

Medallia Market Research Suite

Forecasting Fun: 2023 Predictions for Travel, Hospitality and Leisure



Andrew Custage
Head of Insights,
Medallia Market Research



Market Research Suite

1

Quantitative Analysis

Tap into consumer insights at scale with massive panels, real-time data, and unblinded visibility on competitors.



Transaction panel



Foot traffic panel



Visit-based surveys



Syndicated surveys



One-click analysis

2

Qualitative Analysis

Capture video surveys and uncover trends with AI-powered analysis tools.



Video surveys



Capture anywhere



Transcription analysis



Filter & categorize



Easily edit and share

3

Self-Serve Surveys

Create, edit and distribute your own surveys. Analyze results with powerful reporting tools and dashboards.



Survey builder



Distribute anywhere



Powerful reporting



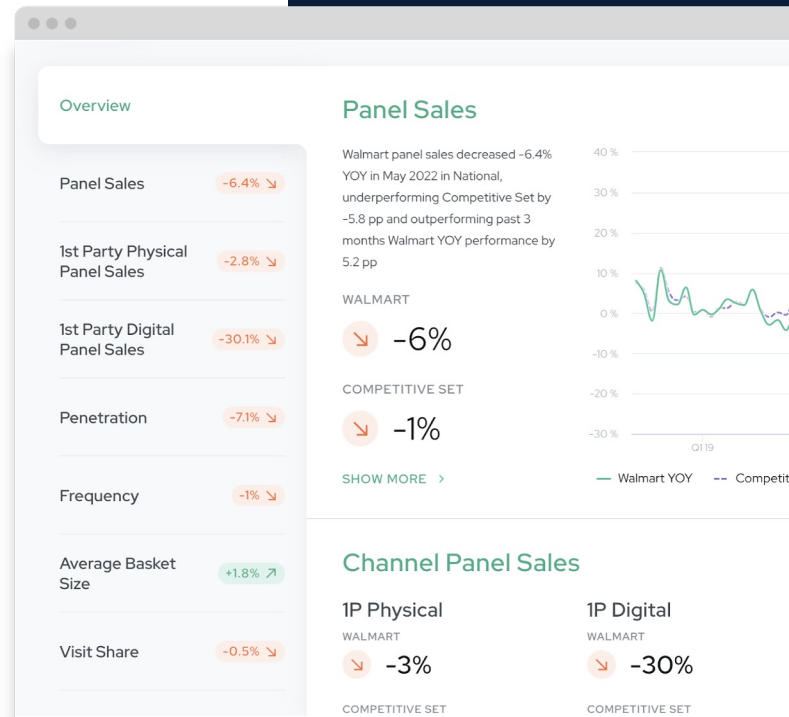
Easy-to-use dashboards



Expert support

Harness richer insights at scale so you can take action with confidence

Real-world behaviors. One-click analysis.



Session Contents

2023 Outlook for
Travel and
Leisure Spending



Inflation's tone setting on travel and leisure



What 2022 looked like for travel



What 2022 looked like for leisure



2023 outlook for travel and leisure

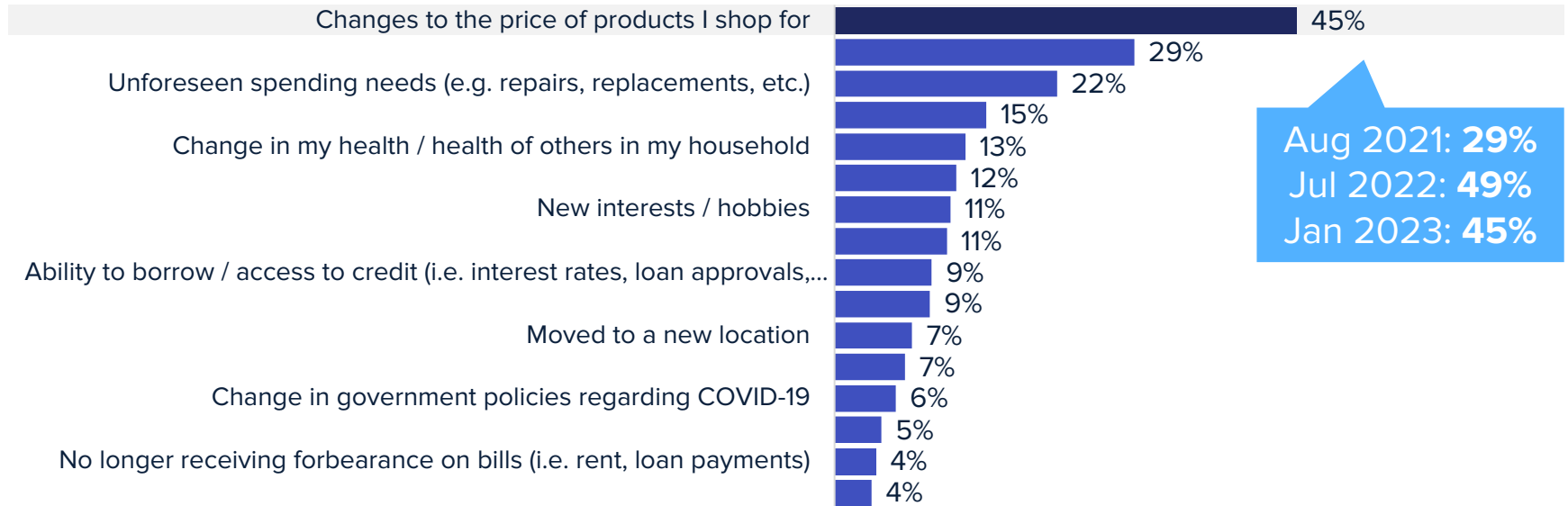


Inflation's tone setting on travel and leisure

Inflation still top factor for household decisions, but not growing in importance vs. summer '22

Biggest factors affecting household purchase decisions

Which of the following, if any, have affected purchase decisions for your household the most over the last 3 months?



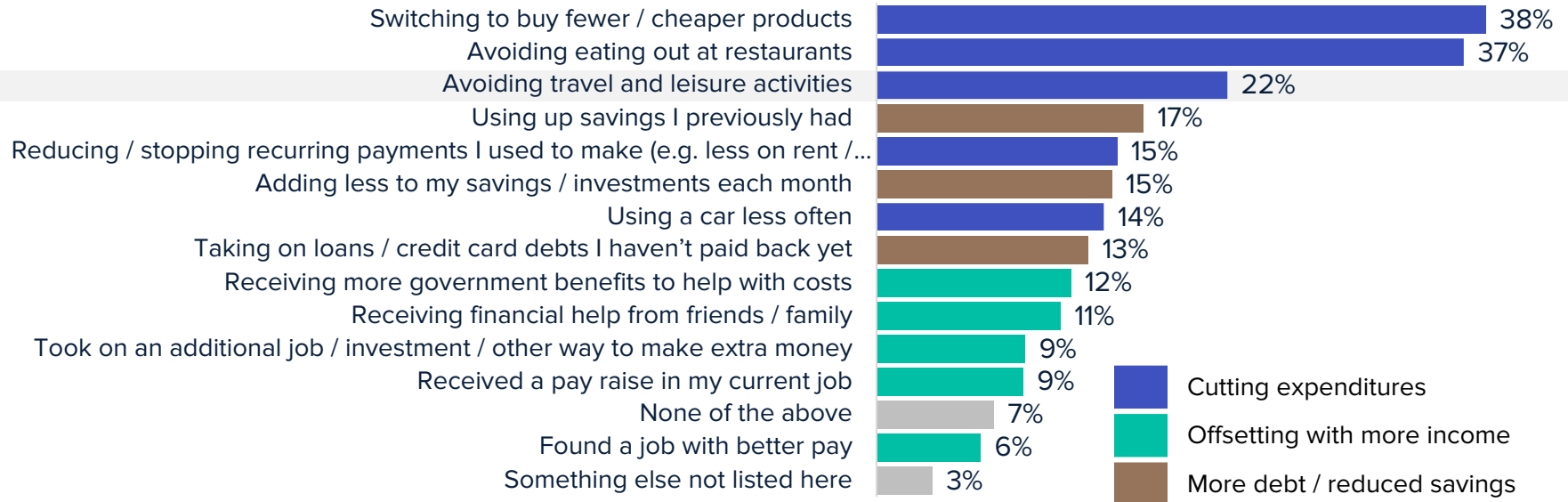
Consumers say they've dealt most by cutting expenses, including for leisure

Less common ways are through more income or more debt / reduced savings

How consumers say they are adapting to the challenges of inflation

Which of the following most describes how you personally have handled price increases over the past year?

Max 3 choices selected.

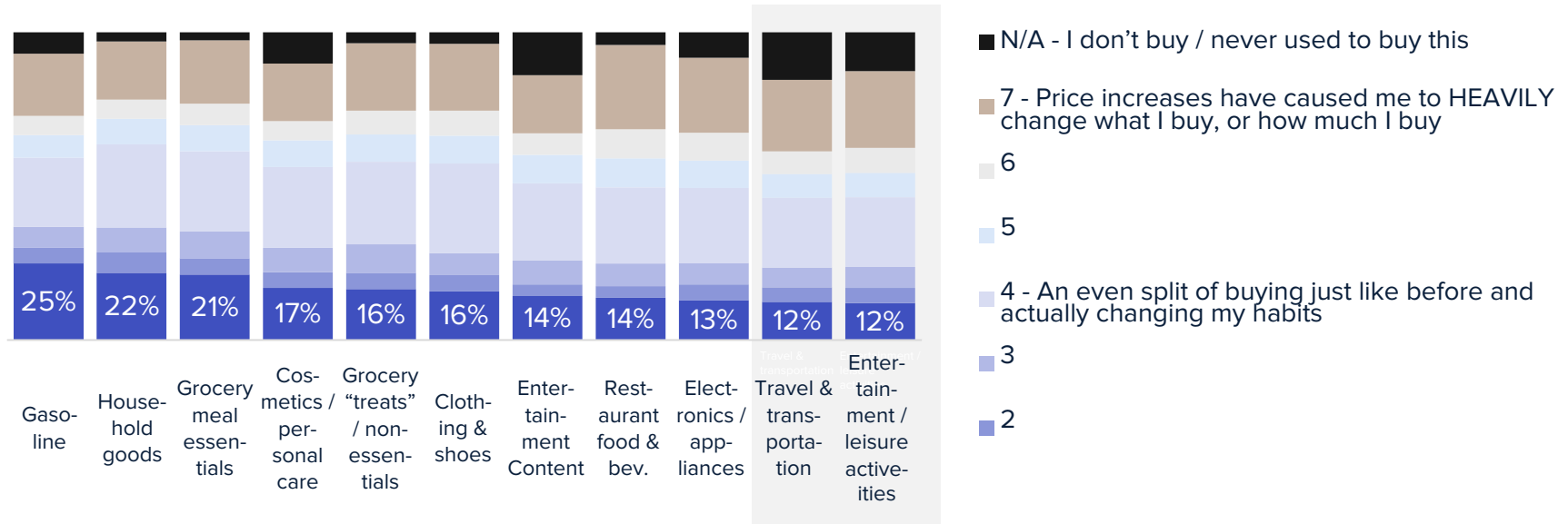


Perceived cuts include travel / leisure more than others

The rank order of where consumption is the same despite higher prices is relatively unchanged vs. July '22. Gasoline, Household Goods, and Grocery Meal Essentials remain in the top 3.

Perceived changes in consumption by product category

Have your purchase habits actually changed for any of the following over the past year? Please select the best choice.



What 2022 looked like for travel

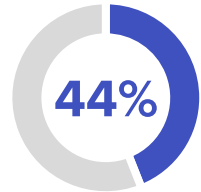
Nearly half of Americans traveled in '22

Only a fraction went international, and it was more common to travel by driving vs. flying.

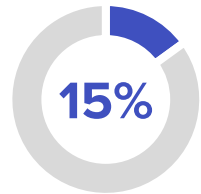
How Americans traveled in the past year

For each of the following, please select if the statement is Yes or No. Over the past twelve months, I...

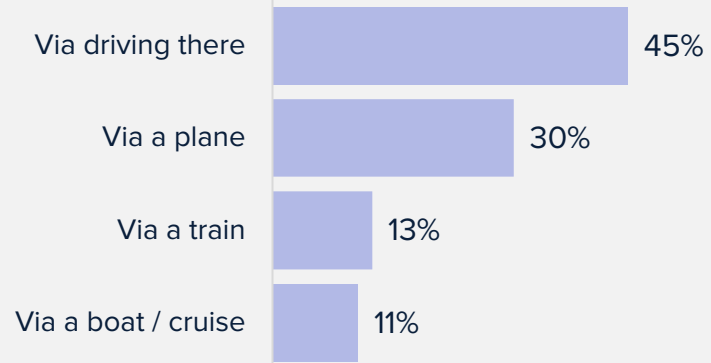
Took a multi-day trip to another state **in the United States**



Took a multi-day trip **outside of the United States**



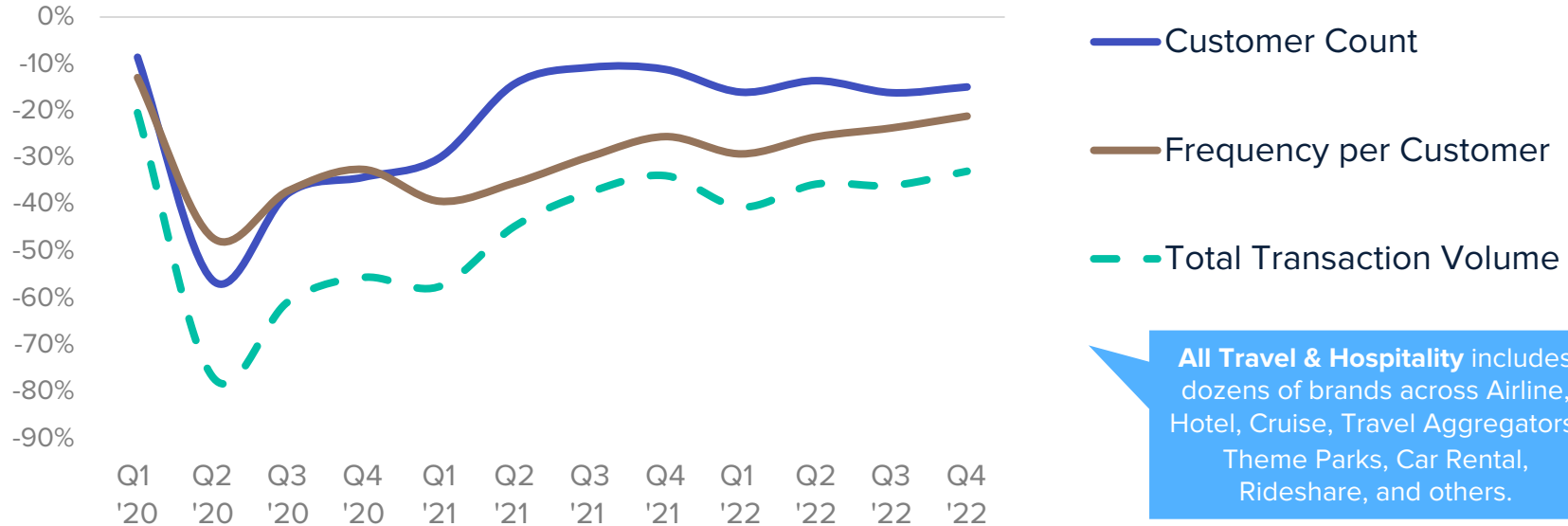
Method(s) used by travelers



Total travel & hospitality activity bounced back, but still hasn't fully recovered vs. pre-COVID

Panel Sales for all Travel & Hospitality, vs. 2019

Relative % change vs. equivalent quarter; US National



Majority say COVID has had a permanent effect on travel views

But only a fraction say they have lost all interest in traveling because of it.

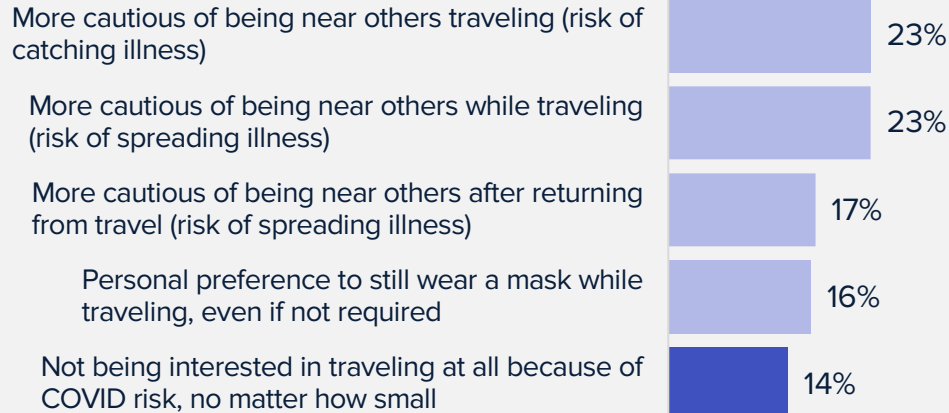
COVID-19's lasting effect on travel views

How did the COVID-19 pandemic change your views on vacation travel going forward?

67%

Say COVID-19 permanently affected their views on travel in some way

Top 5 ways (of 12 total)



Notable others:

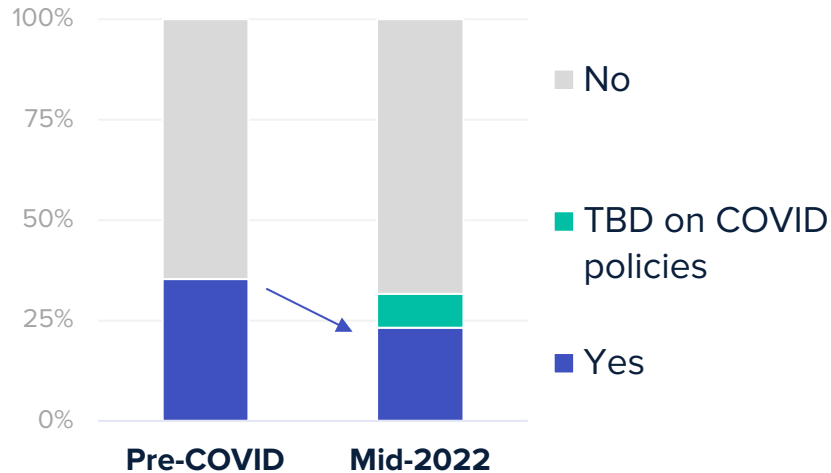
Not making the top 5, only 10% say they now buy travel insurance (or buy more than they used to).

10% also say they are more limited in being allowed to travel where they want to due to their lack of vaccination.

As of mid-2022, a sizeable portion of pre-COVID business travelers were still not traveling

Work Travel Requirements (“At Least a Few Times Per Year”)

Before the COVID-19 pandemic began (in March 2020), did your job regularly require travel to other cities / states / countries where you would stay overnight for one or more days? / Does your job currently...



↓ 35%

Relative decline in workers saying their job still definitively requires travel

Not only has the total population of workers that are required to travel shrunk, the frequency of travel for those still traveling has also declined.

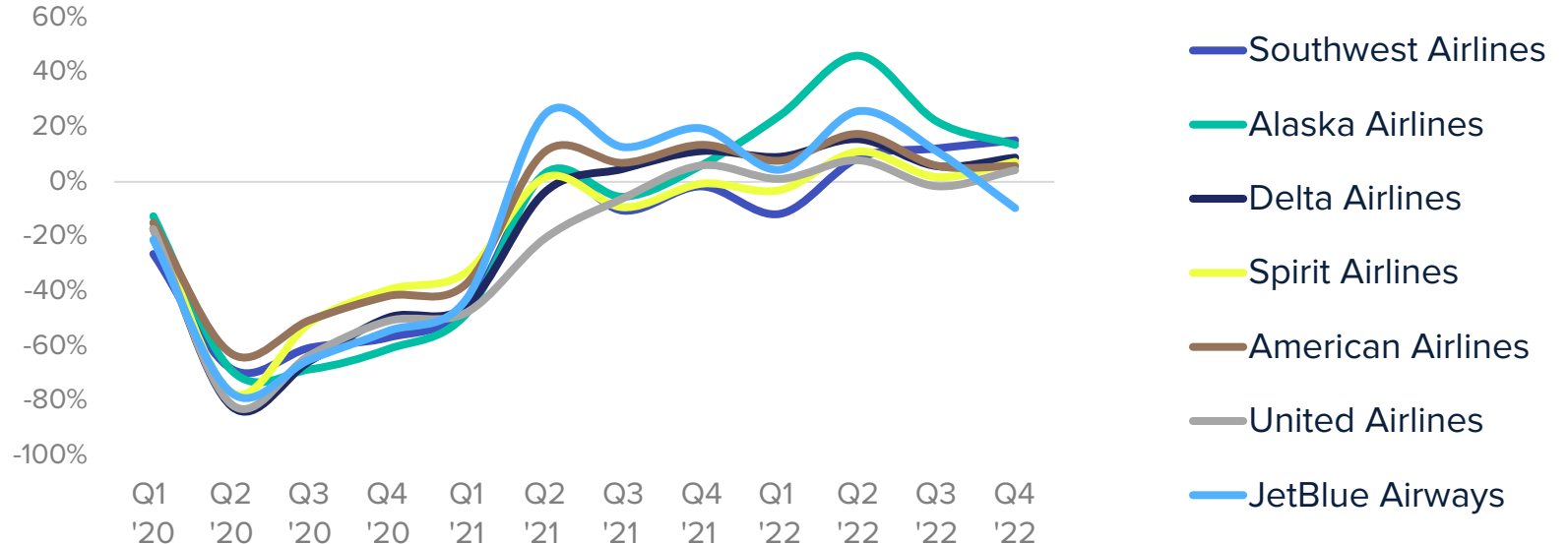
Only 40% of those who used to travel 1x+ per week pre-COVID say their job still requires travel 1x+ per week.

Despite this, total spend on airlines above pre-COVID levels, but roughly flat YoY

Market share also hasn't significantly changed, trends similar across airlines.

Panel Sales for select Airlines, vs. 2019

Relative % change vs. equivalent quarter; US National



But spend growth for Airlines primarily ticket prices vs. transaction growth

Cruise lines are the most notable transaction grower, but this is due to bouncing back from a weak COVID-impacted 2021.

Year-over-Year performance for select Travel / Hospitality categories

2022 relative % change vs. 2021; US National

| | Sales | Transaction Volume | \$ per Transaction |
|---|-------|--------------------|--------------------|
| Cruises (e.g. Royal Caribbean, Carnival) | 164% | 131% | 16% |
| Airline - Direct (e.g. American, United) | 20% | 1% | 19% |
| Ridesharing (e.g. Uber, Lyft) | 18% | 17% | 1% |
| Hotels - Direct (e.g. Marriott, Hilton) | 6% | 3% | 3% |
| Car Rentals - Direct (e.g. Hertz, Enterprise) | 2% | -14% | 20% |
| Travel Aggregator (e.g. Expedia, Priceline) | 0% | -12% | 14% |

Common to use aggregator in flight search

Though transaction trends directly through an airline were better than through an aggregator, and the most common flight purchase journey is 100% in airline's online channels, a significant proportions still partially or fully involve aggregators / 3rd party portals.

How flight research and bookings were conducted

For the flights you booked last year, how did you research and book them? Among those with air travel in prior 12 months.



Word-of-mouth: powerful destination influencer

Travel destinations may be able to boost more visitors through customer referral efforts than search / social media advertising, based on cited influences.

Influences on picking trip destinations

What had a big influence on you choosing the destination(s) you traveled to in 2022? Among prior 12 month travelers.

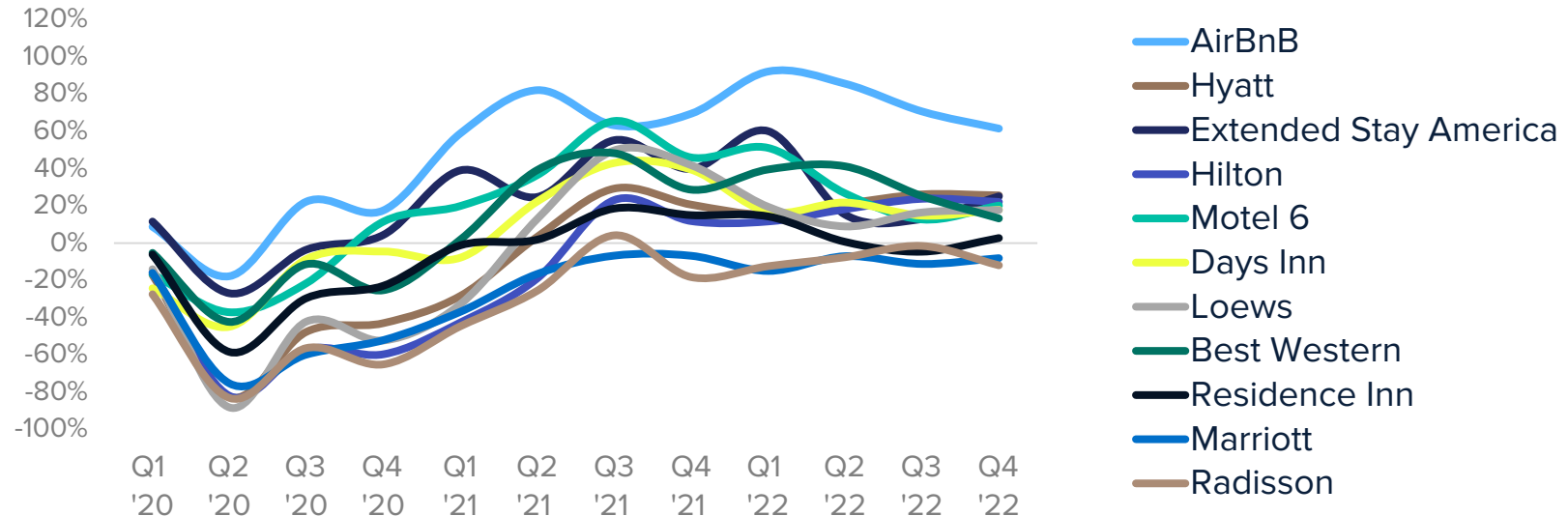


AirBnB remains biggest grower vs. pre-COVID, but hasn't built on it YoY

There also is a mixed performance rank between more premium and budget hotels, indicating there isn't a major "trade down" effect due to inflation.

Panel Sales for select Hotels / Lodging, vs. 2019

Relative % change vs. equivalent quarter; US National

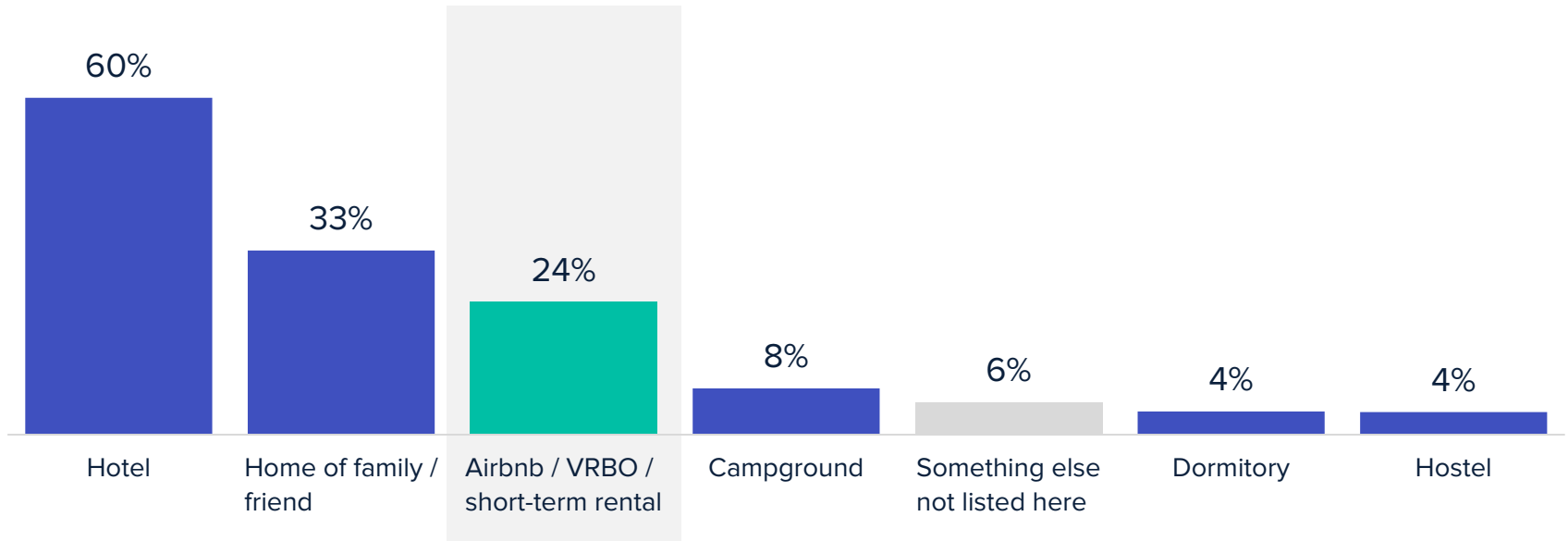


Hotels still have 2x+ the usage of Airbnb/VRBO

Despite being the most popular type of accommodation that isn't a family / friend home, short-term rentals are used by less than half the amount of hotel users.

Where people stay when traveling

When you traveled last year, at which of the following did you stay? Among prior 12 month travelers.

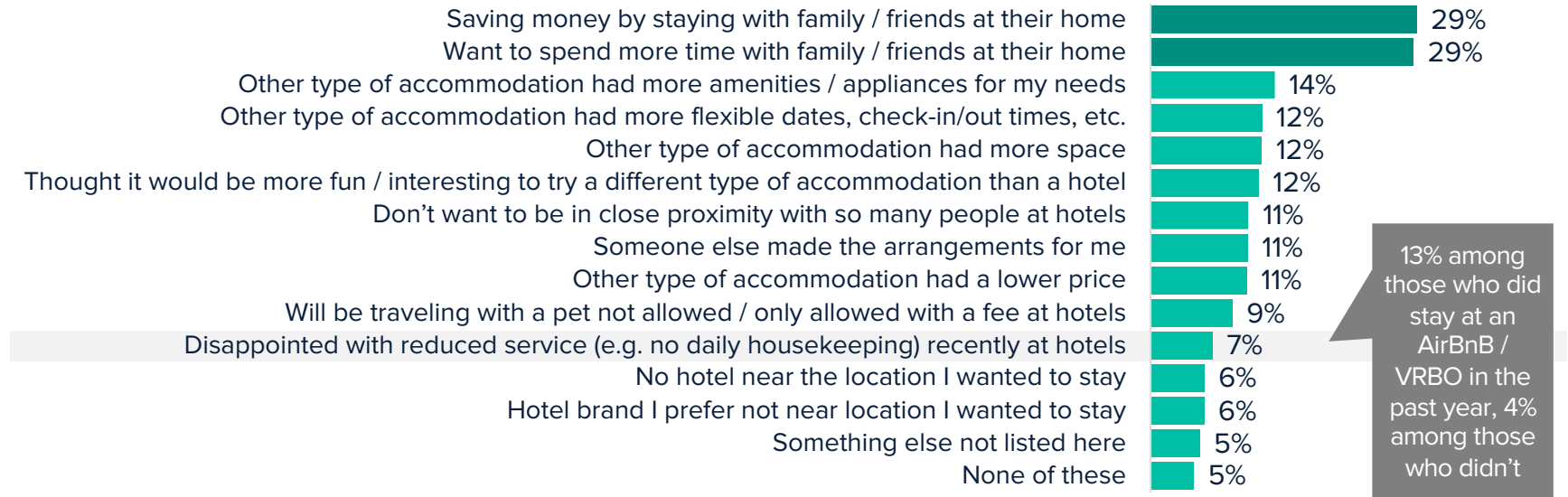


Hotel avoiders mainly stay with loved ones

However, in other cases they are choosing other paid accommodations (e.g. AirBnB) based on more space / amenities. Not many weigh recent reduced hotel service heavily.

Non-hotel users: why not?

You mentioned you did not stay at a hotel during your travels last year. Were the reason(s) why not?



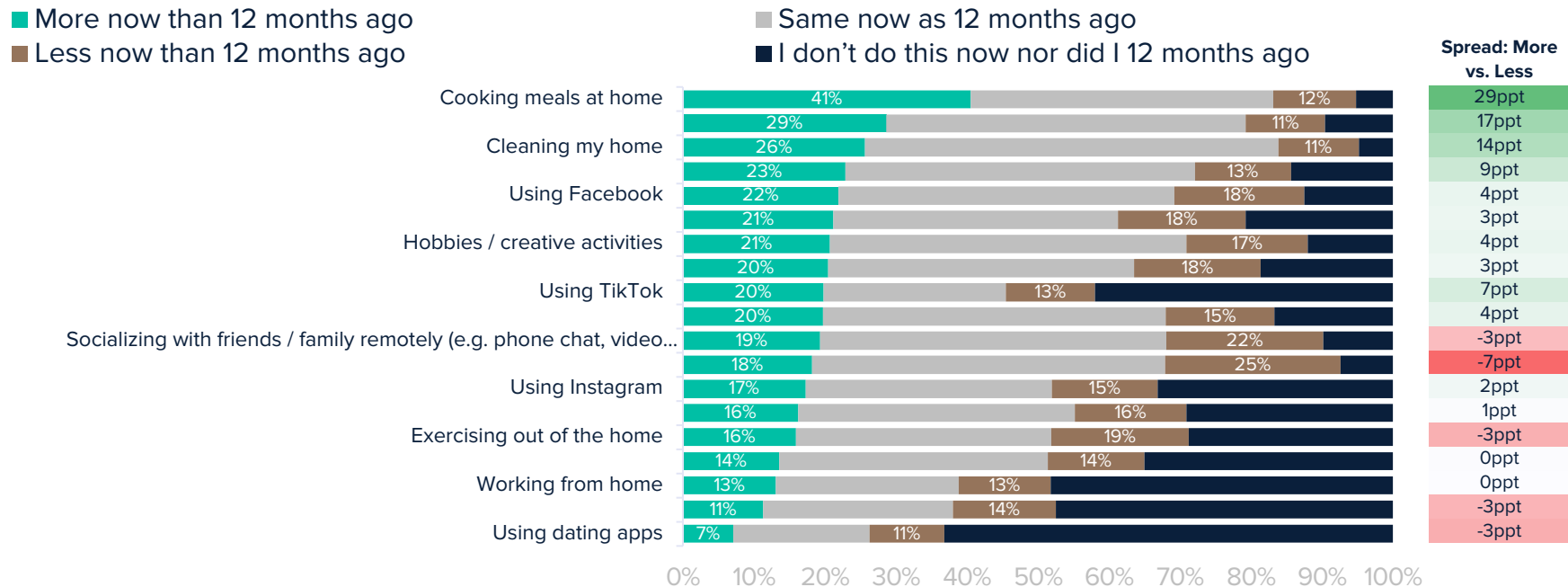


What 2022 looked like for leisure

People cite changes in past year most notably on more at-home meals, more solo content viewing, and less socializing

How personal activities have changed over past year

Compared to twelve months ago, how has your current amount of time spent on each of the following activities changed?



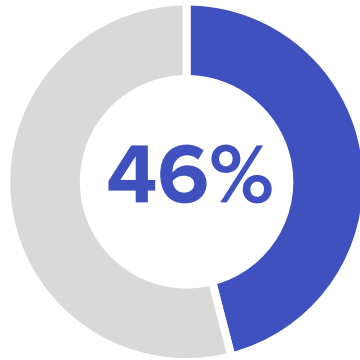
A sizeable % say their fitness habits by 2022 looked quite different from pre-2020

This is more likely to be in the form of exercising more, but at home, alone, and for free.

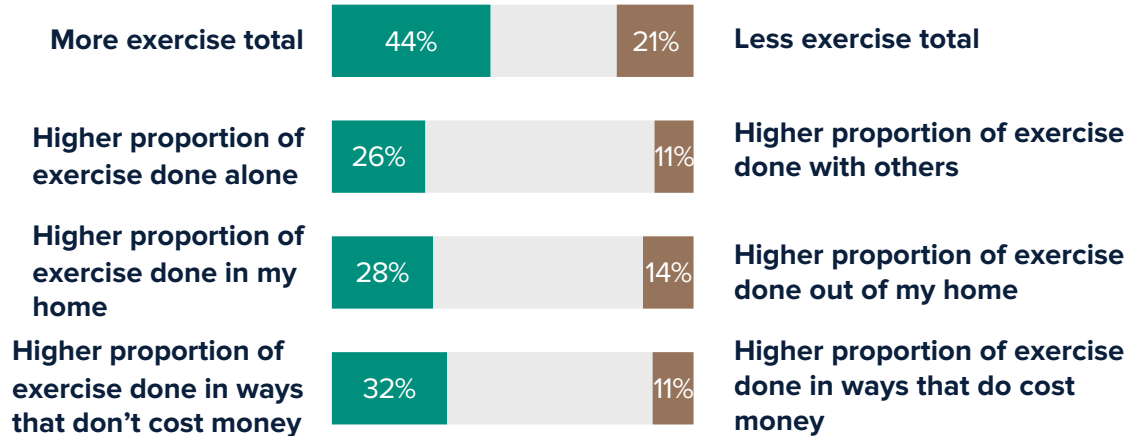
How Spring 2020 onward changed exercise habits

Since the start of the COVID-19 pandemic in Spring 2020, has your fitness routine changed substantially?
How has your fitness routine changed over that time period?

% of exercisers saying fitness routine changed



How changed

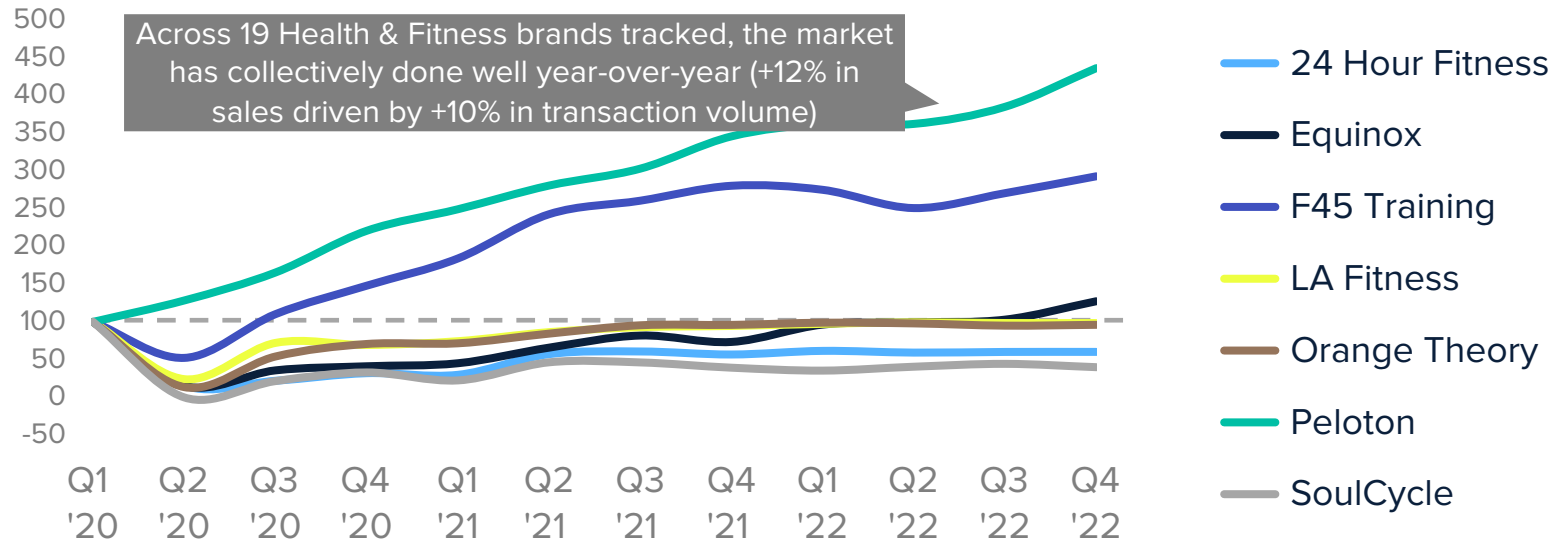


People are increasingly exercising, but have changed where / how they do it

Newer, fast-growing chains like F45 training are outperforming legacy leaders like LA Fitness and even previously growth-focused Orange Theory and Soul Cycle.

Indexed Panel Sales by select Health & Fitness chain

US National; 100 = on par with chain's sales in Q1 2020

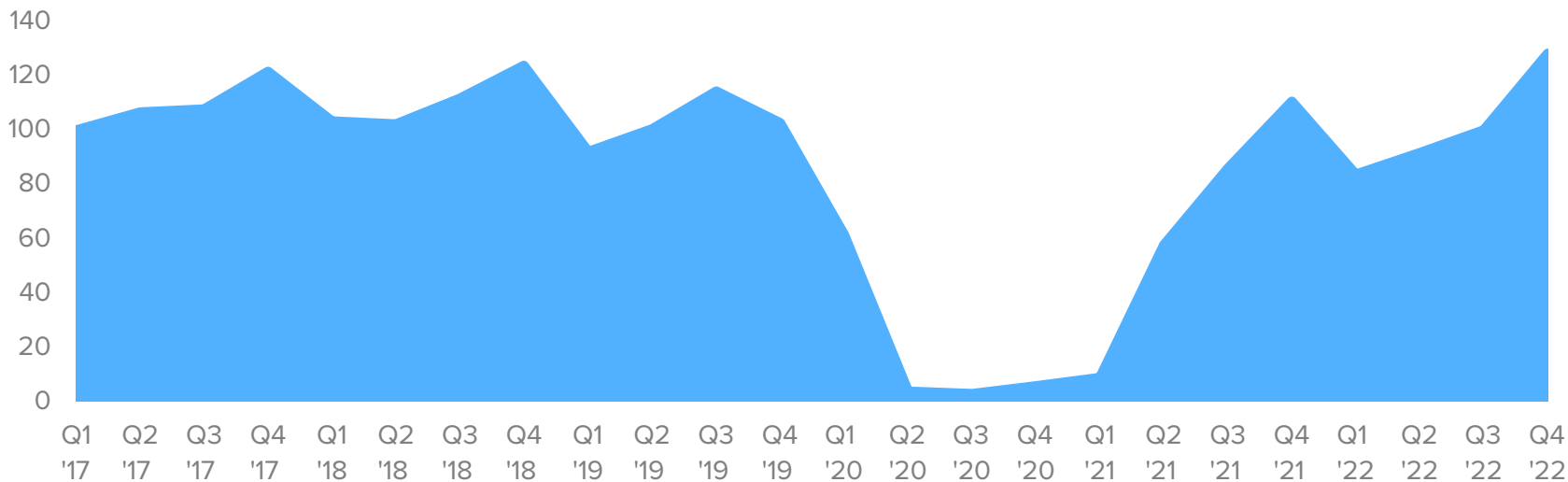


By late 2022, live entertainment also reached pre-pandemic spend levels

Companies like Ticketmaster are seeing similar levels of spend to 2019, recovering from a very low 2020 and early 2021

Indexed spend on Ticketing platforms (e.g. Ticketmaster, StubHub, etc.)

100 = on par with Q1 2017; US National



For many activities, interest / time are bigger blockers than money

Why people don't do certain activities more

For all of those activities, what best describes why you don't do them even more than you currently do (if doing at all)?

| <i>Average % selecting, across all activities</i> | Lack of Interest 25% | Lack of Money 16% | Lack of Time 26% | Something else 33% |
|---|--------------------------------|-----------------------------|----------------------------|------------------------------|
| | Index vs. Avg | | | |
| Cooking meals at home | 61 | 126 | 110 | 109 |
| Shopping online | 53 | 273 | 67 | 80 |
| Watching non-live video content (e.g. streaming movies / shows) | 78 | 79 | 124 | 108 |
| Cleaning my home | 84 | 58 | 122 | 114 |
| Listening to audio content (e.g. music, podcasts) | 95 | 66 | 120 | 105 |
| Using Facebook | 126 | 50 | 98 | 105 |
| Exercising at home | 124 | 62 | 111 | 91 |
| Hobbies / creative activities | 77 | 133 | 125 | 82 |
| Reading | 108 | 61 | 133 | 87 |
| Using TikTok | 162 | 46 | 80 | 95 |
| Watching live TV (e.g. sports, news, etc.) | 105 | 75 | 120 | 92 |
| Socializing with friends / family remotely (e.g. phone, video chat, etc.) | 77 | 77 | 135 | 101 |
| Shopping in-person | 58 | 224 | 85 | 85 |
| Socializing with friends / family in-person | 60 | 92 | 144 | 100 |
| Using Instagram | 151 | 49 | 91 | 93 |
| Working outside of the home | 65 | 74 | 75 | 158 |
| Exercising out of the home | 117 | 86 | 105 | 90 |
| Studying / educational content | 112 | 89 | 91 | 103 |
| Working from home | 66 | 67 | 73 | 162 |
| Traveling / vacationing | 46 | 304 | 75 | 64 |
| Using Twitter | 184 | 52 | 65 | 86 |
| Using dating apps | 191 | 58 | 50 | 90 |



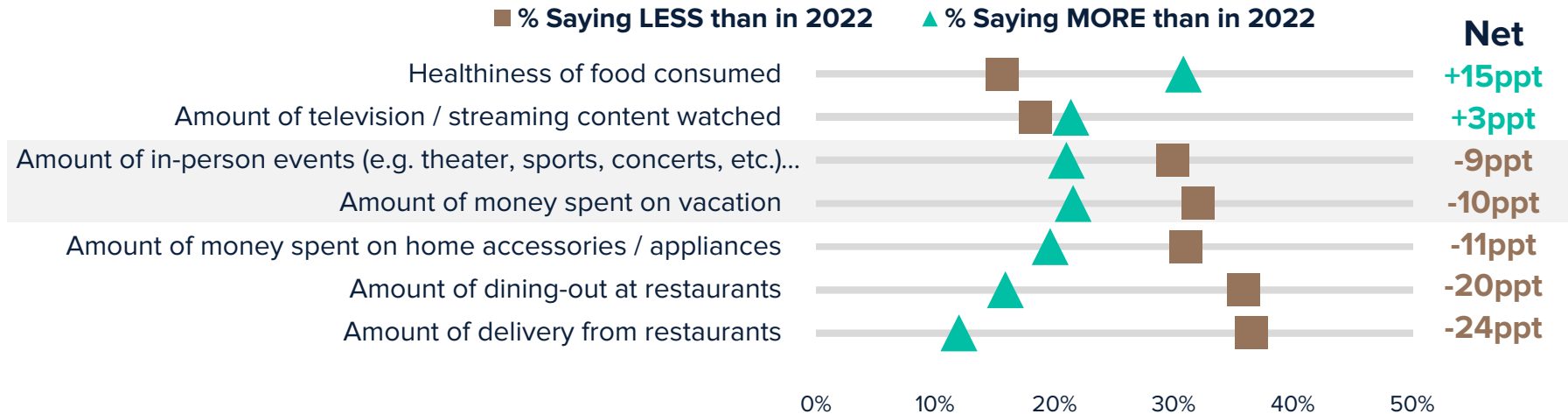
2023 outlook for travel and leisure

People say they expect to cut back on vacation spend and dining out in '23

Consumers do expect to continue focusing leisure activity on healthiness and solo activities like at-home content viewing, with cutbacks on travel spend or meals prepared out-of-home. It remains to be seen how much these cutbacks truly occur, as many believe they cut back in 2022 more than they likely did.

Expected behaviors in 2023 vs. actual behaviors in 2022

For you personally, how do you expect your 2023 will compare to 2022? Select the choice that best applies.



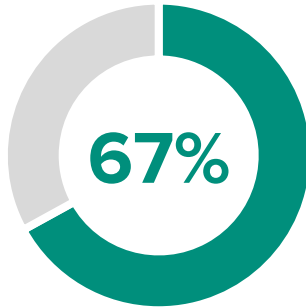
Even if searching for budget-friendly options, a healthy majority of Americans still do plan to travel this year

The likelihood increases based on affluence of household.

Intent to travel in 2023

Do you expect to do a travel vacation at any point in 2023? Select your best estimate.

% of Americans intending to take a trip at some point in 2023



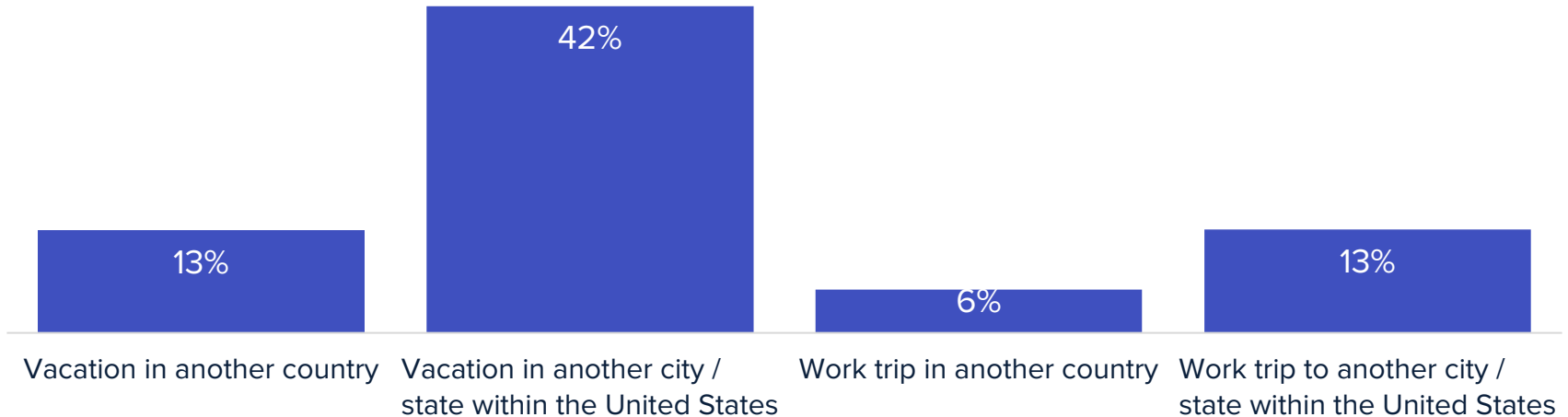
Intended '23 Travelers by Household Income Level



And the domestic vs. international travel split expected in '23 is like '22

Expected travel in 2023 (among full population)

Select the choice(s) that best describes the travel you expect to do in 2023, if at all. If more than one applies, select multiple.

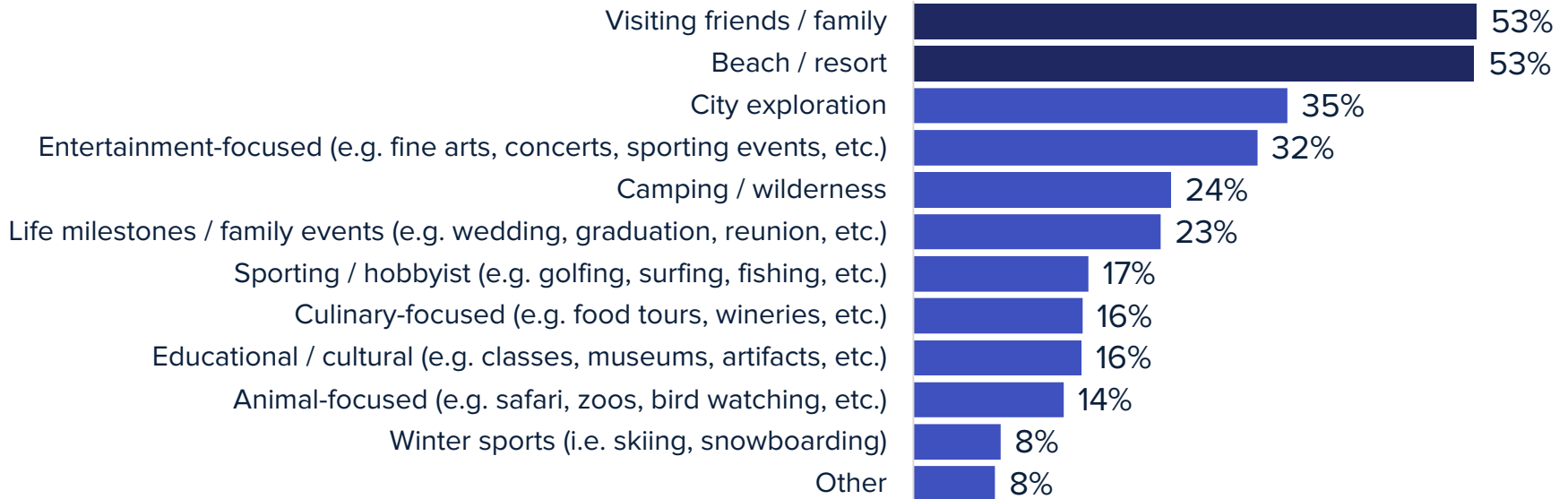


Beach / resort will be popular in '23

It is similarly popular to a trip to see friends / family, ranking ahead of city-focused or entertainment event-focused trips.

Types of trips people want to take in 2023

For vacation travel you hope to do in 2023, please place these types of trips in your preferred rank order? Among intended '23 travelers, % ranking in top 3 of 12 options.



Recap

2023 Outlook for Travel and Leisure Spending

- Consumers indicate travel and leisure activities have been a main area of cutbacks due to inflation, instead prioritizing household budgets toward household goods, groceries, gasoline, and other essentials.
- Both this driver, and the lingering impacts of COVID on travel (e.g. permanent concern among a sizeable percent of the population and a permanent reduction in business travel) have led to the total travel and hospitality industry continuing to experience transaction volumes below pre-pandemic levels.
- Despite transaction volumes being down, from a sales perspective, many industries are at or above pre-pandemic levels due to an increase in spend per transaction (primarily a function of price growth). Airlines have experienced this and are also holding roughly flat in year-over-year transaction volume despite inflationary pressure. Airlines have also experienced a growing proportion of travel being booked direct vs. through aggregators, and each of the largest US-based airlines have also seen a sales recovery at similar rates (without major shake-ups in market share).
- Hotels are similarly about flat in year-over-year transaction volume, still seeing the majority of paid lodging spend despite the growth of AirBnB in recent years. Those avoiding hotels do not cite recent trends of reduced service (e.g. housekeeping) as a driver.
- Other notable 2022 trends for travel and leisure have included the bounce-back of the cruise industry after a delayed COVID recovery affecting 2021 more than other industries, a recovery of live event spend through platforms like Ticketmaster, and strong performance for many growing fitness chains like F45.
- Consumers expect to be cautious of spend on travel and leisure in 2023, but a majority still do plan to take some type of vacation (especially more affluent households). Domestic travel and visits to family and friends or beach destinations will be most popular. Consumers also plan to continue focusing on health and content viewing at home, with strong potential for the health and fitness industry for leisure spend going forward.

Medallia

Questions?

Contact us at
briefings@medallia.com





Thank You