



NORTH AMERICA INSIGHTS

FEBRUARY 2023

Travel, reimagined

How brands should navigate the future of travel to reach new heights



A new era of travel takes flight



With headlines reporting that travel demand is “on fire” despite the current economy, it is clear that one of the industries that was hit hardest by the pandemic is back. Travel is rebounding as both consumers and business travelers look to make up for lost time. This momentum is expected to continue as consumers and business travelers alike expect to increase or maintain travel in 2023 despite the inflationary head winds. As the world reopens further to travel, a tremendous opportunity beckons for travel-focused businesses.

To make the most of this opportunity, businesses should focus on both the “now” and the “next” in the travel industry. Meeting today’s needs, for example, requires staying close to consumers by carefully monitoring and responding to their everyday travel desires and behaviors in real-time. Meanwhile, meeting tomorrow’s needs involves anticipating fundamental shifts in values in order to innovate first-in-class travel capabilities and newly imagined offerings and solutions for the long term.

A few travel-related shifts deserve special attention – both in the present and in the future. First, from the rise of digital nomads who combine world and leisure travel to the burgeoning wellness tourism market, consumers are getting more intentional about when, why and how they travel. As part of this shift, growing first-class aspirations are accelerating splurges on upgrades, while travelers seek convenience hacks, such as biometrics and touchless payments. Second, a rising emphasis on virtual experiences has travelers leaning into the metaverse for trip planning and experiences. Third, a desire to travel impactfully has the travel industry evolving from offsetting harm to actively renewing the planet.

Amid this considerable change, Mastercard understands the vital role that the travel industry plays in advancing the wellbeing of consumers, countries and communities alike. That’s why we’re committed to working with our partners to make the travel sector even stronger. Our advanced technology, global network and innovative offerings can help your business thrive by understanding consumers’ immediate travel demand now, as well as the trends that are shaping travel tomorrow.

Together, we can build more joyful, convenient and regenerative travel experiences.

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Exploring key shifts shaping the future of travel

1 **Leisure and business travelers are splurging to make up for lost time**

Between 2022 and 2025, consumers expect the number of annual trips they take to increase by 16%, while business travelers anticipate a 29% rise. Travel demand is being boosted by many factors, including pent-up demand, topped-up savings, flexible work arrangements and a widespread reordering of priorities. Many are also looking for reprieve: 71% of consumers told us they are desperate for a break from their daily lives, while 81% report that the pandemic taught them not to take travel for granted. This attitude is also fueling a "YOLO" (you only live once) mentality: 80% of travelers say they are just as, or more, likely than before the pandemic to spend on premium accessories and experiences that make their trips extra special.

2 **Small businesses are fueling the next wave of growth in travel**

Small businesses believe that more face-to-face interaction with their stakeholders will deepen trust and boost their bottom line. Such sentiment helps to explain why small business owners expect that, by 2025, the amount of time they spend traveling will nearly double compared to 2019 levels. Travel budgets are rising accordingly: 76% anticipate increasing their travel spend over the next three years.

3 **A rise in intentional travel is driving desire for flexibility and optimization**

With the rise of hybrid and remote work, consumers can now maximize joy by blurring the lines of business and leisure travel like never before. This allows them to optimize the time and money invested in travel costs to get the most out of each trip. A rising focus on wellness itineraries also points to a desire to derive a meaningful outcome from travel – genuine restoration. In order to maximize their travel experience, consumers must find cost and time savings by optimizing their travel tools. 72% of millennial travelers are interested in using biometrics and other emerging technologies that make travel-related chores, like passing through airport security and checking in at hotels, faster and easier.

4 The metaverse is transforming the way consumers navigate the travel journey, especially when it comes to planning

Consumers are embracing virtual environments to plan trips and to explore new worlds. These experiences allow consumers to immerse themselves in unfamiliar places, while considering where to focus their spending – such as on tours, hotels, dining, and/or other experiences – in the physical world. Consumers are also increasingly interested in virtual experiences in their own right: 22% of consumers anticipated spending money on travel experiences in the metaverse (in 2022), including 36% of Millennials and 39% of Gen Z.

5 Sustainable travel priorities are shifting from offsetting to regenerating

Yet another major change in how people think about travel is their growing desire to leave the places they visit better in a movement toward “regenerative travel.” This partly means a greater emphasis on environmental stewardship such as travelers chipping in with carbon offset fees. It also involves paying greater attention to the social impact of one’s travels and choosing socially responsible destinations; “community-based” tourism aims to immerse travelers in the culture of their destinations, as well as build greater mindfulness on how to be constructive, respectful visitors.

About the research

This research was conducted by The Harris Poll on behalf of Mastercard, from July 28 to August 9 among 4,000 respondents. The survey included 3,169 leisure travelers and 1,482 business travelers. A second survey, conducted from August 5 to August 10, among 500 small business owners who travel at least once a year for work. Expert interviews and industry-landscaping research also informed the study. This research was led by Abbey Lunney and Morgan Rentko, with writing by David Kimble. For more information about The Harris Poll, please contact abbey.lunney@harrispoll.com

WGSN explored the new travel narratives impacted by global power shifts and consumer value systems. Methodology included: WGSN proprietary research; WGSN case studies, internal expert interviews and opinions; bespoke secondary research and strategic analysis, expert opinion and case studies, and consumer and industry trends, cross-industry innovation.

For more information about WGSN, please contact clare.preston@wsgn.com



Part 1:
Unpacking the
forces reshaping
travel

Travel takes off again among consumer and business travelers

8 in 10

consumers agree, "The pandemic has taught me not to take travel for granted"

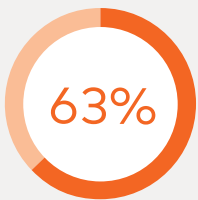
7 in 10

consumers agree, "I am desperate for a break from my day-to-day life"

When the pandemic hit, the travel landscape changed fast. After an initial wave of canceled and postponed trips, more consumers also began to reevaluate their priorities for life as well as what travel meant to their lives. This "Great Reset" spurred a desire among many people for more meaningful travel. And as values changed, so too did the uptake of digital technologies that have opened doors to new worlds – a trend we call the "Great Rewire."

Yet numerous other factors are boosting demand for travel, both in the present and future. Consumers' savings accounts swelled during the pandemic; in 2021, they hit a record high. Travel now heads the list of categories where people say they want to spend disposable income. The widespread shift to hybrid and remote work has further encouraged people to move around for business and leisure and/or extend their trips. Meanwhile, inflation does not appear to be a deterrent: The majority of business and leisure travelers say they will maintain, or increase, their level of traveling even if inflation persists.

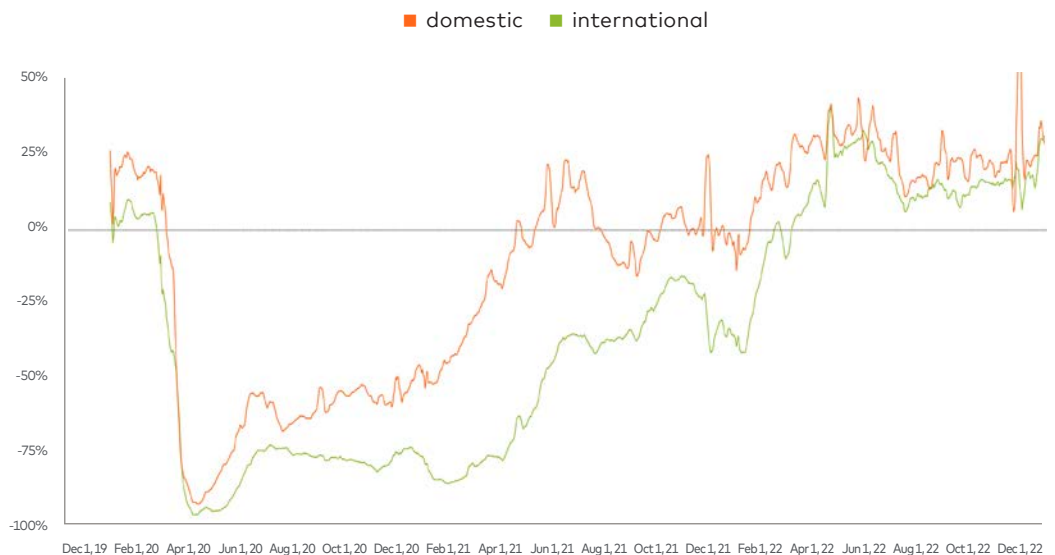
Travel now exceeds pre-pandemic levels – and travelers imagine increasing their mileage in the future, too



of leisure travelers plan to increase or maintain their travel spend in 2023

Annual trips in the next three years are expected to increase by 16% for leisure travelers and 29% for business travelers

Global consumer flight bookings by trip distance



Source: Mastercard Economics Institute

Travel takes off again among consumer and business travelers

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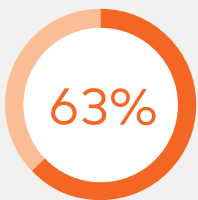
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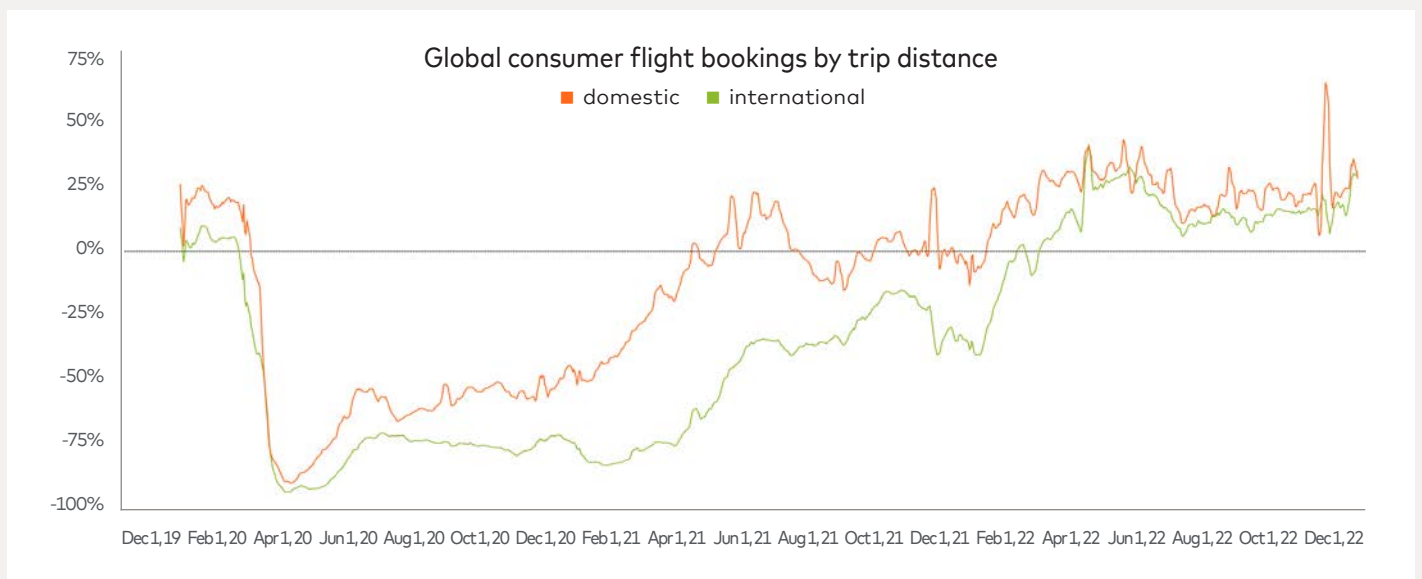
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Source: Mastercard Economics Institute

Small business owners accelerate travel for growth

74%

of small business owners say they will maintain or increase work-related travel spending even if high inflation continues or a recession strikes

Work-related travel is vital to the success of many small businesses. More than nine in ten small business owners say that they must travel regularly for their business to succeed. Small business owners are already traveling more than they did pre-pandemic, and many expect to double their travel compared to pre-pandemic levels by 2025.

In addition to traveling more themselves, 75% of small business owners also plan to ask their employees to travel more over the next three years. Travel budgets are rising accordingly: 86% of small business owners say they are maintaining or increasing spend on travel compared to what they spent in 2021, while 76% anticipate increasing their travel spend over the next three years.

87%

of small business owners say that offering travel perks is essential to get employees to return to business travel

This surging demand for travel is fueled by small business owners' desire to strengthen relationships with clients, prospective clients and vendors. Small business owners believe more face-to-face interactions will deepen trust with their stakeholders – and boost the bottom line in the process.

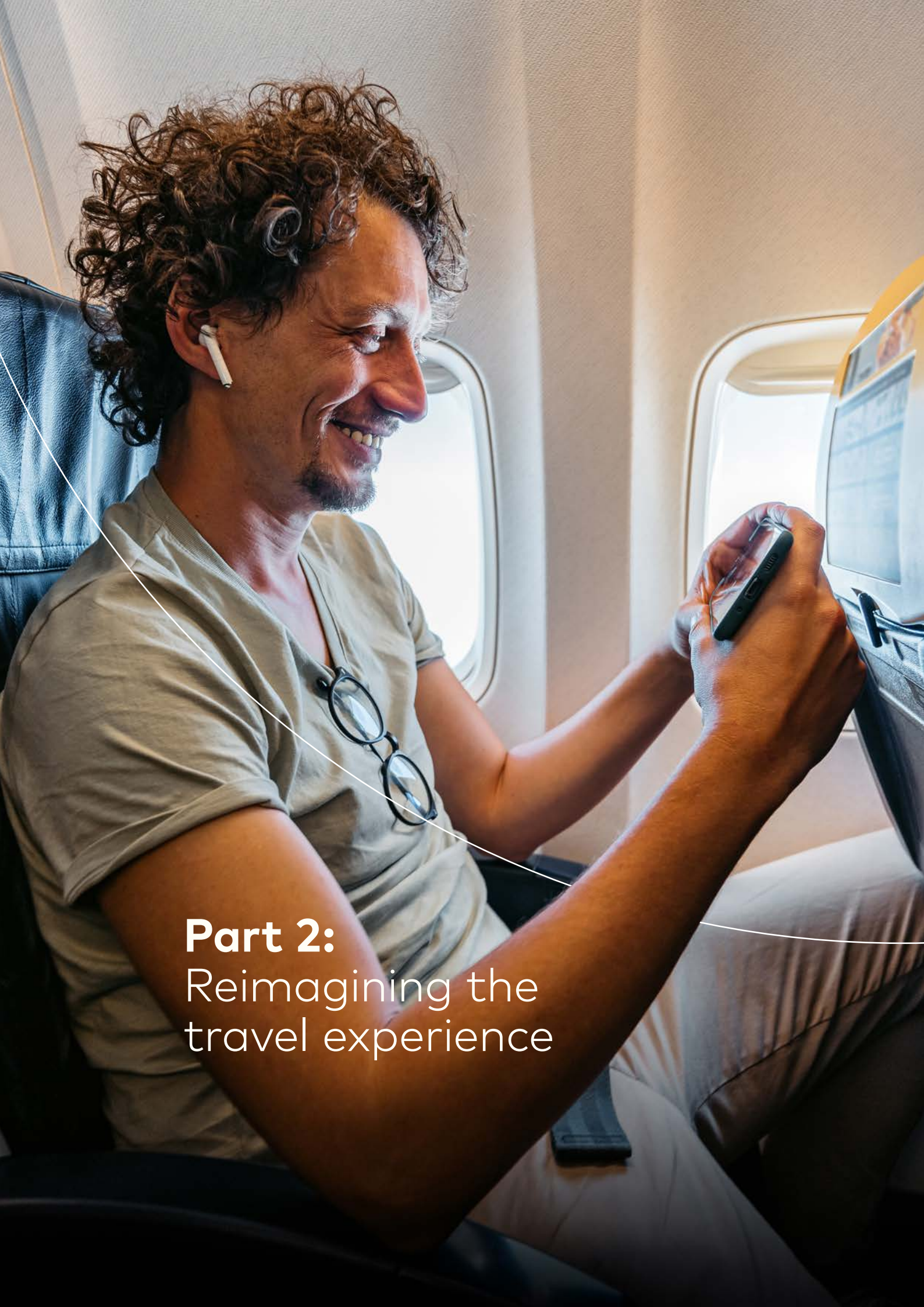
In the competition for talent, shifting workforce and travel norms appear to be tilting the playing field in small business owners' favor: 58% believe that the spread of work-from-anywhere policies now gives small businesses the chance to recruit the best employees. Meanwhile, a growing fondness for blending business and leisure travel – 57% of small business owners say they are open to tacking on several days of vacation to a work trip – is also leading small business owners to reconsider HR practices and work perks. To attract and retain digital nomads, 38% of small business owners are making their remote- and hybrid-work policies more generous.

79%

of small business owners that spend on work-related travel imagine increasing their travel expenditures over the next three years

• • • Top five reasons small business owners are increasing their travel budgets

1. Financial benefits for the business	47%
2. Rising travel costs due to inflation	44%
3. Rising demand from clients and external partners	43%
4. Planning an expansion or project that will require travel	40%
5. Operational needs	38%



Part 2:
Reimagining the
travel experience

Living intentionally: A hunger for more joyful and convenient travel

69%

of travelers are interested in earning rewards for wellness behaviors leading up to, or during, a trip

85%

of travelers are just as, or more, likely than before the pandemic to use their credit card points to upgrade their flights and hotels

\$1,100

Average spend on travel amenities such as luggage, clothes and other items before leaving for the trip

Consumers are living more intentionally across all areas of their lives, seeking to maximize both joy and convenience. Travelers are dialing up joy by blurring the lines between business and leisure, while amping up wellness tourism and leaning into travel splurges. As a result, they are streamlining the journey with convenience-driven technologies and alternative payment methods.

One group leading the charge on intentional travel are digital nomads – individuals who travel the planet while working remotely. Twenty-four million Americans intend to become digital nomads in the next three years and another 41 million are considering this lifestyle (that’s just over 12% of the U.S. population).¹ Brands are already working to meet the needs of this fast-growing audience with flexible solutions to extend and enrich the journey, such as on-trip childcare benefits and “workcation” travel-planning tools.^{2,3} Looking ahead to what’s next, future services will be designed to enable the augmented worker and office from anywhere. For example, Crystal Cabin Award Association’s new design concept supports business travelers who could use the coworking cabin space to take meetings with other colleagues in the air.⁴

Wellness itineraries are also gaining new focus as travelers prioritize destinations that improve their wellbeing. From exercise retreats to mind-body practices to nature experiences, the global wellness tourism market is expected to more than double in size, hitting \$1 trillion by 2026.⁵ Today, new perks reward wellbeing habits, both on and off the road, such as airlines giving miles for healthy behaviors like walking or plussed-up fitness gear in accommodations. Looking ahead, consumers will move toward more sophisticated modes of wellness travel, such as personalized nutrition and wellness optimization programs available on-site.

With topped-up savings and pent-up demand, travelers are dialing up joy by splurging on creature comforts. Eight in ten travelers say they are just as, or more, likely than before the pandemic to splurge on accommodation upgrades and other special experiences. Many are also spending on travel extras before they go. In 2022, travelers in our survey spent \$1,100, on average, on luggage, clothes and other items in preparation for their journeys.

Some travel-focused companies are also making high-end experiences more accessible, enabling first-class aspirations and the premiumization of everything for all. One example is premium travel subscriptions, such as the Freehand Hotel’s Freehand Club which gives frequent travelers unlimited stays at all of their properties for \$2,500 per month.⁶ Looking ahead to what’s next, U.K.-based digital-design company Layer, for example, is creating so-called smart textiles to upholster airplane seats in economy class. The textiles will allow passengers to adjust their seats, via their phones, in sophisticated ways (such as by changing the seat’s temperature or requesting the “massage” mode).⁷

1. [The digital nomad search continues](#)

2. [Workplayce](#)

3. [Wander - redefining travel for digital nomads](#)

4. [4 award-winning airplane cabin designs show that the future of flying could look like coffee shops or gaming lounges](#)

5. [Wellness tourism global market to reach \\$1.09 trillion by 2026 at a CAGR of 8.2%](#)

6. [For \\$2,500 a month travelers get unlimited luxury hotel stays with new service](#)

7. [Layer Design](#)

PART 2: REIMAGINING THE TRAVEL EXPERIENCE

72%

of millennials are looking for technologies that can streamline the travel process

To maximize joy while traveling, consumers express a strong desire for more streamlined, convenient travel. From subscription models to hassle-free technology like biometrics, 72% of millennials are looking for technologies that can streamline the travel process.

Today, anticipatory assistance eases travel anxiety with real-time updates and transparency. For example, Eddy Travels is an AI-enabled personal travel assistant that operates within popular chat applications to proactively offer travel suggestions based on users' preferences. It also responds to travel requests instantaneously.⁸ Another example is Ehterisc's FlightDelay, a blockchain-backed insurance application that autonomously issues policies and executes payouts for travelers who experience flight delays or cancellations.⁹

Looking ahead, biometrics are a promising tool to make travel more convenient: 62% of travelers are interested in using the technology to speed their passage through airport security, to accelerate their hotel check-ins and to reduce time spent on other mundane tasks. Blockchain is also a rising influence on the travel space with nearly half of travelers (47%) being open to using it as an international identifier to ease travel logistics. Among business travelers who are particularly convenience-oriented, this number rises to 65%.

64%

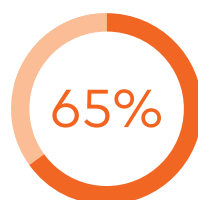
of airports globally expect to offer biometric-enabled, self-boarding gates by 2023¹⁰

Alternative payment methods are also delivering on rising convenience expectations. From buy now pay later installment plans that make journeys more accessible to cryptocurrency payments and rewards programs that allow travelers to fund their adventures in a new way, flexible payment solutions are opening the aperture on adventure. Mastercard's Finicity and Ekata ID services help wallet providers to validate consumer identity when opening and adding to an account to boost traveler's peace of mind.

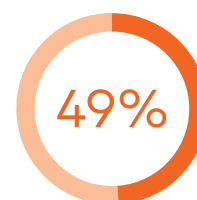
Travelers are looking to be able to invest their time as currency as well. Three in four are interested in earning rewards for flexibility in their travel plans such as later hotel check in time or earlier check out time, accommodating flight changes when flights are full, among other shifts.

Looking ahead, we are moving to a completely contactless travel ecosystem that allows consumers to travel lightly. For example, half (49%) of travelers are intrigued by the convenience offered by "touchless pay" biometric technologies, where a mere wave of the hand, or scan of the eye, triggers payment during their trip.

New technologies streamline the travel process



of business travelers are interested in using blockchain as an identifier for international travel



of travelers are interested in touchless travel where you only need your body to pay (no cash or cards required)

8. [Eddy Travels](#)

9. [Etherisc's FlightDelay transforms flight insurance with Chainlink oracles](#)

10. [Getting the most of biometrics in the airport – our top five tips](#)

Living virtually: A dive into virtual travel tools

1 in 3

consumers have already participated in travel experiences in the metaverse

\$750 billion

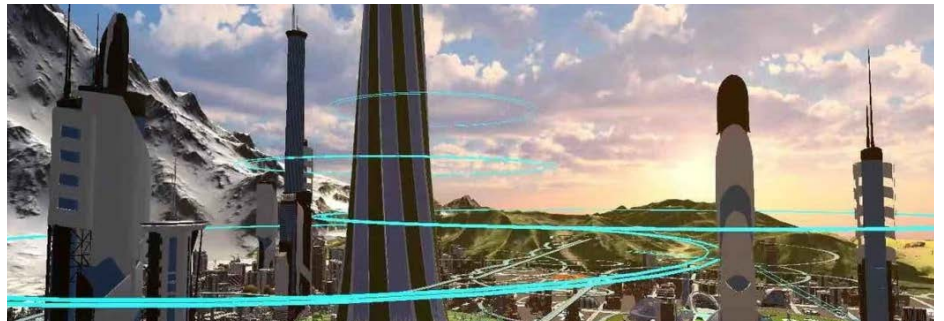
is the estimated size of the online travel market in 2025¹¹

Consumers are also embracing virtual travel tools: 66% say they are interested in virtual trip planning. These virtual “previews” provide an opportunity for consumers to immerse themselves in unfamiliar places, while considering where to focus their spending — such as on tours, hotels, dining, and/or other experiences — in the physical world.

One major airline’s “VR Experience” allows consumers with a virtual reality (VR) headset to simulate the in-flight experience in the cabin of their choice.¹² A hotel in Madrid, meanwhile, is developing a “digital twin” of its acclaimed hotel and conference center, for launch in the metaverse. The virtual model will allow prospective customers to tour the grounds and sample the hotel’s ambience from afar.

In addition to seeking out virtual tools to make more informed travel decisions, consumers are also interested in pursuing virtual travel experiences. Ever-more realistic VR glasses will make it possible to appear instantly before, say, the Colosseum of Rome. Then, travelers can click a button to be transported instantly before the Great Wall of China — all from the comfort of home.

“Meta-travel” will enrich the lives of all travelers. For example, Baidu, the internet-search firm, launched the first domestically produced metaverse in China, the “Land of Hope.” Unlike other metaverse destinations, however, the Land of Hope allows users to experience its immersive, futuristic environment without VR equipment.



Baidu Land of Hope Meta-travel experience

As for the travel industry itself, meta-travel, still in its infancy, will open new profitable avenues of growth: 22% of consumers anticipated spending money on travel experiences in the metaverse (in 2022), such as virtual tours or other travel attractions such as theme parks. Among Millennials and Gen Zs, these number rise to 36% and 39%, respectively.

11. [Online Travel, 2022 update – thematic research](#)

12. [The Emirates VR experience](#)

Living impactfully: The rise of regenerative travel

2/3

of leisure travelers are interested in earning rewards for engaging in sustainable practices before and/or during their trips

Consumers are increasingly concerned about the external impacts of their travel. Long distance sleeper trains, for instance, are experiencing a revival in Europe, as more travelers avoid flying for environmental reasons. In North America, 43% of travelers express interest in paying an additional fee to offset the carbon footprint of their travels.

In addition to lessening their environmental footprint, more travelers seek to choose destinations where they can contribute to the social fabric of a community, too. "Community-based" tourism is on the rise, giving travelers an opportunity to immerse themselves in the culture of their destinations, as well as build greater mindfulness on how to be constructive, respectful visitors.

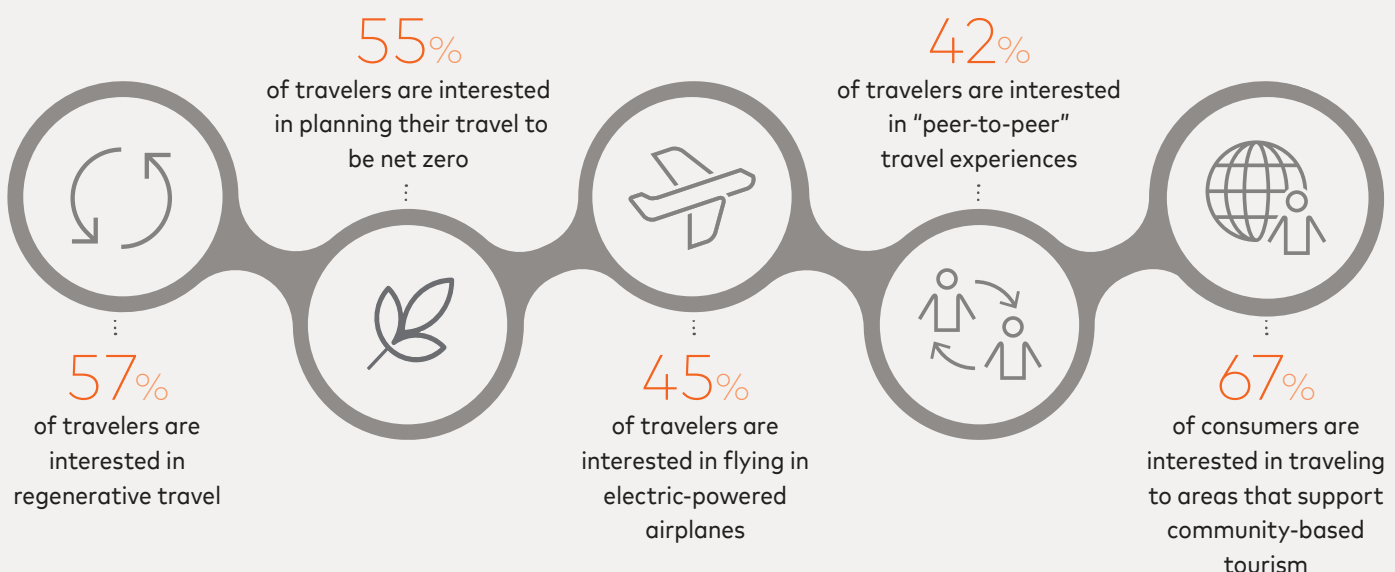
Community-based tourism tends to both reduce the negative impacts associated with mass tourism and offer more authentic travel experiences. Thailand has pioneered many such programs, which often involve local guides taking tourists to distant villages and introducing their guests to these communities in a highly personal way. These programs take travelers on authentic adventures with itineraries they could never design for themselves.¹³ Likewise, "peer-to-peer" tourism – which can involve things like home swapping and ridesharing – is another fast-growing element of the shift to a more ecologically and socially-mindful travel ecosystem.

Looking ahead to what's next, we see signs of advanced forms of "regenerative" travel, which seeks to leave tourist destinations better off. For example, Norway's Six Senses Svart hotel, located at the foot of an Arctic glacier, will be the first "net energy-positive" hotel in the world when it opens in 2024.¹⁴ By producing more renewable energy than the energy it consumes from external sources, Six Senses Svart hopes to set a gold standard for regenerative accommodation.



Raising the bar for regenerative travel: The "net energy-positive" Six Senses Svart hotel

Consumers want to make their travel greener and more socially responsible...



13. Svart.no

14. [Making travel better: community-based tourism in Thailand](#)



Part 3:
Making the
future of
travel brighter

Five opportunities to drive innovation in travel

- 1 Meet the urge to splurge** by creating exciting ways for travelers to upgrade their voyages as they look to make up for lost time
- 2 Ride the small business travel wave** offering perks that seamlessly blend business and leisure travel
- 3 Revamp rewards programs** that tap into current traveler desires, such as blending work and leisure travel and optimizing wellness travel, to cultivate long-term loyalty
- 4 Invest in virtual travel tools** that allow consumers to both streamline their trip planning and discover the joys of travel in the metaverse
- 5 Facilitate promising forms of regenerative travel**, such as net-zero, community-based and peer-to-peer tourism

Opportunities to collaborate



Resources

Mastercard Travel Hub: Your resource for travel category insights and assets to capture travel spend. Benefits and turnkey materials and are available for consumer credit and small business portfolios with bundled benefits suites, Mastercard Concierge and Mastercard Travel Lifestyle Services, Mastercard Travel Rewards, Priceless Experiences, Priority Pass, Easy Savings, the Priceless Surprises campaign and more.

Mastercard account protection: Trust your users are who they say they are and remove unnecessary friction using a powerful network of digital identity and device insights from Mastercard.

Carbon calculator: Turn cardholder purchases into meaningful action with month by month tracking across a variety of spending categories so consumers can better understand where they are having the greatest impact.

Priceless planet: Customize a cardholder program where every travel purchase plants a tree, helping to restore our forests one tree at a time.

