



Affluent travel

A Middle East perspective

MAY 2024



The affluent traveler is the pacesetter in a rapidly growing sector



Amnah Ajmal
Executive Vice President,
Market Development,
EEMEA, Mastercard

When economists charted the sectors that are leading recovery, travel emerged among the largest and fastest. The first UNWTO World Tourism Barometer of 2024 has predicted that pent-up demand, increased air connectivity, and a stronger recovery in key markets and destinations will ensure that international tourism remains robust. The Middle East strides ahead as the leader in travel with arrivals 22% above 2019⁹.

This underlines what we at Mastercard have long believed – that priceless experiences bring joy to our consumers. Travel, they say, compounds the joy many times over. Researchers from Cornell University have published a study that showed that the anticipation of an experience – such as a trip to a new destination – makes people happier than acquisitions¹⁹. We believe that it may, in fact, go further than that. A trip, a vacation, a journey, or a travel experience continues to bring joy long after it is over, in the form of memories captured and preserved.

Travel is truly a rewarding experience across segments, but more so among the affluent in the region. The travel option in card benefits remains the most desirable among the affluent customers in the Middle East, who are discerning of the rewards they seek. It's no longer enough to accrue air miles. Rewards need to include ease of travel across the journey, including lounge access, priority check-in, data roaming, and concierge services, among others.

High-quality accommodation and comfortable travel are among the top aspirations too. Not only for leisure travelers but also for digital nomads who have fueled the trend of combining business trips with leisure. The traveler of today has embraced journeys in all their hues – solo travel, family vacations, adventure holidays, and micro trips. At the same time, there is a growing passion for sustainable holidays, especially among the affluent.

Brands, including Mastercard and its partners, have taken note of consumer preferences and ensure

that their expectations are met and surpassed. Leveraging the advantage of technology makes it possible to deliver personalized, almost intuitive services to guests.

This white paper encapsulates key trends among affluent travelers, both those coming into the region and those traveling abroad. The travel and tourism sector can be one of the strongest vehicles for economic recovery and growth. Research by the Mastercard Economics Institute shows that inbound tourists from the Middle East are among the highest spenders, within the region's hotspots as well as globally¹⁴.

At the same time, great destinations continue to update their attractions and cultural experiences – including arts, wellness, cuisine, shopping, nature, and family activities – to retain their edge in an increasingly competitive sphere. And the discerning and high-spending affluent traveler – whose numbers are increasing rapidly – can be the keystone around which countries and companies build their tourism proposition.



Affluent travelers aspire to unique experiences and eco-luxury

Although the parameters that define the rich and the super-rich can be hard to pin down, what remains constant is the fact that the affluent category is driving growth in the travel and hospitality industry. While the world awaits the emergence of the first trillionaires, high-net-worth travelers contribute approximately 36% of the world's spend on travel and nearly 70% of the spend on luxury travel, while placing more emphasis on experiences rather than physical goods².

The desire for new experiences in unexplored destinations, micro-trips, and a maturing tourism offering will drive growth in the global luxury travel market size, estimated at USD 1.38 trillion in 2023, and expected to grow at a CAGR of 7.9% from 2024 to 2030⁴.

From a generational perspective, Millennials now comprise the highest penetration of luxury seekers, followed by Gen Z⁶. Within the Arabian Gulf, however, Gen X (aged 43 to 58 years) are expected to drive travel.

They will be responsible for USD 11.1 billion, or 41% of Saudi Arabia's total outbound travel market value of USD 27 billion by 2028. In the UAE, Gen X is expected to spend USD 18.2 billion, 60% of the total value of USD 30.5 billion by 2028⁷.

The Middle East region has emerged as one of the main drivers of growth in affluent travel. It is the only region to show arrivals 22% above 2019, while much of the world is barely touching pre-pandemic levels⁹.

The cities of Istanbul, Dubai, Cairo, Jeddah, and Marrakesh have emerged as the top five most visited cities in the region¹⁰.

Even from the outbound perspective, the Middle East dominates the list of source markets. Saudi Arabia, with 27% of respondents in a survey identified as luxury travelers, and the UAE with 25%, are key outbound markets⁶.

Living at the top end of hospitality

Affluent travelers, not surprisingly, live at the top end of luxury hospitality, with more travelers booking rooms with a higher average daily rate (ADR)¹⁰. Quality luxury accommodation is a high priority, with 27% saying they would pay more for villas and chalets in secluded and private locations and 21% happy to splurge on luxury stays on a private island¹².

Younger affluents are more likely to pay extra for luxury accommodation in popular city hotspots or for Michelin-starred or unique gourmet experiences. The combination of business and leisure, or

'bleisure', is resulting in more remote-work vacations, as digital nomads change the face of travel. Affluents and affluents aged 18-34 are almost twice as likely as the global average to have taken a vacation as an extension to a business trip. Hospitality spaces are responding to this by introducing study and office spaces¹².

High-spending loyalty users

Arabian Gulf tourists are some of the highest spenders on vacation. According to the Mastercard Tourism Insights Platform, Kuwaiti tourists, for instance, spend an average of USD 3,390 per card in Paris, five times the spending by American tourists¹⁴.

Affluent travelers are also power users of loyalty schemes and membership cards – 34% vs. the overall average of 24% of respondents to a survey. Exclusive airport lounges, priority check-in, and priority boarding are among the most used perks of loyalty membership.

Affluent consumers place a premium on authentic eco-luxury experiences. Globally, only one in 10 consumers have stayed in luxury eco-friendly accommodation in the last three years, compared to five in 10 among 18–34-year-old affluents. A sizeable 38% of luxury seekers are willing to pay between 30% and 50% more for sustainable travel features⁶.



KEY OUTCOMES



The global luxury travel market, estimated at USD 1.38 trillion in 2023, is expected to grow at a CAGR of 7.9% to 2030.



Affluent travelers contribute about 36% of the world's spend on travel and nearly 70% of the spend on luxury travel.



A hunger for new experiences in unexplored destinations, micro-trips, and a maturing tourism offering will drive growth.



GCC tourists are some of the highest spenders, whether they are vacationing within the region or traveling further.



Millennials aged 30 to 44 years now comprise the highest penetration of luxury seekers, followed by Gen Z. In the GCC, Gen X drives travel.



The Middle East has led global tourism recovery with arrivals 22% above 2019. Saudi Arabia and the UAE are key outbound markets for luxury seekers.



Digital nomads are changing the face of travel, opting more for a combination of business and leisure, or 'bleisure', at remote-work vacations.



Affluent travelers are power users of loyalty schemes and membership cards – 34% vs. the global average of 24%.



38% of luxury seekers are willing to pay between 30% and 50% more for sustainable travel features.



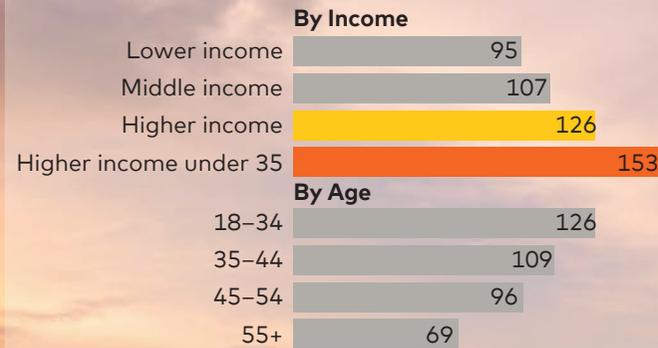
The affluent traveler: A global view

The definition of affluence and the profile of the affluent traveler has evolved in recent times. While the world holds its collective breath for the minting of the first trillionaire, one definition of the affluent traveler focuses on centi-millionaires holding USD 100 million in investable assets¹. High-net-worth individuals (HNWI), on the other hand, make the cut if they have a total net worth of at least USD 1 million².

The moving target is also affected by demographic and market changes. According to Mastercard's Travel Industry Trends 2023, high-income consumers, buoyed by income growth and higher-than-'normal' savings of USD 1.7 trillion in the US and EUR 1 trillion in Europe, are driving robust consumer spending³. The newest wealth report, released in February 2024, estimates that the number of wealthy individuals – defined as ultra-high-net-worth individuals (UHNWI) with a USD 30 million entry point – globally is likely to rise by 28.1% over the next five years up to 2028.

Affluent travelers contribute approximately 36% of the world's spend on travel and nearly 70% of the spend on luxury travel, while placing more emphasis on experiences rather than physical goods². A desire for new experiences in unexplored destinations, micro-trips, and a maturing tourism offering will drive growth in the global luxury travel market size, estimated at USD 1.38 trillion in 2023, and is expected to grow at a CAGR of 7.9% from 2024 to 2030⁴.

'Travel has become more important to me after the pandemic' (index of those agreeing, global)



Source: [Global travel & tourism whitepaper 2023: Luxury travel post-pandemic33333](#), YouGov



28%

is the estimated rise in the number of ultra wealthy globally between 2023-2028





\$11B

is the expected travel spend by 2028 from Gen X in the GCC aged 43 to 58

The generational shift

The time is also ripe for a generational shift, when USD 90 trillion of assets move between generations in the US alone. Affluent Millennials are set to become the richest generation in history, with women commanding 11% of UHNWI wealth share⁵. These are expected to drive changes in luxury or affluent travel.

Driving faster digital adaptation, Millennials aged 30 to 44 years now comprise the highest penetration of luxury seekers, followed by Gen Z aged 15 to 29, as wealth migrates to younger generations over the 20 years to 2040⁶.

By 2040, Millennials are expected to account for 36% of the population earning over USD 250,000 (26.1 million people), compared to 24% of the older cohort⁶.

Within the GCC, however, Gen X aged 43 to 58 years are expected to drive travel. They will be responsible for USD 11.1 billion, or 41% of Saudi Arabia's total outbound travel market value of USD 27 billion by 2028. In the UAE, Gen X is expected to spend USD 18.2 billion, 60% of the total value of USD 30.5 billion by 2028⁷.

A mix of business and leisure by high-earning entrepreneurs and executives is termed 'bleisure'⁷. According to Marriott Bonvoy research, 77% of luxury consumers across Europe and the Middle East take at least two international trips each year. About half of respondents in the UAE (49%) and Saudi Arabia (51%) take more than five domestic trips each year⁸.

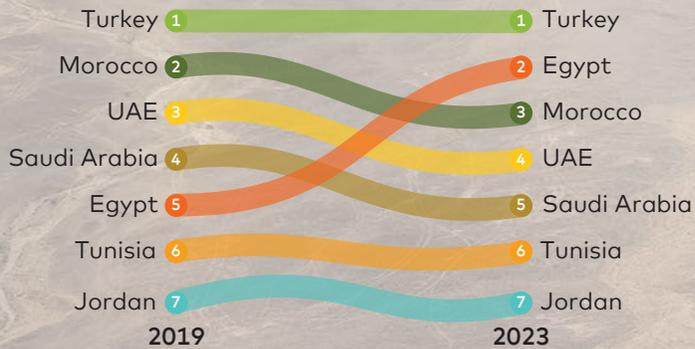


Middle East drives inbound growth

Travelers are flocking to the region. The Middle East has led global tourism recovery, as the only region to show arrivals 22% above 2019. According to the World Tourism Barometer, extraordinary results in specific destinations such as Qatar (+90%) and Saudi Arabia (+56%) have contributed to this surge⁹.

Travelers originating from Germany, UK, US, Denmark, and Sweden have made the most hotel bookings in Istanbul, which emerged as a top leisure tourism destination in the region. Egypt and Morocco, on the hand, welcomed the most travelers from Saudi Arabia. The UAE saw high arrivals from India, the UK, and the US¹⁰.

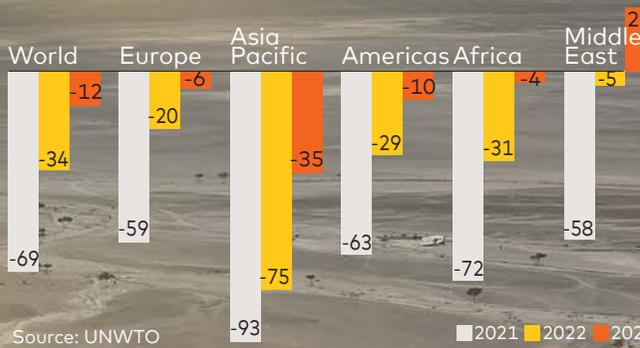
Most visited countries in the Middle East (Inbound flight bookings for Q2-2023)



Source: Adara, a RateGain Company



International tourist arrivals (% change over 2019)



1

Turkey has remained the number one destination in the Middle East for international arrivals

Saudi Arabia, UAE top outbound sources

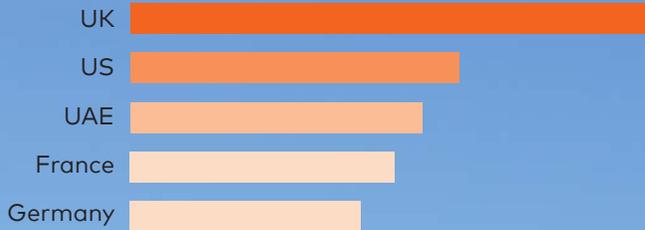
The Middle East region is home to luxury seekers and dominates the list of top countries for outbound luxury travel. Saudi Arabia with 27% of respondents identified as luxury travelers, and the UAE with 25% are key outbound markets with expats accounting for a significant proportion. Egypt and Turkey too feature among the top 10 outbound markets for luxury seekers⁶.

UAE and Saudi tourists prefer Europe as a destination, accounting for USD 13.2 billion in market value by 2028, compared with USD 7.4 billion in 2019. The UK, Germany, Italy, Switzerland, US, India, Australia, Malaysia, Singapore, and South Africa are countries high on GCC travelers' preferred list⁷.

In the Middle East overall, there is a shift towards relatively closer regional travel destinations, compared to long-haul destinations. Mastercard research attributes this to the ongoing economic diversification and investments in many of the region's economies, which have significantly broadened their offering. An updated leisure and cultural tourism product, expansion of air routes, and year-long itineraries cater to travelers³.

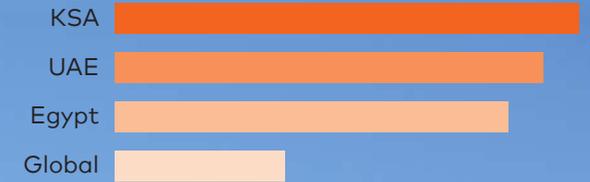
This is borne out by travel data over a decade, which shows MENA travelers opting for Kuwait, Pakistan, and Jordan over traditional favorites such as Indonesia, Malaysia, Philippines, and the US¹¹. At the same time, research points to a desire to visit relatively unexplored destinations, seeking cultural richness and new experiences.

Top 5 international travel destinations



Source: [Mastercard Travel Industry Trends 2023](#)

Luxury seekers in travel (by country % of respondents)



Source: [Euromonitor Voice of the Consumer: Travel Survey 2023](#)



Eat, stay, sync

Affluent travelers, not surprisingly, live at the top end of luxury hospitality. In the region, industry research points to an uptick in demand for premium and luxury stays, with more travelers booking rooms with a higher average daily rate (ADR)¹⁰.

27%

of respondents in Saudi Arabia identified as luxury travelers in 2023

Hospitality is often a defining part of the overall travel experience, with luxury travelers prioritizing unique personalized experiences over location. Quality luxury accommodation is a high priority for affluent consumers, with 27% saying they would pay more for villas and chalets in

secluded and private locations and 21% happy to splurge on luxury stays on a private island¹².

Travel has become truly multi-generational and diverse. Research shows that 72% of luxury seekers globally traveled with a partner or spouse in 2023 and 56% with their children⁶. At the same time, Marriott Bonvoy research shows that solo travel is being embraced. In the Middle East, 70% of UAE respondents and 69% of Saudi Arabia respondents said they have already traveled solo, and a similar number plan to do so in the next three years⁸.

Share of hotel bookings (ADR >USD 400 in Egypt)



% of all bookings

Source: Adara, a RateGain Company



Transformative technologies

Consumers have seamlessly synced leisure and business lives on smart devices. Based on this trend, the travel and hospitality industry is expected to utilize the transformative power of artificial intelligence (AI) and biometric technologies to deliver better customer experiences.

According to research, light, air, temperature, and sound in hospitality spaces will recognize and respond to guests in real-time, based on mood, schedules, and health requirements. Digital concierges will deliver calendars that sync with speakers, and lighting or mattresses that respond to core body temperatures and health⁸.

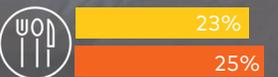
Guest experience is the focus of digital innovations such as mobile room keys, mobile tipping options, and micro-mobility transportation solutions.

Luxury experiences affluents are prepared to pay more for

Unique luxury accommodation in popular city hotspots



Michelin-star chefs/unique gourmet experiences



■ Affluents ■ Affluents aged 18-34

Source: [Global travel & tourism whitepaper 2023: Luxury travel post-pandemic](#), YouGov

74%

of affluent travelers book journeys and experiences online



The journey and the planning

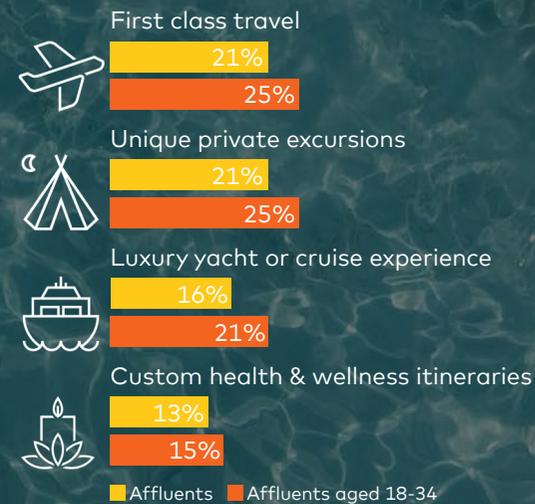
Three clear trends typify how the affluent travel.

1. **PERSONALIZED:** Call it tailored, bespoke, or customized, the nature of affluent travel is increasingly personalized, even when it's DIY. Research shows that luxury seekers are digitally savvy with 74% booking travel online. However, affluent travelers expect expert in-store advice, exemplary customer service, and pampering⁶. Essentially, they are seeking their money's worth.

2. **PRIVATE:** First-class experiences are not limited to airlines alone. Private yacht tours and luxury cruises, private jets and helicopters are all part of how the jet-set travel¹².

3. **BLEISURE:** The combination of business and leisure is resulting in more remote-work vacations, or 'bleisure', as digital nomads change the face of travel. Affluent and affluents aged 18-34 are almost twice as likely as the global average to have taken a vacation as an extension to a business trip. Hospitality spaces are responding to this by introducing study and office spaces¹². A total of 54 destinations, including the UAE, Morocco, Greece, and Germany, offer remote-work visas, which cater to those who stay longer and get to experience the destination (almost) as a local¹³.

Luxury travel experiences affluents are prepared to pay more for



Source: [Global travel & tourism whitepaper 2023: Luxury travel post-pandemic](#), YouGov



Experiences trump objects

More than half of affluent travelers, compared to 43% of the global total, say they are looking for more meaningful travel experiences rather than shopping and souvenirs. Close to a quarter say that they are willing to pay more for a remote destination experience, customized tours to connect with local culture, and eco-friendly resorts¹².

Mastercard research shows that at destinations which focus on luxury hotels, restaurants, and unique experiences for high-income travelers, the gap in consumer spend between stuff and experiences is higher³. Luxury-focused outbound spending outperformed retail spending for tourists out of the UAE and Saudi Arabia – up by 53% and 65% in 2023, respectively, relative to 2019.

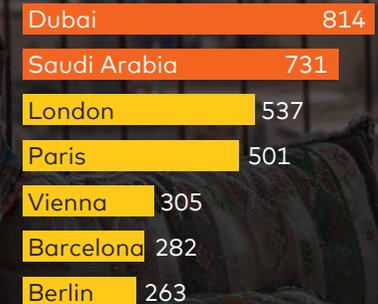
The kinds of experience that affluent travelers spend on



Source: [Global travel & tourism whitepaper 2023: Luxury travel post-pandemic](#), YouGov



Average spend per card at destination (USD, 2022 | Spending data, full year 2022)



Source: Mastercard Economics Institute



GCC tourists are high spenders

Tourists from the Gulf Cooperation Council (GCC) countries are some of the highest spenders, whether they are vacationing within the region or traveling further. According to the Mastercard Tourism Insights Platform, the highest average spend per card in the GCC is attributed to those traveling within the region. For instance, the top spenders in Dubai come from Kuwait. In Saudi Arabia, China-origin cards are number one, followed by cards issued in the UAE¹⁴.

According to a 2023 Mastercard Economics Institute report, Kuwaiti tourists, for instance, spend on average of USD 3,390 per card in Paris, five times as much as their American counterparts.¹⁴

On the other hand, as destinations, visitors to the UAE and Saudi Arabia spent more on payment cards than tourists in London and Paris in 2022. On average, visitors to Dubai spent around USD 300 more per card in 2022¹⁴.



Average spend per card by origin market
(USD, Feb 2022 – Jan 2023)

	KSA	Dubai	London	New York	Paris
Kuwait	1,442	1,199	2,702	1,815	3,390
Indonesia	1,047	1,107	1,863	1,072	1,956
UAE	744	838	1,382	1,046	1,887
China					
Canada					

Source: Mastercard Economics Institute



Strengthening loyalty

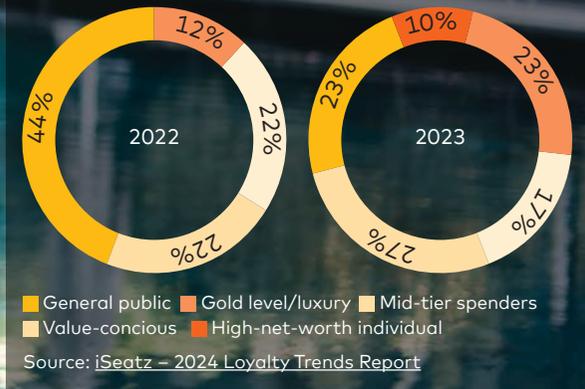
As Heraclitus said, there is nothing permanent except change. Loyalty membership illustrates this perfectly. Affluent travelers are power users of loyalty schemes and membership cards – 34% vs. the global average of 24% of respondents to a survey. The VIP treatment provided by loyalty programs is the luxury seeker’s doorway to exclusive deals and perks⁶. A third (34%) of luxury seekers say they prefer to shop from merchants that offer a loyalty program¹⁵.

Brands are increasingly focused on the affluent customer. Research shows that the percentage of brands targeting luxury and HNWI audiences increased from 12% to 23%, now totaling 33%. More segmentation within the high-end bracket is also noted¹⁶. Brands now have the benefit of using AI to deliver more granular segmentation and personalized experiences. Using end-to-end connected guest data, brands can tailor the journey for various kinds of audiences even as they event hop across the world, to Taylor Swift’s world tour, for instance, or the 2024 Olympics hosted in France¹⁷.

34% of affluent travelers use loyalty programs vs. 24% of all travelers



HNWIs emerge as loyalty targets in 2023



Enhancing lifestyles through loyalty

Exclusive airport lounges, priority security checks, and priority boarding are among the most used perks of loyalty membership. Experience matters – research points to the emergence of co-branded experiences. Close to half of affluent travelers agree that they like branded products for guests in their hotel rooms¹².

In March 2024, banking group Emirates NBD and Marriott Bonvoy, the global travel program by Marriott International, announced the launch of

two new credit cards in the UAE in collaboration with Mastercard. An existing World Elite card with enhanced premium benefits and a new World card offer enriched travel experiences for a broader audience. Cardholders weave luxury travel into their daily life as points from their daily shopping add up to Marriott Bonvoy rewards¹⁸.

Across segments, 75% of companies have said that lifestyle rewards represent 11% to 30% of all redemptions. Consumers prefer

lifestyle rewards like dining, tours, and activities that enhance their travel experience¹⁶.

Consumers also demand sustainability, with 55% saying they would base their choice of loyalty program on whether it prioritizes sustainability. In response, brands have focused on their sustainability offering, with 62% offering bonuses and incentives for booking sustainable options and 60% planning to invest more in sustainable redemption options in 2024¹⁶.



55%

of travelers choose a loyalty program based on its sustainability credentials



The sustainability imperative

Affluent consumers are adopters of the conscious travel trend, placing a premium on the authenticity of eco-luxury experiences. These include associating with travel brands that support local communities.

This is increasing globally and regionally, where COP28 UAE put the spotlight on climate action. Globally, one in 10 consumers have stayed in luxury eco-friendly accommodation in the last three years, compared to five of 10 among 18–34 year-old affluents⁶.

A sizeable 38% of luxury seekers are willing to pay between 30% and 50% more for sustainable travel features such as energy-efficient services. A quarter would pay even higher – 50% more – to avoid flying and find less carbon-intensive transport⁶.

Regulators across countries have set ambitious 2050 net-zero emissions targets. The total carbon footprint of the hospitality industry, including its construction, is at 3%. Hospitality majors are expected to use sustainable construction materials or undertake major renovations over new builds to address greenhouse gas emissions¹⁷.

38%

of luxury seekers are willing to pay 30%-50% more for sustainable travel

Travel experiences in the last three years
Stayed in luxury eco-friendly accommodation



21%

16%

10%



Willing to pay more for sustainable vacations

57%

52%

42%

■ Affluents aged 18-34 ■ Affluents ■ Global total

Source: Global travel & tourism whitepaper 2023: Luxury travel post-pandemic, YouGov



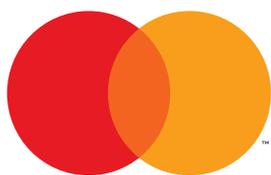
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AUTHORSHIP

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