calling it already: In 2024, travelers are entering their cruise era.

Out: Avoiding the high seas.

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IN: Vibes **OUT: Revenge travel**

Travelers are looking to immerse themselves in other cultures, and brands that can find novel ways to fill their need will benefit.

More Living, Less Visiting

A recent DataReportal survey discovered that the average person is spending four more minutes on screens than they did in 2021 – and increasingly more of that time is spent on social media. As influencers share their “living like a local” lives and dazzling travel experiences, those watching on the other side of the screen are longing to be more than just observers – they want to dive in. No matter what sparked this desire to throw oneself headlong into unfamiliar cultures, cuisines and activities, the practical impact remains unchanged: People want to learn and grow personally through experiences and “increase spending and interactions with locals instead of trips that lack any personalization,” says Julia Stubenböck, SVP and General Manager of MMGY Lieb. “This is what we have in mind when promoting destinations, hotels and attractions.” This emphasis on authentic immersive experiences in 2024 will most likely affect many leisure and business travelers, event planners, editors, journalists and brands.

With the longing to travel and connect with loved ones having mostly been met over the past two years, travelers are now looking to set off on their own for introspection and pure sensory immersion in the cultures of their chosen destinations. Vibrant social media content depicting quiet moments in nature, authentic food and cultural activities, and interactions with locals further feeds this need to be wowed by experiences. Collaborations between fashion and food, for instance, transport consumers, even if they never leave their home country. “Affluent travelers are also looking for more customized, meditative and immersive experiences,” shares Caroline Moultrie, President of MMGY EMEA. “They’re seeking hyperpersonal experiences, lesser-known destinations and excursions that are adventurous or instructional in nature.”

As this immersive urge sends ripples throughout the industry, we can expect to see changes in the MICE sector as time-poor and work-from-home employees require incentive to attend business events. “The value will be in terms of interest driven by content and connection,” says Hamish Reid, Senior Associate Director of MICE at MMGY Hills Balfour. “We expect to see less of the one-hour plenary sessions.” Instead we’ll see delegates clamoring for the ability to choose which events they attend, and these events will be shorter, driven by interaction and discussion, and richer in content, allowing for more connection and authenticity.

This trend is also reflected in the response by DMOs, hotels and retail brands, which are now offering themed itineraries, hybrid experiences, workshops and immersive excursions. Outdoor vertical retailers are entering the experiential space, “allowing them to begin diversifying their revenue streams in a way that also helps to promote loyalty with their existing customers,” shares Deanna Dougan, Group Account Director at MMGY Origin. Arc’teryx Academy offers workshops in outdoor epicenters like Jackson Hole, WY, Squamish, BC, and Chamonix, France, that sell out within minutes and draw thousands to test gear, train in a variety of outdoor pursuits and meet pros. As consumers look to get outside of their comfort zones and jump into new experiences, it makes sense that they would look to their favorite and most trusted brands to guide them.

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IN: Event and gig trips OUT: Banking your PTO

After Taylor Swift's "The Eras Tour" raked in billions, destinations will need to look at event-driven tourism differently in order to make the most of it.

Go Big, Then Go Home

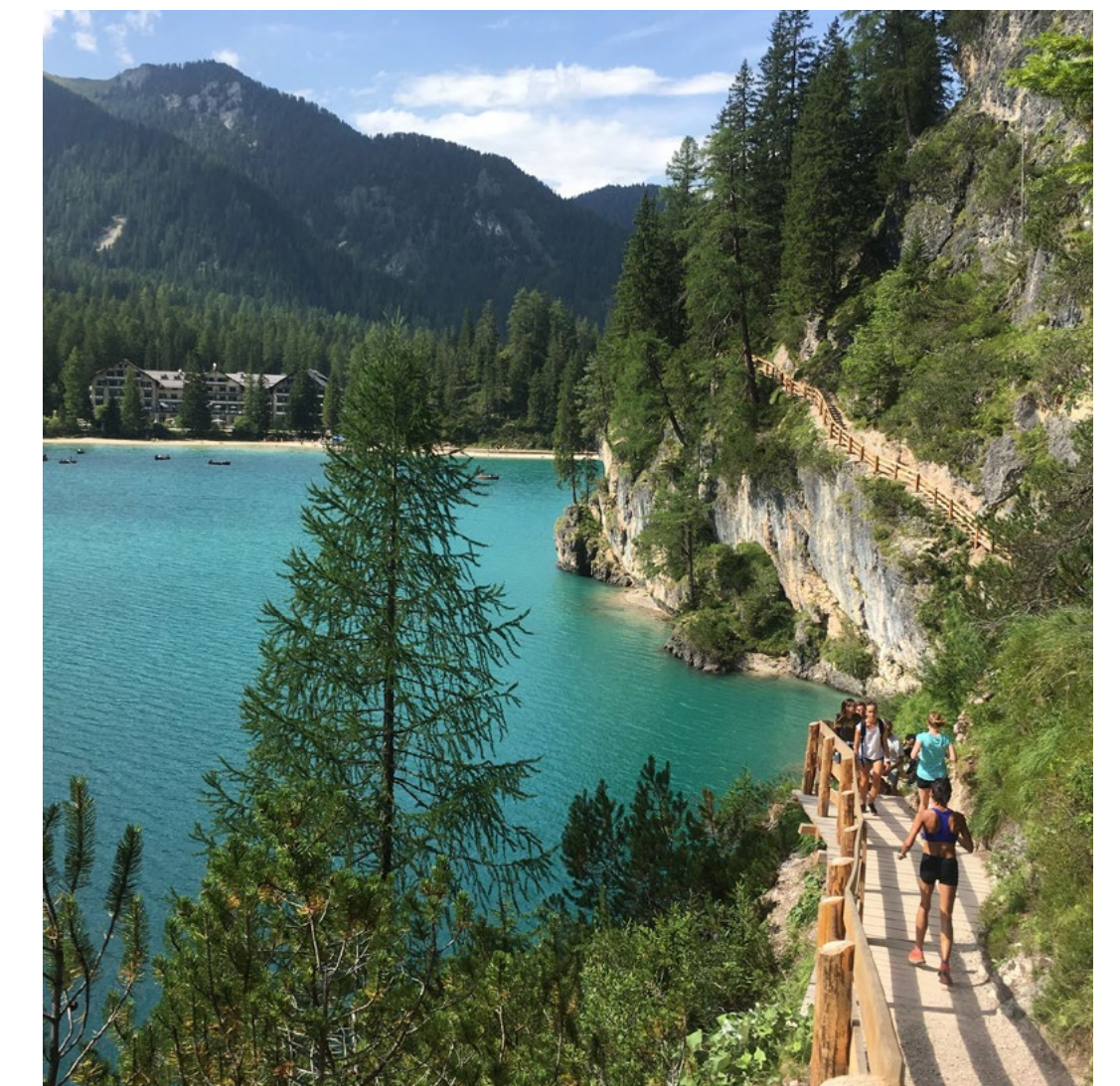
The economic impacts of the "Barbie" movie, Taylor Swift's "The Eras Tour" and Beyoncé once again hitting the stage were impossible to ignore in 2023. While these zeitgeist phenoms inspired travel and the term "gig tripping," the benefits aren't relegated to just these blockbuster fêtes; even lifestyle events are finding new participants and making an economic impact. An Ironman Group spokesperson estimates that competitions bring \$5 million to \$7 million in economic impact to host regions.¹ Moving into another year of concerts, global sporting competitions (Paris, anyone?), the solar eclipse and myriads of other very specific gatherings, we expect that the growing appetite for experiences in other places will find a hearty meal in event-driven travel.

As more people are seeking time in nature, they often turn to running, "one of the biggest feeder sports into the outdoor industry – and one of the most accessible," says Dougan. "We will continue to see running participation rise and the community the sport creates strengthen in 2024." The emergence of the "runcation" has given those travelers who need a push to hop on a plane and head to a bucket-list destination precisely what they were missing: a swift kick from behind. As the sport itself continues to grow in popularity over the coming year, runners clubs, races and race participation are all expected to see a boom – particularly those events taking place in destinations typically reserved for rest and relaxation.

While this is a single, detailed example of the kind of niche activities that are starting to see not-so-niche participation, there are many more large-scale examples to be seen. The NFL draft drew 312,000 people to Kansas City (18% of the city's population) and created an economic impact of \$164.3 million.

Then there are those events people travel for

that might not be so obvious to the layperson, like business meetings and conventions. Business trip extensions continue to gain in popularity as workers seek to find a better balance between their work and their leisure time, with 60% of European attendees likely to extend their business trips for personal travel and 90% of Americans doing the same for international business travel, according to international studies conducted by MMGY Travel Intelligence. "As the blurring of lines between business and leisure travel continues," shares Jonathan Sloan, Managing Director of MMGY EMEA, "so must the blurring of budget lines and how marketing spend is used to reach the lucrative bleisure traveler." As blended travelers and digital nomads seek to strike the perfect work-life balance, the hotels, resorts and DMOs also get to have their cake – and eat it too.



¹<https://www.mainebiz.biz/article/augusta-expected-to-reap-economic-boost-from-ironman-triathlon>

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IN: The human touch OUT: AI hallucinations and deepfakes

As AI is used with varying degrees of success by the media, journalists and consumers are searching for proof of humanity and authenticity in the content they create and consume.

The Human Touch

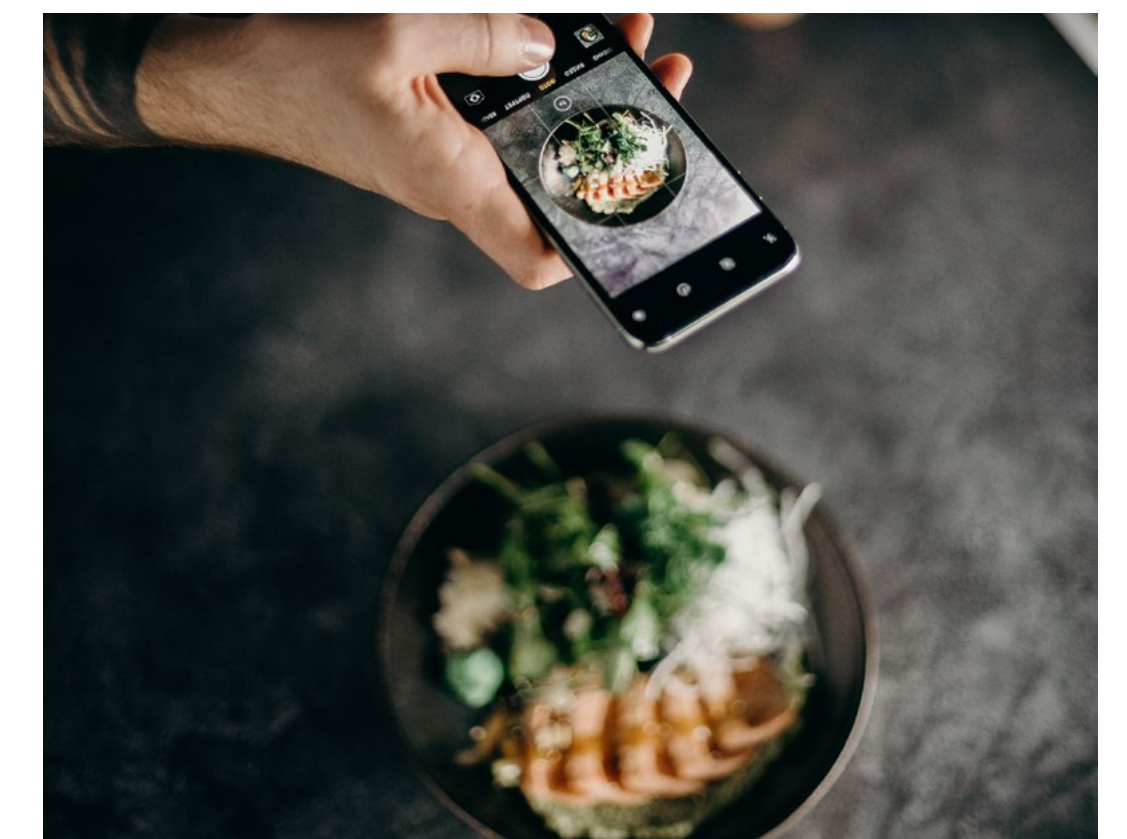
At a recent media event, a journalist divulged that with AI on his heels, he's moving away from writing guides, roundups and itineraries to covering more experiential hospitality offerings – experiences one can only get from touching, seeing, smelling and tasting firsthand.

In an increasingly technological world, we're often called upon to provide proof of our humanity. We've all had to select only the photos containing stoplights and crosswalks to guarantee that we're living, breathing human beings (and if you're truly human, you've gotten it wrong a time or two). With AI-generated writing coming from popular newsrooms over the past year, we've seen "journalistic disaster" as inaccurate and poorly written articles have come from major news outlets like BuzzFeed, Sports Illustrated and CNET, proving that AI cannot replace human writers and editors – at least not yet – and "needs to be carefully monitored," according to leaders at MMGY NJF. As a result, consumers are looking for the proof of humanity behind what they read and see on their screens, so much so that they're increasingly following and trusting individuals over news outlets.

Distrust in mainstream media is not new. According to a 2022 Pew Research study, over half of Americans under 30 trust organic social media nearly as much as national news.² However, where they are turning for authentic content is shifting. MMGY Global's most recent *Portrait of American Travelers* research reveals that 72% of active leisure travelers turn to influencers for authentic representations of travel destinations, and 46% of travelers select a vacation destination or travel service provider based at least partially on social media. "Sharing creative assets, inspiring stories and useful information has always been at the heart of marketing and communications in the travel industry," said Craig Compagnone, President of the Americas at MMGY Global. "In

an era where reality continues to be blurred, the brands who are able to produce this content in an authentic and human way will win travelers' trust and visitation."

So what does this mean for travel and tourism? We anticipate seeing a number of new AI-powered platforms and publishers attempt to enter the travel market this year with a focus on delivering content to consumers. "We've seen many freelance travel journalists launch their own Substacks or newsletters in order to have some ownership over their own content," noted Julie Freeman, EVP and Managing Director of MMGY NJF. "In 2024, we anticipate a continued rise in freelancers straddling numerous platforms." These journalists are stepping into the role of content creator, developing and owning their own brand – further separating them from traditional media outlets and joining a growing industry centered around content creation and distribution. We also expect travel advisors to begin to leverage their followers and become influencers in their own right. And the key for travel brands will be to choose resources that connect with the right audiences and deliver meaningful content with a human touch.



²<https://www.pewresearch.org/short-reads/2022/10/27/u-s-adults-under-30-now-trust-information-from-social-media-almost-as-much-as-from-national-news-outlets/>



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IN: Regenerative travel
OUT: Performative activism

While sustainable tourism remains an important topic, it's evolving into a more holistic approach to create destinations that can successfully weather the test of time.

Creating a Regenerative Tourism Ecosystem

Regenerative tourism isn't new – and it continues to gain momentum this year. While the need for sustainability planning remains, many destinations are evolving their planning to include regenerative tourism, ensuring that tourists have a positive impact on local social, economic and environmental systems. With destination development focusing on the supply-side of the visitor economy, DMOs and city planners want to ensure a vibrant experience for visitors while protecting access to venues and attractions for residents and preserving them for future generations of visitors. For tourism to continue to be profitable and sustainable, destinations must maintain this delicate balance long-term.

"Countless examples exist where municipal and regional leaders have developed arts and culture programs, parks and recreation plants, and new neighborhood developments without regard for how visitors can inject dollars into those initiatives," says Greg Oates, SVP of Innovation at MMGY NextFactor. Beginning to realize the missed opportunities there, "the organizations responsible for promoting destinations are now more actively developing their destinations by strengthening their visitor industry ecosystem."

As travelers continue to seek out immersive in-destination experiences so they can "live like a local," they want to make sure that their tourism dollars make it into local hands. American Express found that 69% of surveyed travelers said they would spend more on vacation if they knew the funds would go to the local community. This means that mom-and-pop places are moving into the spotlight, with tourists intentionally going out of their way to patron locally owned and operated establishments.

In order to strengthen the visitor industry ecosystem, tourism organizations are leaning into

destination development. According to a 2023 Futures Study conducted by MMGY NextFactor and Destinations International, the fifth most important trend for destination marketing and management organizations is to "have a greater role in destination and product development," jumping 15 places from the 2021 study.

Olivier Henry-Biabaud, Partner and Managing Director of MMGY TCI Research, states, "We expect to see the roles of DMOs shifting toward promoting AND building better places to visit and live in, with core focus on sustainable initiatives and equal consideration of sentiment measurement for visitors and residents."

We've seen destination organizations stepping into this role already, and MMGY Travel Intelligence is preparing to launch a new product that will help DMOs and city planners track and benchmark the net financial, environmental and social impact of travelers on their communities. Since travelers want to interact more with locals, providing a beneficial and scalable model for these interactions is crucial to the success of a destination.

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IN: Keeping it real OUT: Staying in your lane

With the evolving roles of DMOs and other tourism bodies, it's possible to eliminate some of travelers' perceived travel risks – but it needs to be done authentically.

Keeping It Real

According to a proprietary research survey conducted by MMGY TCI Research, over 50% of travelers' destination decisions are based on external, non-tourism factors. Weather, perceptions of safety, cleanliness of streets, economics, friendliness of locals, crowdedness and other aspects of a destination account for the majority of a consumer's travel decision-making. According to MMGY Global's 2023 *Portrait of American and Canadian International Travelers*, 39% of those surveyed are concerned about rising temperatures in destinations, and 42% actually canceled trips due to high temperatures with no intention to rebook.

While travelers managing risks isn't new to any of us, the way travelers are responding to these negative factors is evolving. After COVID-19, travelers are looking for more than just travel poster moments and postcard views. They want more transparency and authenticity from destinations and brands – and they're super savvy at spotting inconsistencies. With over 40% of Americans using TikTok as a search engine,³ consumers' research is not only based on what brands are saying about themselves but also on what others are saying, experiencing and showing. When those two perceptions don't line up, consumers take notice.

This may seem cautionary, but it's not. There are opportunities here for destinations and brands to embrace the pristine parts and the messy realities, fully representing themselves to a public that truly wants to know. As travelers look to minimize risks and maximize their experiences, they appreciate the transparency – and destinations and brands that give them the full scoop are going to come out on top.

A lot of good can come from communicating authentically with consumers through trustworthy channels. After a Category 5 hurricane devastated

portions of Southwest Florida, MMGY client Fort Myers – Islands, Beaches and Neighborhoods sought to transparently present their destination while also highlighting recovery efforts. Through PR initiatives, social media influencer trips, live destination webcams and other marketing efforts, the destination earned billions of media impressions, over half a billion paid media impressions and nearly 60 million social media engagements. While Fort Myers' goal was to authentically represent the area's recovery, they ended up proving that you don't have to be picture-perfect to generate positive traveler perceptions.



³<https://www.zdnet.com/article/40-of-americans-use-tiktok-as-a-search-engine-now-here-are-4-reasons-why/>

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IN: Cruising OUT: Avoiding the high seas

We're calling it already: In 2024, travelers are entering their cruise era.



Comeback of the Year: Cruising

2024 is shaping up to be the year of the cruise. As EVP of MMGY Travel Intelligence says, "There is no segment better poised for growth than the cruise segment in 2024." With 14 new ships setting sail this year, including Royal Caribbean's Icon of the Seas (now the world's largest cruise ship), cruise lines can still barely keep up with consumer demand. Cruise Lines International Association reports a 6% increase in passengers over 2019 figures – astounding considering the difficulty the industry faced during and shortly after COVID-19.

The majority of cruise consumers are typically returning customers who are loyal to a favorite cruise line. However, an article from Reuters⁴ stated that two-thirds of passengers on Royal Caribbean were either first-time cruisers or using the cruise line for the first time, while the brand's return travelers have doubled. These changes in what have been fairly consistent passenger trends come with an interesting statistic: despite the increase in demand, the level of interest in cruising has remained relatively steady year over year, according to MMGY Global's 2023 *Portrait of American and Canadian International Travelers*.

So what's causing those interested in cruising to finally set sail?

"Since 2022, we've seen a 31% increase in interest to visit multiple countries when traveling internationally," says Craig Compagnone, President of the Americas at MMGY Global. "Our data show that 82% of U.S. outbound travelers want to be able to experience more than a single destination, and cruising allows them to do that easily."

Beyond this driving factor, other, smaller ones can also be observed. Seen as a secure mode of international travel, cruisers feel safe in ports of call, allowing them to try new adventures at every destination. Some travelers are opting for smaller

ships, perhaps to limit the crowds to which they'll be exposed, and solo travelers are finding it easier to book cabins without paying double-occupancy rates, thanks to the increase in solo cabins offered by nearly every cruise line. Expedition cruises allow people to fully immerse themselves in the cultural and natural worlds of their destinations, fulfilling their desires for connection and self-exploration. And while 68% of MMGY-surveyed travelers are interested in big ship cruising, other unique newcomers to the cruise industry, like Virgin and hotel-branded yachts, are targeting and capturing the audience who has little interest in the mega-ships.

A cruise vacation happens to deliver on many of the factors that play a key role in travelers' decisions; it enables them to easily manage travel risks while providing them with most of what they want out of a vacation. As a closed system, a cruise ship can guarantee most of what a destination cannot – cleanliness, friendliness of all staff, quality of food, economic stability, crowd control, and a host of other external and internal factors.



⁴ <https://www.reuters.com/business/travelers-ready-set-sail-cruises-record-levels-next-year-2023-12-04/>

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