



2025

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COMPASS



TRAVEL:
REDEFINED

CEO MESSAGE

As we step into 2025, the global travel industry finds itself navigating an era of unprecedented opportunity and evolution. The way we connect with travelers continues to transform, shaped by shifting expectations, emerging technologies and the enduring human desire to explore. In this edition of our Global Compass, we aim to chart the trends of today and offer insights to help us all better inspire and engage the travelers of tomorrow.

At MMGY Global, we believe that the heart of travel lies in connection – whether that’s connecting people to new destinations, unfamiliar cultures or each other. This connection keeps our industry thriving. And as the world continues to change, so must we. Travelers are asking for more than just an itinerary; they’re seeking consequential experiences that resonate long after the journey ends.

From sustainability and inclusivity to the growing influence of technology and personalization, we are seeing extraordinary shifts in what it means to create impactful travel experiences. These trends don’t just challenge us to evolve – they push us to reimagine what’s possible.

We’re in an era of redefining travel, tourism and hospitality, making it one of the most exciting industries to be in today. While the road ahead may twist and turn, it’s filled with opportunities to innovate, collaborate, and build a more resilient and inspiring future for travel and the communities we serve.

Here’s to a year of acting on bold, new ideas that connect us and inspiring travelers around the globe.

Like anyone who truly loves travel, those of us in this industry know that it reshapes our identities, perspectives and even our futures.

We are travel.
Travel changes everything.



Katie Briscoe,
CEO of MMGY Global



TRAVEL: REDEFINED

In case you haven’t been following the words of the year chosen by various English dictionaries, what you’re missing is a mass societal redefining of words. Changing the definition of “demure,” Dictionary.com’s word of the year, from meaning “reserved, quiet or modest” to “refined and sophisticated,” society is rapidly bringing new angles to old concepts – travel included.

When we in the industry use terms like “luxury travel” and “budget travel,” they carry specific meaning and implications. Yet there’s a growing disconnect between how the industry classifies these types of travel and how the traveler does. In 2025, we’re going to see travelers redefining the language of travel – beyond just what’s affordable and what’s luxury.

If destinations management organizations, travel and hospitality brands, and those who market them are going to stay relevant, then we all need to start learning this new travel lexicon.

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AFFORDABLE

The rise of the budget bourgeoisie.

1

Since discovering the myriad of benefits they glean from travel, Americans aren't about to give up their vacations. But looming tariffs and a current cost-of-living crisis are bound to affect their finances further in 2025. With travel intent, vacation budgets and number of trips at a four-year high,¹ Americans are redefining what budget travel means to them.

Historical data tells us that tighter budgets don't mean Americans stop traveling. "Typically, what we see is that Americans will continue to travel, but they'll modify their trip in ways that reflect the extent to which they're concerned about finances," says Chris Davidson, Executive Vice President of MMGY Travel Intelligence. "For example, they may downgrade the hotel they book, eat in a few nights rather than go out every night, drive instead of fly, or potentially reduce the length of their trip to save a few bucks."

Leading the charge on affordable travel are Gen Zers and Millennials, the two generations hardest hit by cost-of-living increases. But they're also the ones who are changing the perspective on travel. "Millennials paved the way and created this sort of idea that travel is a right, not a privilege," says travel analyst Lindsey Roeschke.² And 47% of Millennials and 42% of Gen Zers are willing to go into debt to make it happen according to Bankrate.³

So how are they redefining "affordable travel"?

Just like "demure," they're spinning the definition to mean what it's not. They're simultaneously redefining "luxury."

Unlike their Boomer and Gen X parents, these younger generations aren't booking Motel 6 and stopping at grocery stores for sandwich ingredients on the way to Disneyland. Instead, they're using brand loyalty rewards programs and credit card points to keep the nice digs but at a more reasonable price point. They're also the ones looking to travel outside of peak seasons to take advantage of better prices.

And while they'll pay more for what's more important to them, they'll go cheap on what isn't. For Gen Z traveler Anthony Tes, he'll save on transportation – choosing to fly Southwest for the free checked bag and carry-on and walking or renting a scooter in-destination – so that

he can splurge on great food and experiences. "With the rising costs of everything, Gen Zers and Millennials are tired and just want to live life," says Tes. "Everything becomes a 'YOLO trip.'"

"We see clients like Rail Europe benefiting from this smart travel trend," says Julie Cuesta, Executive Vice President of International Marketing and Communications in the Americas for MMGY. "Gen Z travelers are willing to take an overnight train to discover their next destination, with the cost savings spent on experiences."

While these travelers might not have the sustained discretionary income to spend on vacations at the moment, by 2030, 80% of luxury travelers are expected to be Millennials, Gen Zers and Gen Alphas,⁴ thanks to the \$90 trillion in wealth being passed down by Boomers over the next 20 years.⁵ Even Tripadvisor shared that it's focusing more on consumers' life stages than their demographics when developing products and packages for this very reason. So making an impact on these budget travelers now could mean securing bigger spenders down the line.

How to take action:

- **Play to both the spenders and the savers.** Present budget-friendly and splurge-worthy options for every aspect of your destination, allowing these travelers to choose what matters to them.
- **Reward their loyalty.** If you don't have a rewards membership program, now is the time to start. But keep in mind that generational differences make all the difference – older generations are loyal to brands and younger generations are loyal to travel.
- **Your audience is bigger than you think.** Just because a traveler makes less than \$50,000 a year doesn't mean they're not interested in luxury experiences – your brand, product or experience might be exactly the thing they're looking to splurge on.

1 MMGY's 2024 Portrait of American Travelers® "Winter Edition"

2 <https://www.travelandleisure.com/where-is-gen-z-traveling-in-2024-8599572>

3 <https://www.cnbc.com/2024/06/29/some-american-plan-to-take-on-debt-for-summer-travel.html>

4 <https://www.travelweekly-asia.com/Luxury-Travel/Luxury-travel-is-being-taken-over-by-the-young-and-rich>

5 <https://www.forbes.com/sites/jackkelly/2024/03/01/great-wealth-transfer-how-the-90-trillion-windfall-for-millennials-could-change-the-job-market-and-economy/>

AMERICAN TRAIN TRAVEL



Train travel is becoming an increasingly popular way for travelers to save money, with younger Americans opting to board a train over a plane. During Amtrak's FY24, the company transported a record-high 32.8 million customers and invested \$4.5 billion to upgrade infrastructure and make fleet improvements.⁶ Train travelers also get the added benefit of using a more sustainable method of transportation, reducing carbon and light emissions, lessening (and avoiding) traffic congestion, and using energy more efficiently.



EUROPEAN TRAIN TRAVEL

While Americans are finding train travel more affordable than traveling by air, Europeans are struggling to find tickets and paying much more than the cost of a flight with the same itinerary. Demand for European rail itineraries is high, having grown 25% between 2022 and 2023, according to Eurail, at least partially influenced by countries like France and Italy banning short-haul flights if it's possible to travel by train instead.⁷ Environmental considerations are a big driver behind Europeans' decision to travel by train, but it's looking like the demand is outpacing the supply.



⁶ <https://media.amtrak.com/2024/12/fy24-year-end-summary-video/>
⁷ <https://www.bbc.com/travel/article/20241101-why-is-european-train-travel-so-expensive>

LUXURY

Upping the scale for luxury.

With the mass transfer of Baby Boomers' wealth to the next generations in the coming decades, as well as the shift from primarily Boomer and Gen X travelers to Millennial, Gen Z and Gen Alpha, the world of luxury travel is due for a makeover.

To set the stage: traditional luxury travel is about upscale hotels, fine dining, and classic art and entertainment – a very “old money” way of traveling. But the “new money” focuses more on experiences, authenticity and personalization. It's not enough to simply stay at a five-star hotel; the hotel needs to offer an experience that you can only find there. Be it the culinary table-side creation of a renowned chef or the taste of a destination-exclusive tequila, curating one-of-a-kind moments will ultimately draw these travelers in.

These new luxury travelers are further redefining what luxe means with their interest in and support for sustainability. Unlike Boomers, who express little to no interest in companies' sustainability measures,⁸ Millennials and Gen Zers are overwhelmingly willing to pay more to patronize companies who have sustainable business practices.⁹ These travelers are also looking for sustainability to be integrated into their travel process. They don't want to have to purchase sustainability – instead, they want it woven into their experience along with transparency about their environmental impact (positive or negative) where it's relevant. And all while maintaining the aura of escapism they desire from travel.

Much like sustainability, wellness, in all its facets, is of high importance in the new definition of luxury. A spa retreat simply won't do. Eighty-four percent of affluent travelers expect their individual wellness goals to be considered and bespoke programs created just for them with their unique biometrics in mind. Ninety-three percent of global affluent travelers are influenced by wellness offerings when planning their vacations.¹⁰

“The relationship between wellness travel and market segments is becoming increasingly complex and nuanced,” says Alexandra Delf, Managing Director and Executive Vice President of MMGY Grifco.

“The desire for improved health and longevity is universal, not limited to any particular economic segment. What's changing is the delivery method and level of service.”

How to take action:

- **Channel your inner Millennial.** And Gen Zer. To curate experiences at your destination that will draw in this new luxury traveler, you'll need more than just a prominent industry name and upscale comforts. Think of a whisky specialist flown in to host a tasting of rare spirits, or a concierge solely for guiding guests to authentic local experiences.
- **Enable them to make your product *their* product.** Whether it's an experience, wellness offering or how you let them individualize their stay, give them the ability to take ownership and create a personalized version of your brand.
- **Integrate environmental responsibility.** And do it without burdening your customers and guests. Build sustainability into your business model and highlight how you're making responsible choices together.



Technology Delivers Real-Life Personalization

Technology is endemic to the younger generations, and as they take over the travel market from Boomers, and even Gen Xers, the expectation will be technological personalization. Whether that is spa or fitness technology that taps into an individual's health data to deliver customized recommendations or a way for travelers to easily mirror their home connectivity and apps while they're on vacation, it's going to quickly become the norm instead of an optional upgrade.

⁸ MMGY's 2024 Portrait of American Travelers® “Spring Edition” p. 42

⁹ MMGY's 2024 Portrait of American Travelers® “Spring Edition” p. 6

¹⁰ <https://spaexecutive.com/2024/12/10/more-than-90-of-luxury-travelers-want-wellness/>

COMMUNITY

We love that for you.

3

The broadening of the modern interpretation of “community” is something we’ve all been living with for decades; the online community literally contains billions of global citizens. This expansion has also given way to some interesting contractions – the development of microcommunities.

These niche communities are being redefined by the modern traveler into something much more mainstream. Traveling to see a concert, sporting event or to enjoy a hobby with fellow enthusiasts used to mean driving just a few hours, tops. Now traveling across state or province lines – and even international borders – is not just common but is seen as true dedication to one’s fandom.

Sixty-five percent of Gen Zers and 58% of Millennials will and have traveled more than 50 miles to support their fandom – and 2 in 5 people from both generations have dropped between \$500 and \$5,000-plus for just the cost of tickets to a live event in a destination.¹¹ That’s big bucks.

While we’re all aware of the impact event travel can have on a destination from things like Taylor Swift’s Eras Tour, what might remain to be harnessed are the events around the event, or – for smaller, lesser-known niches – even the event itself.

Travelers to out-of-town events are spending extra time in the destination. Sixty-two percent said they stayed extra days to explore, and Gen Zers and Millennials overwhelmingly were the ones to extend their stay.¹² Given their desires for authentic and local experiences, this behavior is perfectly aligned with their traveler values, which differ from older generations.

They’re also the ones who are most likely to be involved in niche fandoms, with 65% of Gen Zers considering themselves members of a fandom.¹³ The importance these generations place on expressing their individuality and being true to themselves means they have no problem sharing their fandom, no matter how niche it is. And, unsurprisingly, they’re being met with support from their peers. As daily life stressors grow and the times continue to become more and more

unprecedented, these generations are shifting from looking for support from brands to offering support to each other.

How to take action:

- **Feed the fandoms.** If you don’t know what fandoms exist in your community, it’s time to find them and nurture them. These little groups can be much larger than they seem when online members are considered and can become incredible destination advocates if they feel seen and accepted. Not to mention they love to gather and hold events.
- **Plan events around the events.** Leverage those big-name events occurring in or near your destination and plan complementary events. They could play off the big name or be completely separate. As someone once whispered in a cornfield in “Field of Dreams,” if you build it ...
- **Lean into your own loves.** Gen Zers and Millennials love an authentic fandom. Just as Golden, Colorado, went all in on golden retrievers, maybe it’s time you went all in on that weird but wonderful thing that sets you apart from your competitors.



¹¹ <https://newsroom.aaa.com/2024/04/going-the-extra-mile-three-in-five-younger-travelers-venture-out-of-state-for-live-events-aaa-and-bread-financial-survey-finds/>
¹² <https://newsroom.aaa.com/2024/04/going-the-extra-mile-three-in-five-younger-travelers-venture-out-of-state-for-live-events-aaa-and-bread-financial-survey-finds/>
¹³ <https://www.agilitypr.com/pr-news/public-relations/new-gen-z-marketing-insights-how-going-niche-can-help-brands-connect-with-them/>

INFLUENCERS

The everyman's celebrity.

4

For some time, influencers' and content creators' endorsements have been more influential than celebrities', with the gap now at 10%.¹⁴ With just over half of surveyed travelers being swayed by influencers when making a travel decision, these content curators are wielding more and more power.

Which is something they're using to their – and their audience's – advantage. In addition to stepping into the role of ambassadors, endorsers and even journalists, today's influencers are also putting on their travel agent hats.

Imagine the security of booking a vacation through your favorite trusted travel influencer. Not only did you watch them explore the destination on their Reels or on their TikTok, share about their excursion experiences in Stories, and see the tours of their resort on their YouTube channel but you got to hear their honest take on everything. So when they offer to book the exact same trip on your behalf – why would you hesitate?

This is precisely what many travel influencers and content creators are doing, and honestly, we're here for it.

These influencers have a lot to lose if they misrepresent a destination, giving them plenty of motivation to review honestly and present things as they are. All it takes is a few disgruntled followers to tear down their social media empire. This kind of dynamic has the potential to create an all-around win for scrupulous influencers turned travel agents, their followers and their partner destinations.

It also sets the stage for bringing lesser-known destinations into the limelight. Because social media platforms are saturated with the same destinations, and today's traveler wants to go somewhere envy-worthy, influencers are going to look to differentiate their content by showcasing places unknown to the mainstream traveler, predicts Andrea Braunstein, Senior Vice President of PR and Director of Crisis Communications at MMGY. Not only does this earn impressions and impress audiences, but it also disperses travelers and provides relief to destinations burdened by overtourism.

“Influencer marketing is no longer a ‘nice to have’ but is an essential part of your marketing mix,” says Mackenzie Bromley, Vice President of Social, Influencer & Content Marketing at MMGY. “When executed correctly, partnering with fully vetted influencers and content creators to tell your brand story in an authentic way allows you to increase trust and credibility with new audiences.”

How to take action:

- **You are not your audience.** You might not use social media the way your visitors and guests do. So highlight scenic spots and provide them with brand handles and hashtags to increase your digital footprint and allow them to continue sharing on social media their way.
- **Feature the find.** While influencers might not know about your lesser-known (and lesser-trafficked) locations, giving them the hot tip can be mutually beneficial. They get to flex, and you get to flourish
- **Foster good influencer relations.** Whether you're managing influencer relationships on your own or through your agency, fostering a respectful, reciprocal relationship with key influencers can help you reach your organizational goals.



Retailers As Proprietary Media Platforms

It's a mouthful, but it's growing exponentially. If you're still wondering what a **proprietary media platform** is, it's retailers offering up their proprietary customer data for advertisers to build media audiences. This enables brands to reach specific segments of these retailers' audiences, like beach destinations targeting Walmart customers who buy a lot of sunscreen – and it's making quite a splash in the travel industry (pun intended).

WEBSITES

Do you even need one?



Rise of the Indian Traveler

Skift anticipated the rise of the Indian traveler in its Global Travel Outlook 2024, and we're thinking 2025 is the year this traveler changes global travel. With a median age of 28 and over half of the population in the middle class, Indian travelers are perfectly poised to explore the world. Destinations that are already marketing to this audience will be the first to benefit. But what are they looking for? We'll have some answers for you when we release our *Portrait of Indian International Travelers* study in early 2025.

Travelers' online behaviors are evolving, particularly when it comes to how they interact with websites. And AI is the catalyst.

For years websites and tech companies have been collecting and categorizing data to connect the dots between users and their behaviors to provide hyper-personalized website experiences. But now website personalization isn't special. It's the bare minimum.

And if your website doesn't offer that basic personalization, it's not worth having. Because it's not enough anymore to simply know your audience – you need to anticipate them. AI and algorithmic advancements have shown consumers that technology often knows what they want before they do – let's call it anticipatory marketing. How many times have you been thinking or talking about a product only to open up your web browser and see an ad for it? Yes, algorithms are just that good – and humans are just that predictable.

Right around the corner are websites that morph visuals and content to match up with the aesthetic tastes and unspoken interests and values of its users. The website of the future will deliver genuine alignment instead of half-hearted gestures. It's going to anticipate what users want before they know they want it.

“The promise of AI is to improve the process so it aligns with travelers' rising expectations,” says Robert Patterson, Senior Vice President of Marketing Technology at MMGY. “I believe that website experiences as we know them today will not exist in the same form within five years.”

Having a consumer-facing AI interface on your website is a really good starting point, but it's not the end-all be-all. Large language models (LLMs) are becoming ubiquitous and raising the bar for everything – including your website. Integrating a tool like Mindtrip, an AI-powered travel planning platform, into your website is innovative today but will be an expectation tomorrow.

So what's the key to executing anticipatory marketing that doesn't give users the ick? We've all had ChatGPT spit out copy that gets the job done but just lacks that certain je ne sais quoi. Letting technology lead the transformation doesn't mean losing our humanity.

“We know from all our research and trends reports that people visit a destination and buy travel that aligns with their values,” says David Kenworthy, Director of Digital Experiences at Origin, MMGY Global's outdoor lifestyle advertising agency. “Ask yourself: Does your website align with your values? Does it make the user feel something? And to take this further, how is your website content structured so that AI can understand and translate those emotional parts of your brand?”

Balancing technology with heart is key to creating a captivating website – but if we don't layer in personalization data, we're missing the point. Without it, our websites lack the meaning that creates a genuine connection with users. And potential visitors want to go somewhere that feels like them. A place that doesn't just invite them to be their authentic selves but facilitates it. And your website is often the first stop on their digital journey. It needs to be more than a space for them to find inspiration. It should take them from bored to booked all at the same web address.

“The key to your website's future success is contingent upon how you leverage content within owned and distributed channels today,” says Robert. “And it's AI that will give you that leverage. Today's traveler and tomorrow's traveler want the same thing: a frictionless online experience that empowers them to make informed decisions and feel confident in their choices.”

Can your website do that? Because if it can't, then you might as well not have one.

How to take action:

- **Create champions.** Begin building support by understanding your organization's attitude on technology and AI. Then get busy educating and advocating for the future.
- **Check your values.** Do your values lead the content strategy on your website and, even more importantly, do they align with those of your audience? Your website copy needs to make users go, “Yes – exactly that!” or it needs to go in the trash.
- **It's all in the data.** Investing in the right data partner will make all the difference. Understanding your visitor means you can anticipate and build the website they're going to want to connect with in the future.

THANK YOU

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