

MEGATRENDS

Defining Travel in 2022



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the **FUTURE**
of Travel



Megatrends is Skift's annual report forecasting top trends that will define the travel industry for 2022.

Drawing on reporting, data, and insights from Skift editors, reporters, research analysis, as well as conversations with industry leaders across the globe, we will set forth the themes that will define the year ahead in travel.

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Masthead

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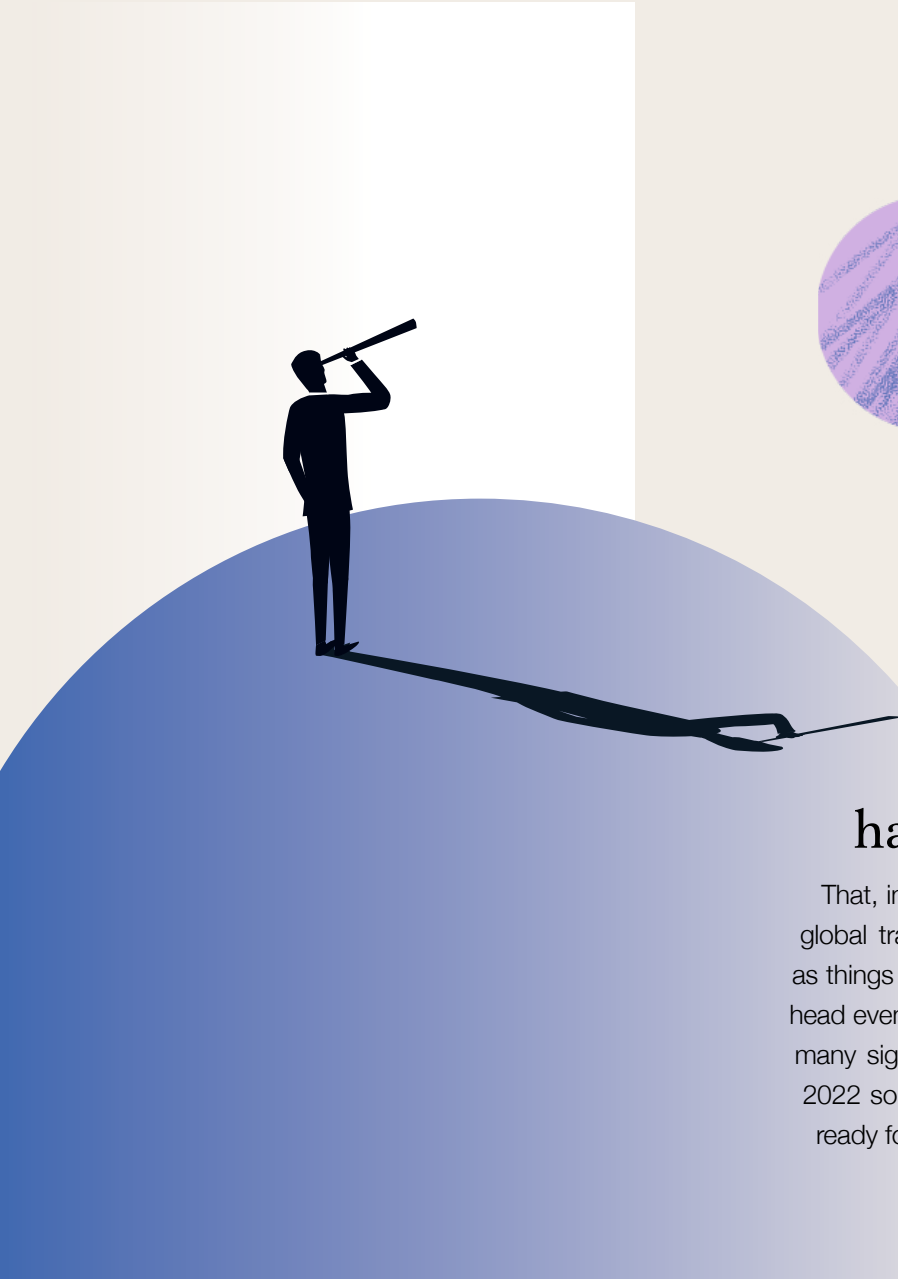
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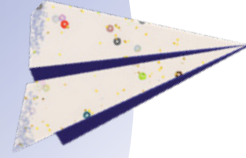


Putting 2022 in *Context*



S_{o,} what happens now?

That, in a nutshell is the prevailing sentiment of 2022 for the global travel industry, whiplashed by another virus variant just as things were recovering. That dread lodged in the back of your head even as you are still very optimistic — and have indeed seen many signs — for the ferocious return of travel, is what makes 2022 so challenging to navigate, and yet exhilarating for those ready for the wobbly adventure to come.



This year also marks 10 years of Skift's existence, a decade that saw the travel sector explode through the democratization of global travel across and inside geographic boundaries. Hundreds of millions of people moved into the middle class and became aspirational in how they look at the world, travel and experiences beget through travel being one of the biggest beneficiaries of it.

The rise of Chinese travelers, overtourism, mobile-only generation, short term rentals, on-demand economy, social platforms as the lens to look at travel and many other large trends became cliches for a reason, changed how we travel and indeed changed the world we live in.

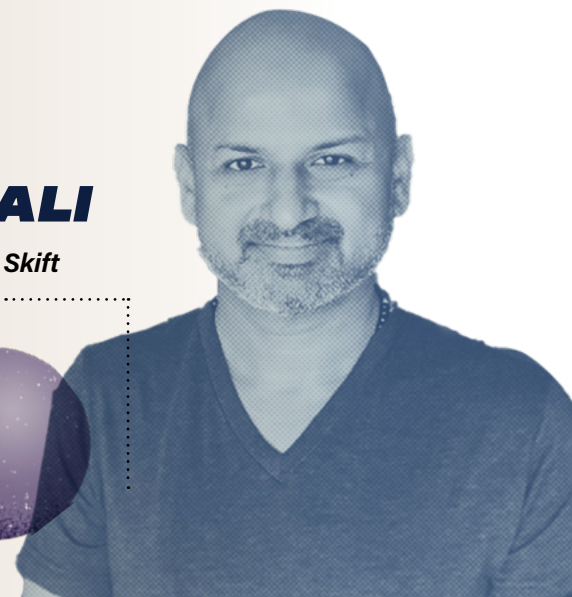
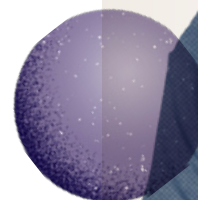
The pandemic offers a chance to reset these changes in so many ways. Travel is now colliding with some of the biggest challenges of the present and future — climate change, equitable and sustainable growth of travel, human mobility around the world — and creating new fault lines we at Skift will help you decipher and will continue to define for the industry.

I outlined [my reasons for optimism](#) for the future — and present — of travel in a post-pandemic world, many of which our editors expanded on in this package you are about to read.

Ignore the naysayers. Dive into 2022, with optimism, intent and purpose.

RAFAT ALI

Founder and CEO, **Skift**



Our launch of Skift Megatrends Defining The Future of Travel 2022 comes amidst these times, reflecting the short term uncertainties and so much optimism of the changes happening all across travel, some long due, some brand new, all of which could change travel and the industry we are part of forever.

These Megatrends are a result of collective thousands of hours of reporting and research by the Editorial and Research teams across the Skift network of products, from daily Skift News, Skift Research, Airline Weekly, EventMB, Daily Lodging Report and our brand studio SkiftX.

All of the writeups that follow are only possible because of that great work by our team, speaking to hundreds of you travel industry professionals around the world, reflecting, analyzing and then connecting the dots across that body of accumulated insights. All of these are the lived realities of our sector today as it is coming out of the pandemic in fits and starts.

01 | *Uncertainty* Is the New **Certainty**

By *Dennis Schaal*



Skift Take:

If you believe the people who tell you when and how the travel recovery will take shape, be assured that no one has precise answers right now. Pandemics and crises aren't new, of course, but companies are taking uncertainty into more of their future forecasting. Those that are flexible with a greater diversity of business lines will perform the best against unknowns.

What's next? After the Covid-related convulsions and whipsawing of business plans over the last couple of years, what's clear is that the future is a patchwork of uncertainties. And those uncertainties are starting to figure into travel companies' ongoing strategies, which will require communicating more caveats to investors and consumers, and being more nimble with longer term views.

Consider the pandemic's toll on the travel industry:

In the first nine months of 2021, international tourist arrivals around the world were 76 percent lower than pre-pandemic 2019 levels, [according to the United Nations Tourism Organization](#).

The International Civil Aviation Organization's preliminary estimate was that global airlines would lose \$325 billion of gross passenger operating revenue in 2021 compared with 2019.

If you consider that over the past 21 years the global travel industry has been ripped by the 9/11 terrorism attacks, SARS, the Avian flu, the global financial crisis, the MERS flu, climate change and now Covid-19, including the Delta and Omicron variants, then it's clear that travel business are perennially coping with crises and need to be prepared as best they can be for the unknown.

Business leaders and organizations really don't know with any certainty and disagree on the trajectory and timing of a travel recovery.

Reflecting deep uncertainty, the International Civil Aviation Organization is not forecasting the particulars of an airline recovery [but developed](#) four potential recovery paths under two scenarios. For example, one path for international aviation would entail a smooth capacity recovery feeding off pent-up demand but at a "diminishing rate of growth." Another potential path, this one for domestic aviation, would see a smooth capacity recovery that gets set back by over-capacity.

The leaders of [major U.S. airlines don't agree on when business travel might recover](#). Prior to the discovery of the

Omicron variant in South Africa, Robert Isom, president of American Airlines, foresaw a full recovery of business travel by the end of 2022, Top brass at United and Delta were more circumspect and wouldn't state publicly whether business travel would get back to pre-pandemic levels.

So many countries around the world had wooed and benefited from the emergence of mass Chinese travel. Optimism about a return to those days anytime soon were dashed by [research](#) from a university in China that found opening its borders to international travelers in a manner similar to the way the United States did in November 2021 would lead to a "colossal outbreak" of Covid.

So can companies gameplan their businesses and make budgetary decisions when they don't know when the next variant may take everything down, or whether governmental policies will get in the way of people's desire to travel for many years?

Reflecting the unknowns in an unknowable travel market, Matthias Tillman, the chief financial officer of travel search engine Trivago, told financial analysts in early November 2021 that contrary to its pre-pandemic pattern, the company would not be making brand marketing spend commitments for channels such as TV and online video far in advance.

"And for us, what is important right now or how we look at it is to stay flexible, to not commit any budget but then react quickly when we see how things are playing out," Tillman said. "And that is, for sure, a difference compared to pre-pandemic. Like in 2019, we usually committed some budget already for the first quarter. We did not do that in 2020. We did not do that last year. And we won't do that for Q1 next year to keep the flexibility and then invest into opportunities that we are seeing."

Glenn Fogel, the CEO of Booking Holdings, thinks that companies need to work harder at being flexible and preparing for the crisis that will almost inevitably be looming in months and years ahead.

Asked at Skift Global Forum in September 2021 in New York City what lessons he drew from how Booking Holdings handled the pandemic, Fogel said it is vital to be prepared

for whatever will happen next. He said the company always listed potential pandemics under its risk factors in financial documents.

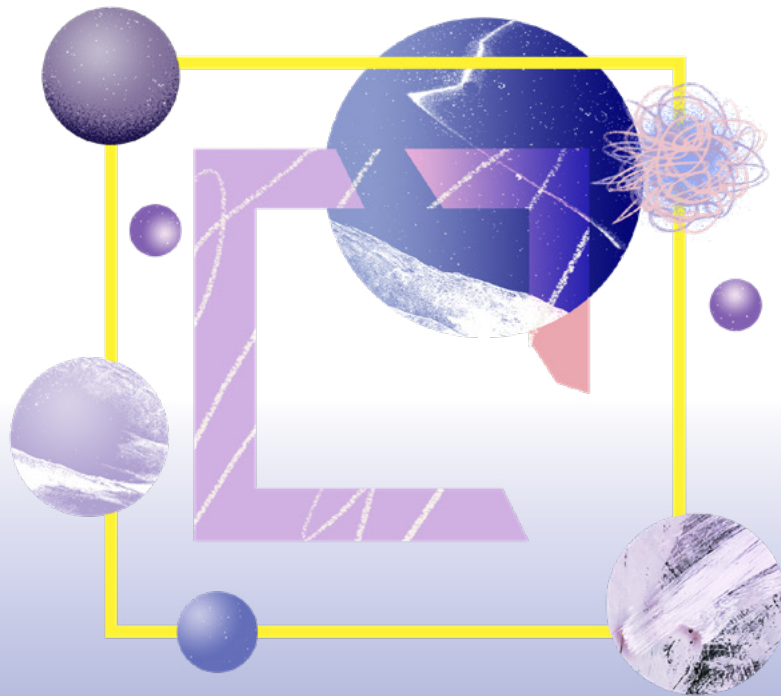
“But did we really prepare?” Fogel asked. “We probably didn’t. And that’s something I think about going forward. How can we prepare ourselves better for the next big crisis? Because there are going to be crises all the time. They never go away. And that’s the thing — being agile, being flexible, being able to make changes quickly.”

Diversification of business lines can be one answer to navigating a window-rattling future. Several travel-related companies, including Traveloka in Indonesia, Grab in Singapore, and California-based Uber benefited from their myriad business lines during the pandemic. Traveloka invested in fintech products when its travel business was in hiatus, and

both Uber and Grab saw their food delivery business grow while their rideshare businesses were largely garaged. Kayak has seen its OpenTable dining reservations business recover faster than its hotel and flight search segments.

Businesses perennially have to grapple with whether they will be more successful focusing hard on their core businesses or branching out. In an era of uncertainty, perhaps tipping toward broader business lines might be in order as a hedge. After all, Johnson & Johnson, which makes everything from Band-Aids to a Covid vaccine and medical devices has been a consistently solid stock market performer for a half a century. When one business segment nosedives, there’s usually another that can help provide the balance.

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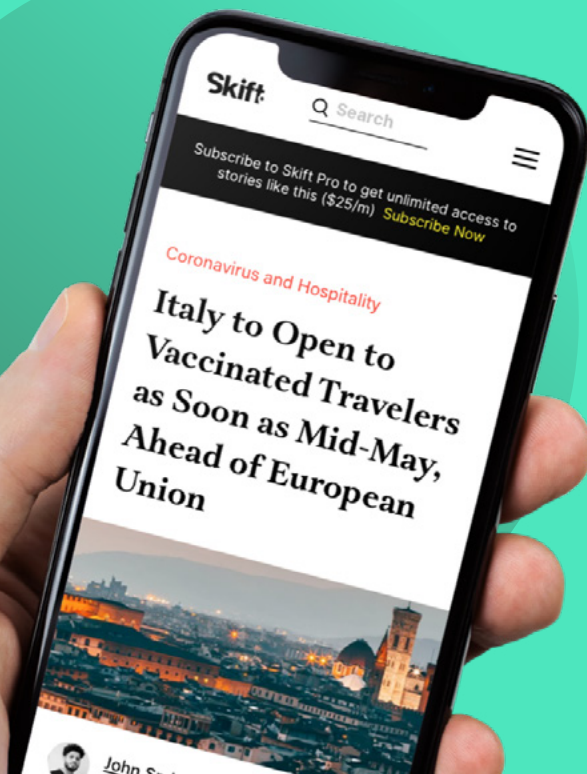


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02

CLIMATE RESILIENCE IS THE NEW RETURN ON INVESTMENT



by *Matthew Parsons*

Skift Take:

Cutting carbon and greenhouse gas emissions aren't new corporate priorities, but an urgency is taking hold. There will be more crossover between climate change action and advertising but investors are demanding more than greenwashing. New models are emerging with a keen eye on actually boosting the bottom line.

Sustainability is a vast and complex topic, so let's begin with a quick example. Building up climate resilience can mean building nothing at all; this is what Accor's CEO experienced last year as he toured a potential site in Europe. "I spent two and a half hours walking on the site and decided we should not be sacrificing that land," said Sebastien Bazin at a Skift Live event.

He likely decided that the environmental damage would have outweighed the benefits of constructing a new hotel. It sums up how climate resilience means looking ahead, because the world is watching closely.

Last year was a breakthrough year for the climate change movement, as summits like COP26 and the G7 Summit amplified the message that carbon and greenhouse gas emissions need to be reduced. Governments and large corporations made net zero pledges, but not all activists were convinced.

But an emergency has been declared, and travelers want to be greener, while travel industry investors and shareholders are exerting pressure too.

Climate Resilience Reaches All Parts of Travel

Airlines, cruise ships, travel agencies and other stakeholders joined hoteliers in launching long term sustainability initiatives last year, most coinciding with last year's high-profile summits.

Accor and Marriott joined the Sustainable Hospitality Alliance, a global organisation that brings together hospitality companies and uses the industry's collective power to



▲ Growing protests like this one in Bonn, Germany over climate change are putting increasing pressure on corporate players.

address challenges affecting the planet. It's also aligned with the United Nations Sustainable Development Goals.

The International Air Transport Association last year approved a resolution for the global air transport industry to achieve net-zero carbon emissions by 2050.

These sectors realize their decisions must take the environment and climate change into consideration at every stage. Climate resilience starts at the beginning, and is being seen in the emerging "green financing" trend. Investments made in companies that support or provide planet-friendly practices or products, are becoming more popular.

Global investment manager BlackRock is advancing its own sustainable investing because its conviction is that it delivers better outcomes for its investors.

"We know that climate risk is investment risk. But we also believe the climate transition presents a historic investment opportunity. Essential to this transition has been the growing availability and affordability of sustainable investment options," said Larry Fink in a letter to CEOs.

In October 2021, Etihad raised \$1.2 billion in what it claimed is the first sustainability-linked loan tied to environmental, social and governance targets in global aviation.

Saudi Arabia, meanwhile, plans to raise up to \$2.67 billion in green financing to build its eco-friendly Amaala resort.

Hotels are also using green construction methods — the Fullerton Ocean Park Hotel Hong Kong, for example, brands itself a sustainable resort because it gained precertification from the International WELL Building Institute, which mixes best practice in design and construction with scientific research.

Flying High

Airlines have been the most vocal about their actions, partly because they're an easy target for climate change protests. There's a lot of work to do. To help passengers keep their emissions down, many carriers are investing in sustainable aviation fuel. Southwest Airlines, for example, aims to replace 10 percent of its total jet fuel consumption with this sustainable fuel by 2030.

Delivery of more efficient aircraft types is also ramping up, and further ahead there's the electrification of planes.

Corporate travel agencies are also showcasing the cleanest ways to travel for their clients, as well as highlight carbon offsetting schemes. When some countries ban short-haul flights, they're left with little choice.

Cruise lines are investing in a range of sustainability initiatives, for which they will ultimately be held accountable for. MSC, for example, is building LNG-powered vessels, and plans to use shore power technology at terminals. The line is also looking at hydrogen power for its ships.

Among all this action, the challenge for the travel industry will be proving it's not all greenwashing. Tourists, alongside investors, will hold companies to account over their progress, so there's work being done on standards, regulations and reporting.

The International Air Transport Association will soon publish proposals for an aviation

emissions reporting standard, so passengers can compare airlines on how much carbon dioxide per passenger kilometre, for example.

It's easy to forget that the travel industry, which mainly involves the movement of people, has a harder time visualizing the direct benefits. In manufacturing, a factory investing in more efficient power boosts the bottom line. But some hospitality brands are inspired by these kinds of gains. The Gyle Premier Inn at Edinburgh Park, for example, saves \$26,500 (£20,000) a year on its energy bill thanks to battery storage technology. It helps the brand in its commitment to halve carbon emissions by 2025.

There will inevitably be more crossover between climate change action and advertising, because the health of the planet, not people, will take center stage after the pandemic. And if a hotel, airline, tour operator or any other type of company orbiting the travel sphere isn't taking action, their customers probably are.

▼ *Cruise lines are investing in a range of sustainability initiatives, for which they will ultimately be held accountable for.*



“

AMONG ALL THIS ACTION, THE CHALLENGE FOR THE TRAVEL INDUSTRY WILL BE PROVING IT'S NOT ALL GREENWASHING. TOURISTS, ALONGSIDE INVESTORS, WILL HOLD COMPANIES TO ACCOUNT OVER THEIR PROGRESS, SO THERE'S WORK BEING DONE ON STANDARDS, REGULATIONS AND REPORTING.

”

ACCOR'S SUSTAINABILITY GOALS POINT TO THE FUTURE OF HOSPITALITY



Skift Take:

Accor has been a leader of sustainability efforts in the hospitality industry for the last 25 years. The company has lofty goals to address environmental and social challenges over the next three decades and realizes that collaborating with peers and partners across the industry is the best way to turn them into a reality.



Accor's ambitious expansion into the lifestyle hospitality space has positioned the Group over the last few years as an industry leader envisioning the future of hotels. However, the company realizes that in order to ensure the strength of hospitality's future — and the future of the planet — sustainability must factor into every business decision it makes.

SkiftX spoke with Brune Poirson, chief sustainability officer at Accor, about the steps the company is taking to build a sustainable economy and preserve the planet's natural resources, as well as the goals it has put in place to lead the industry forward. Focusing specifically on carbon initiatives — and being the first major international hotel group to commit to achieving net zero emissions by 2050 — Accor hopes to inspire other organizations across the travel and hospitality industries, provide them with a roadmap to reduce their carbon footprint, and collaborate with industry partners to drive real change.

SkiftX: More brands are taking steps to reduce their carbon emissions as travelers increasingly consider the role of sustainability. What's unique about Accor's carbon reduction strategy?

Brune Poirson: We are proud to be the first major international hotel group to commit to achieving net zero by 2050 — meaning that the emissions that we create will be balanced by the ones that we remove from the atmosphere. In addition, Accor has committed to reducing carbon emissions

from our direct business activities by 46 percent and from our purchased goods and services, fuel and energy related activities, and franchises by 28 percent by 2030, compared to 2019 levels.

Sustainability is on the top of Accor's agenda, and we have been at the forefront of efforts to address the environmental and social challenges related to the rapid growth of travel and tourism for more than 25 years now. We have continuously adapted our business activities to align with climate science and meet the expectations of our owners, guests, investors, and partners. Reducing our carbon footprint is, as for many companies, a cornerstone of our sustainability strategy and an area that we are committed to. We have set ambitious targets and have defined a clear roadmap to achieve these sustainability goals.

SkiftX: Can you go into a bit more detail about the strategies Accor is using to achieve these goals around reducing its carbon footprint?

Poirson: Our dedicated carbon strategy is built around four pillars. First, we are promoting a low-carbon mindset, both across the company and with our partners. We are doing this with the help of a combination of measurement tools, targets, and engagement with hotel owners, partners, suppliers, and guests. Second, we are transitioning toward a smarter, greener hotel model by strengthening the low-carbon transition for existing hotels and enhancing hotel brand, design, and technical standards to improve energy efficiency and ultimately support the overall net zero transition at Accor. Third, we are accelerating the use of green energy, such as wind and solar, with procurement solutions and through partnerships with suppliers. Finally, we are launching new guest offerings and carbon offsetting solutions to go beyond our existing [Plant for the Planet Program](#). We are realistic in recognizing that the scale of the sustainability revolution is huge and will take time, but we are constantly making progress.

SkiftX: Accor was among one of 300 signatories of the UNWTO Glasgow Declaration on Climate Action in Tourism in November 2021, committing not only to achieving net zero emissions by 2050, but also to delivering a concrete climate plan within 12 months. Why was this an important milestone for the industry?

Poirson: If we strive to successfully achieve our net zero goal, we must favor collaboration over competition. This is the 21st-century mindset we all must adopt, and the hotel sector is no exception. This is why we are actively bringing together governments, businesses, and societies around the globe and increasingly committing to policies aimed at reducing carbon emissions. We are at an inflection point, and we must maximize our efforts to protect our environment. External collaborations are essential to best achieve this.

With the UNWTO Glasgow Declaration, the hospitality sector has come together to identify concrete solutions and work in harmony to protect the future of travel. More than 300 public and private tourism organizations have already agreed to halve their emissions by 2030 and achieve net zero by 2050. Also, as a member of the Sustainable Hospitality Alliance, we can unlock new areas of improvement for all stakeholders by bolstering collaborative actions. The organization serves as a powerful driving force to lead the industry towards a lasting positive impact.

SkiftX: The hotel industry represents about 1 percent of global carbon emissions. As a leader in the sector, what specific steps is Accor taking to reduce the brand's carbon footprint in areas such as energy, food, and laundry?

Poirson: We must identify solutions to preserve natural resources and create tools across our hotels so that we can reduce our carbon footprint, all while impacting the guest experience as little as possible. We have already begun initiating extensive actions to reduce our environmental impact by leveraging new technology, eco-design, and climate finance.

On the energy front, which accounts for 68 percent of Accor's carbon footprint, we are taking actions that were detailed

previously. Catering and food accounts for 12 percent of our carbon footprint through production, transport, and waste. Specific steps include making sure that we increasingly use local, seasonal products with a lower carbon footprint; offering guests a greater number of vegetarian dishes to reduce meat consumption, without compromising taste; and reducing food waste and the unnecessary emissions associated with it.

Laundry accounts for 3 percent of our carbon footprint — towel and sheet washing are massive when you have more than 5,200 hotels globally. For the last 10 years, we have offered our Plant for the Planet program, in which we plant trees in exchange for washing towels and bedding less often and will continue to do so. In addition, we are developing new laundry system assessment criteria to favor low emission suppliers and integrate renewable energy criteria.

SkiftX: Climate change impacts not just how hotels do business, but also how they interact with guests and industry partners. How does Accor try to encourage these stakeholders to participate on the path to net positive hospitality?

Poirson: As industry leaders, it is our duty to be changemakers. We are convinced that the sustainable way we design places and plan experiences will inspire guests by illustrating just how innovative and planet-friendly behaviors can be adopted in our everyday lives. Additionally, we believe that private companies should be proactive by anticipating customers' needs for more sustainable goods and services and helping shift their behaviors beyond their stay.

The [Pathway to Net Positive Hospitality](#) initiative, which Accor has signed alongside 13 other members of the Sustainable Hospitality Alliance, is a significant example. This initiative looks at how hotels can aim to have a regenerative impact on the planet and addresses critical issues beyond carbon emissions, such as water usage, waste, and resource procurement. We believe that working with our peers and partners from the hospitality sector is the most effective way to make sustainable change happen.

This content was created collaboratively by [Accor](#) and Skift's branded content studio, [SkiftX](#).

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03

Travel's Super Mobility *Collides* With *Deepening* Social Divide



by Lebawit Lily Girma

Skift Take:

The world is on the move, aided by digitization, remote work and fierce competition for skilled labor, all of which present enormous growth opportunities for the travel industry. But this travel evolution will come amid heightened global inequalities post-pandemic that will point to travel's ability, or failure, to narrow the social rift.

It's a time of "great migration," as author and geopolitical scientist Parag Khanna explained in his book, *Move*, on the dramatic shift in human mobility patterns now and in the years to come. Climate change, inflation, labor, race, geopolitics and an existential reckoning are colliding forces amid a global pandemic, the effects of which are causing millions of people to change locations in search of a redefined version of a productive future balanced with well-being.

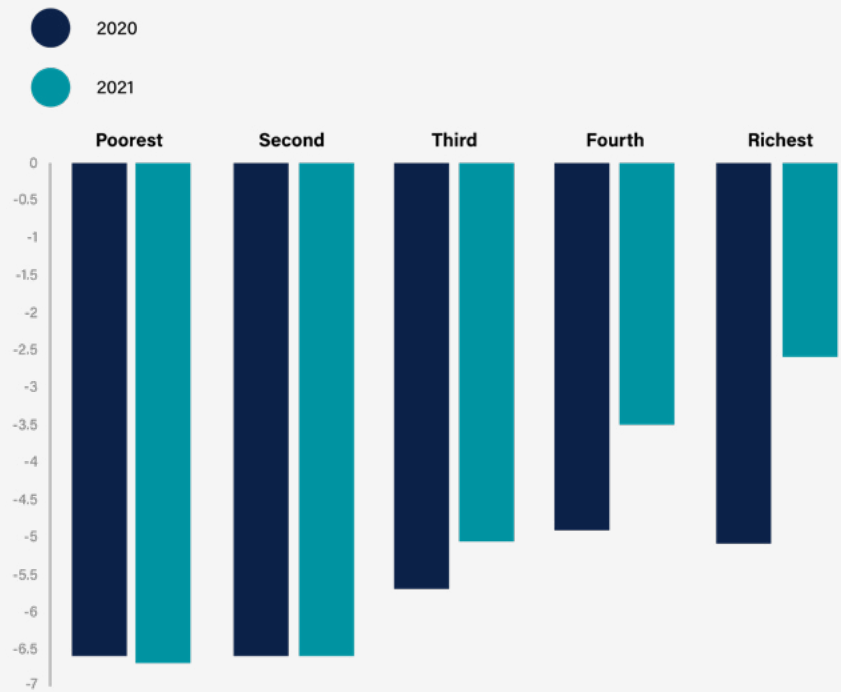
"We want to get ahead of those trends and enable that movement," Khanna [said](#) on the opening night of Skift Global Forum 2021.

Indeed, on the other side of an unprecedented economic blow, the travel industry is set for a ferocious comeback as rapid technological advances spurred by the crisis as well as high demand for skilled labor will allow for seamless movement and living. If any industry is best positioned to tap into the societal shifts that are underway, it is travel and tourism.

The remote work phenomenon, for one, is leading to increased leisure trips in the U.S. where at least 36 million Americans have the potential to become digital nomads, according to Skift Research. If six percent of the 36 million choose to travel, they'd represent a \$1 billion market — a sign of the remote work market's massive potential at a global level.

Unfolding in parallel is the battle for workers as companies, cities and governments seek to lure the next great generation of minds to aid in a post-pandemic rebound. Public-sector backed, combined marketing campaigns are emerging from destinations such as Scotland, Dubai, Western Australia and Florida's Sarasota, inviting visitors post-pandemic: explore but also live, work and invest here.

Percent of income loss by global income quintile due to COVID-19



Source: [Yonzan et al. \(2021\)](#) • Compared to pre-pandemic projections.

"This revolution really is about flexibility. Suddenly you can live anywhere, you can work anywhere"

BRIAN CHESKY
CEO, Airbnb

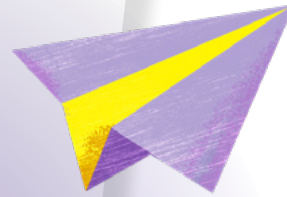
“Can travel, an industry that is defined by its ability to bridge people to people and culture to culture, revolutionize in a sustainable manner when the percentage of people who will have become more mobile and privileged post-pandemic will have shrunk?”

Travel may have always been a privilege, but it is set to become a superpower for those with the world and their lives at their fingertips. The “digitization of everything” that Khanna described, will lead to vast options for the connected consumer as well as for the travel industry’s diverse sectors, allowing for an expansion of offerings and ways of access to products for this consumer on the move.

“This revolution really is about flexibility. Suddenly you can live anywhere, you can work anywhere,” as Brian Chesky said at Skift Global Forum 2021.

Yet this transformative shift and innovation spurred by the greatest crisis in a generation will also confront a deepening world social and economic divide.

Since the pandemic, an additional 97 million people have plunged into poverty worldwide, [raising the global poverty rate](#) to 9.1 percent from 7.8 percent, according to the World Bank.



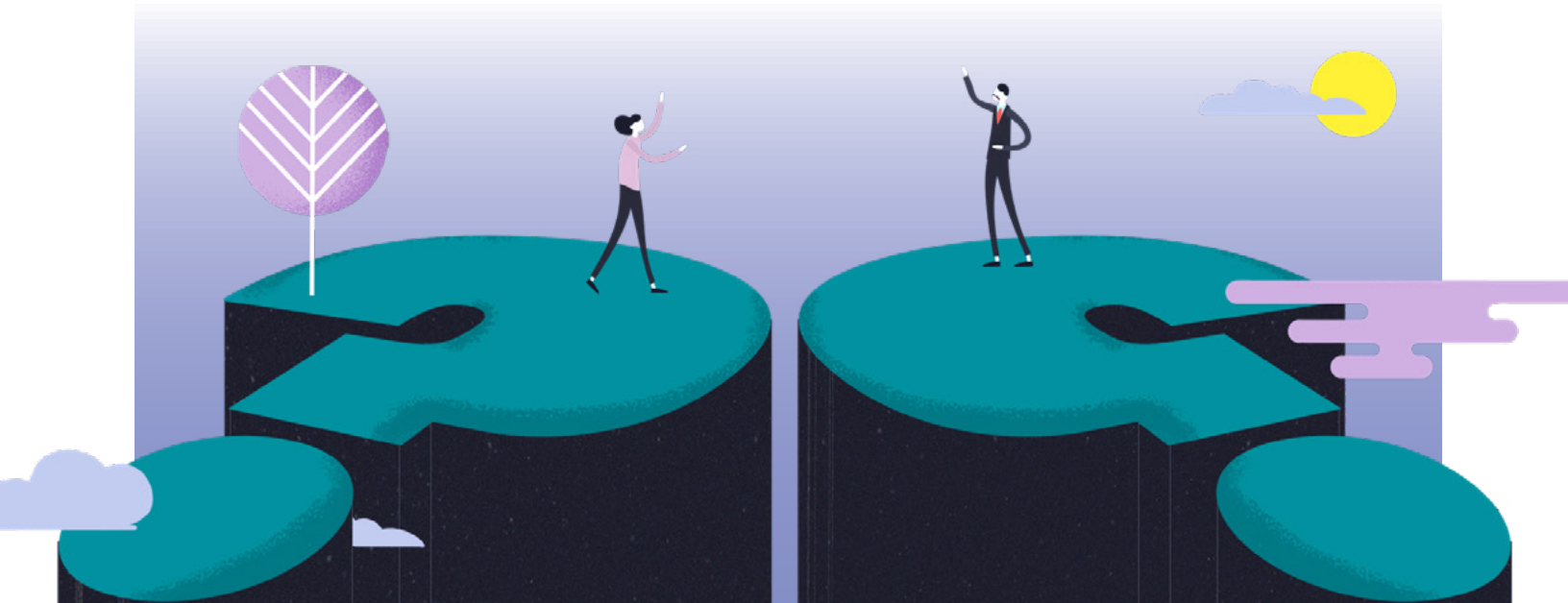
Among the most affected regions include sub-Saharan Africa, Latin America and the Caribbean, where progress has been set back by almost a decade compared to half that for upper to middle income nations. In turn, inequality affects social mobility as the division is further exacerbated within a single country.

The worst of the fallout in global tourism clearly points to host communities — the informal workers, the women’s collectives and the tour guides without technological know-how or access — who have historically sat on the periphery of the industry. The lack of mainstream integration into the tourism chain left social enterprises and communities surrounding tourism destinations vulnerable as well as isolated socially and economically.

“As the Covid-19 pandemic showed, people rely on mobile technology and internet access across all aspects of their lives,” [said](#) Mats Granryd, director general of GSMA, a global organization that represents the mobile ecosystem. GSMA is collaborating on a project with the United Nations World Tourism Organization to capacitate underserved communities with digital skills to run their businesses.

Indeed, technology lies at the crux of a time of grave inequity in everything: cost of living, vaccine access, education, technology, fair-wage jobs, movement, and climate resiliency.

Covid vaccines ranks among the greatest impediments to recovery and economic growth for low to middle income nations, and an initial hurdle in the ability to lead future seamless and upwardly mobile lives.



As industrialized nations continue to shift into super digital mode to manage the pandemic and the tourism sector also accelerates towards touchless methods and the cost of travel rises, the tech boom will aggravate the imbalance between those who can afford to travel and connect remotely and those who can't, those who can sell and adapt services to tourists digitally and those who are behind the competitive curve in every aspect of life that's gone online. All of which, of course, impacts tourism as a product as well, and impacts the authentic experiences that the conscious traveler seeks to have post-pandemic.

This age of "super mobility and flexibility" that experts describe will shine a brighter light on the role of travel and tourism in further widening or closing the gap between those who can hop borders at will and those without the means, the "right" Covid vaccine, and the tools to move across the planet and across cities.

"I think we in the travel industry and the tech industry have to make sure that we're part of the solution not the problem because the promise of travel is freedom and flexibility," said Chesky at Skift Global Forum in September.

Can travel, an industry that is defined by its ability to bridge people to people and culture to culture, revolutionize in a sustainable manner when the

percentage of people who will have become more mobile and privileged post pandemic will have shrunk? Can tourism tap into its superpower to reach across the aisle to private and public sectors as well as collaborate across industries to address the divide? And how will this deepening social inequality affect the industry's trajectory in the next decade?

Tourism initiatives such as Planeterra's free online learning hub created mid-pandemic for host communities to network and upskill in technology, or Visit Panama's community-based tourism integration, are models to be closely modeled in leveling the business playing field, which would also benefit consumers and the industry at large.

But as giant shifts take place that are changing the face of travel and its consumers' habits, pushing for equity in access to technology and mobility will require diverse, large-scale and innovative collaborations with sectors across and beyond tourism. No matter the promise of a "travel revolution," a resilient future for the industry — one that's climate focused and positions destinations as places to live and work — can only occur if the aim is to bring in more communities, tourism's most valuable stakeholder, along for the ride.

04 | The Financialization of Travel

by Dennis Schaal



Skift Take

There's very little that's seamless about travel payments and fintech services given the complexity of myriad currencies, ever-fluctuating exchange rates, and varied regulation. Making purchases easier for travelers is a wonderful development, but burdening them with consumer debt is a drag.

New forms of fintech services in assorted flavors and tied to the needs of local customers are becoming a must-have feature for many travel companies.

Travel firms around the world are increasingly adopting new business models deploying financial technology, or fintech,

to take on the role of payments, banking and insurance. For example, Montreal-based Hopper has expanded the distribution of its price freeze products in **partner agreements** with Capital One, Kayak, MakeMyTrip, and Trip.com Group, among others. If a traveler pays a \$63 deposit to freeze a \$967 flight for seven days and it

increases up to \$100, then Hopper and not the partner or traveler assumes the risk and pays the difference. Hopper claims to be making more money from these sorts of services than selling its underlying travel products these days.

The financialization of travel is expanding the products that consumers can buy, thanks to new forms of payments such as buy now, pay later, trip protections, insurance and other upsells. This megatrend provides a challenge at times to financial incumbents while presenting travel players with new revenue opportunities.

This is happening all over the world with travel companies diversifying into fintech as a way to enhance their own travel products, but also as a means to create revenue streams beyond travel. At the same time, many of these initiatives will increasingly be double-sided in that they will address both consumer and merchant pain points.

A lot of the action will take place in Southeast Asia and Latin America, where in many countries people don't have access to bank accounts or credit.

Traveloka, the Indonesian online travel agency, sees its home base, and other key markets like Thailand and Vietnam, as **key expansion opportunities** for fintech and other services. Chief Operating Officer Alfian Hendro said in early 2021 that in Indonesia while half the population has bank accounts, only around 4 percent have access to credit. Traveloka had carried out more than 6 million buy-now, pay-later transactions at that point.

"By having financial services, we hope to enable travel better and we are also looking forward to offering financial services to our merchant partners, as well," Hendro said.

Traveloka offers Paylater; bill payments; international data plans; and travel, home, car and life insurance. It made substantial investments in fintech when travel was bogged down during the early portion of the pandemic, and is expanding these services into Vietnam and Thailand.

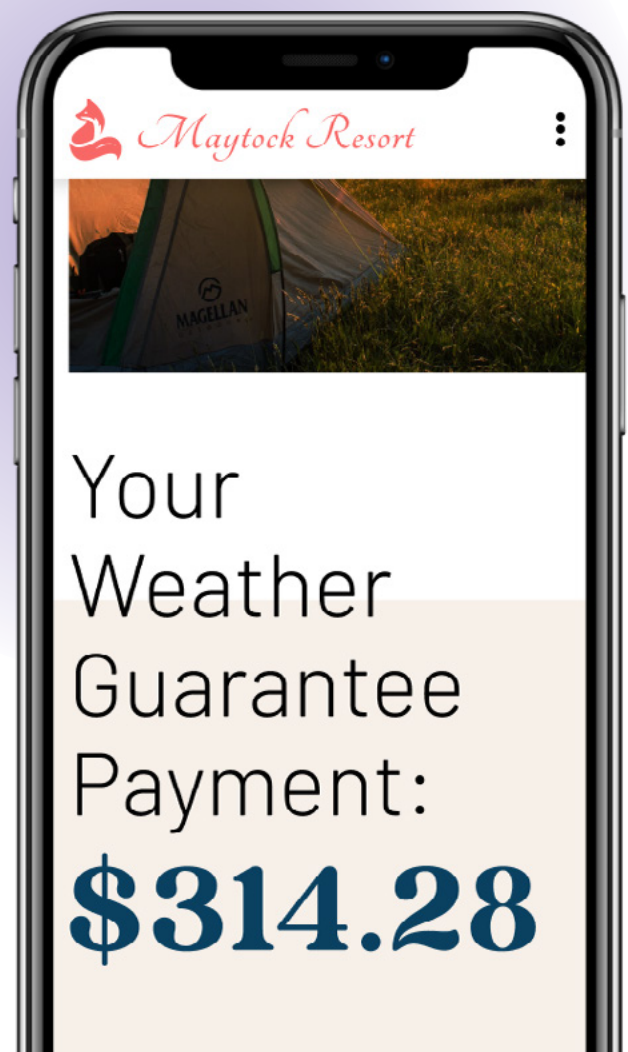
Malaysia's AirAsia is making a big bet on fintech. AirAsia BigPay division, which enables cardholders to perform bank transfers and send money to friends, as well as manage

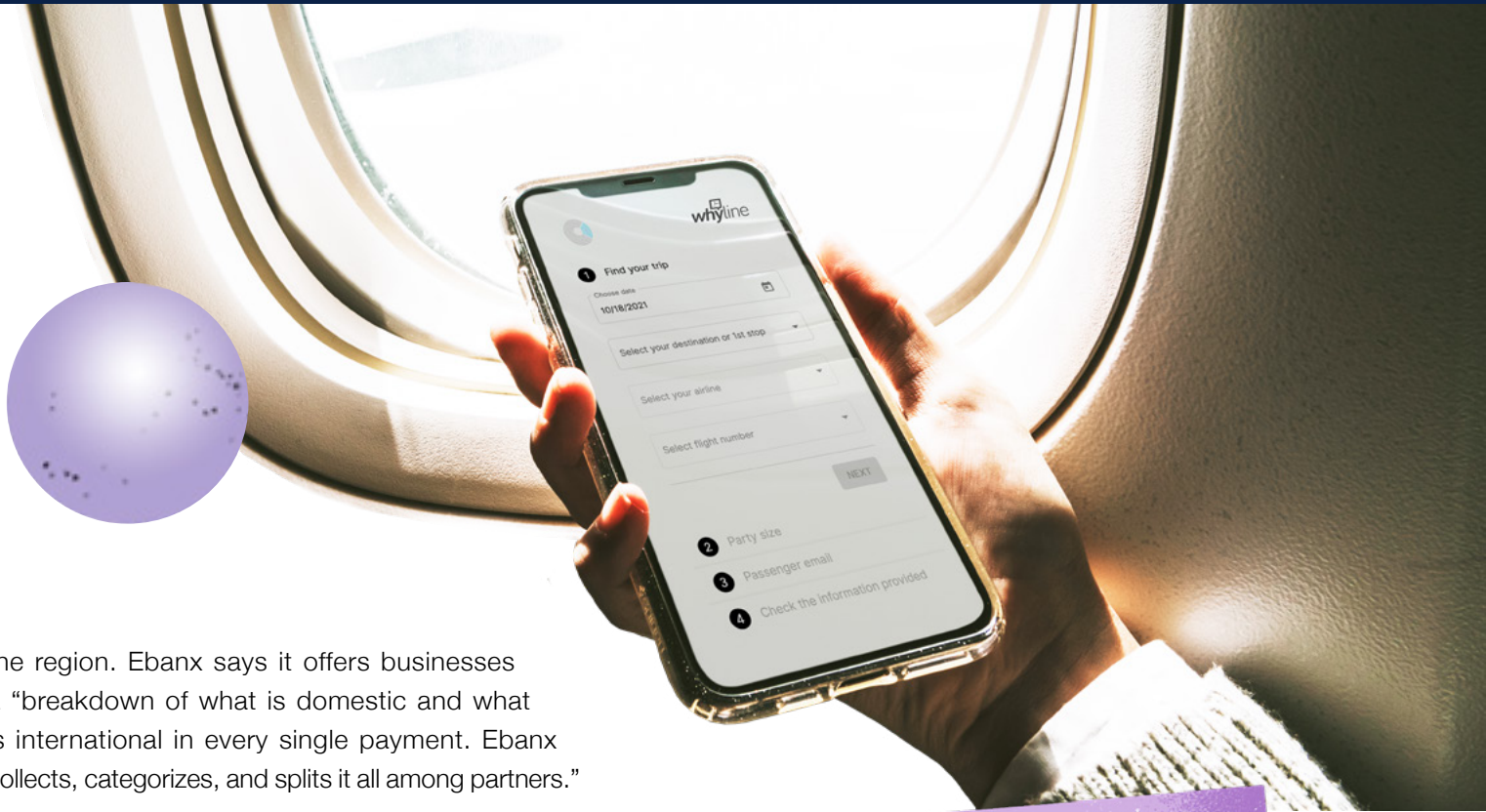
expenses and buy AirAsia products with zero processing fees, saw its ranks swell 28 percent year over year in the third quarter of 2021. South Korea's SK Group led a \$100 million investment to back the airline's quest to become a challenger bank, or disruptive force, in banking in Malaysia banking, where it applied for a bank license.

Singapore-based Grab may be one of the biggest players in fintech services among transportation companies in the region. While ridesharing and then deliveries are the core services of the company, which started trading on Nasdaq in 2021, financial services accounted for 9 percent of its third quarter revenue.

A lot of the action is taking place on the business to business side of the ledger.

In Latin America, Ebanx offers payment processing, partner connections, regulatory consulting and localization services, and risk and fraud protections for businesses throughout





the region. Ebanx says it offers businesses a “breakdown of what is domestic and what is international in every single payment. Ebanx collects, categorizes, and splits it all among partners.”

Likewise, in 2021 Booking Holdings has established a fintech unit with its own profit and loss statement within the company. In addition to testing fintech products for travelers such as attractive foreign exchange rates, the plan is to ease cross-border transactions and those in multiple currencies for hotels and other partners.

Most mainstream online travel agencies aren’t accepting payments in bitcoin, largely because of the volatility issues although there may be some testing under way. However, the online travel agency [Alternativeairlines.com](https://www.alternativeairlines.com) enables consumers to pay for flights in a variety of cryptocurrencies, including Bitcoin, Ethereum, and Ripple, for example.

Various blockchain companies are testing their payments mettle. Skift reported exclusively that consulting firm EY, formerly known as Ernst & Young, struck a deal with Winding Tree to enable some EY employees to purchase American Airlines flights through a blockchain and without the need of intermediaries, such as global distribution systems. There are tons of questions about how this would work, but if successful blockchain could be a disruptive force in travel and fintech technology.

Tom Botts, chief commercial officer at buy now, pay later vendor UpLift, argued that the product, which is being used by dozens

of airlines and other travel partners, is a marketing, conversion, and revenue management tool.

“Anyone who views buy now pay later as just another way to pay is missing the boat, or flight, that is,” Botts said. “The biggest drop-off point is always at the point of purchase in any flow. Allowing consumers to overcome that barrier to conversion is the first step but not the last step. Up-funnel messaging drives behavior and consumers down the funnel by ensuring affordability.”

While travel companies will continue to expand their fintech features, pure-play fintech companies such as **Revolut have millions of users and are expanding into travel** with cashback offers. Travel hasn’t become a material part of these fintech businesses yet — not even for superapp Grab in Southeast Asia, which sells hotels from Agoda and Booking.com.

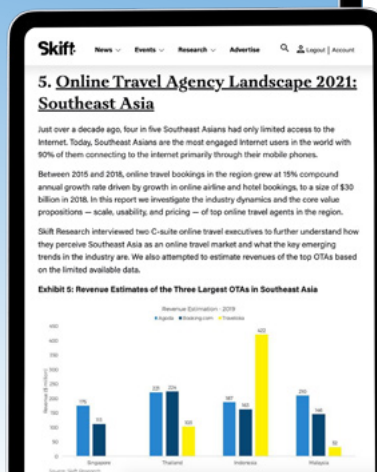
In 2022 and beyond, and depending on geographies and consequent local needs, look for the most successful travel players pursuing a fintech path to develop these features as revenue streams in their own right, and not just as enablers of travel payments and bookings. Diversification can be a powerful thing.

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WHY FINTECH WILL BE KEY TO UNLOCKING THE FUTURE OF TRAVEL



Skift Take:

The past two years changed how travelers consider their travel plans and the risks associated with them, driving a widespread appetite for flexibility. Hopper's chief strategy officer sees this as an untapped opportunity for brands to integrate fintech seamlessly into their products.



If the past two years have taught us anything, it's that volatility and unpredictability are now par for the course. Making any big decision for the future now comes with a certain amount of risk. Many travelers learned this the hard way in the spring and summer of 2020, when hundreds of thousands of people had to abandon their travel plans when the world went on lockdown.

The pandemic has fueled a widespread appetite among travel bookers for flexibility and the ability to reduce financial risk — and according to Dakota Smith, Hopper's chief strategy officer, traditional travel insurance products aren't meeting the needs of travelers today when it comes to protecting their purchase decisions.

Smith believes that fintech will play a key role when it comes to providing these solutions to travelers — and that this provides an untapped opportunity for brands. SkiftX spoke with Smith to learn more about the potentially game changing role fintech will play in travel's future, what this means for brands, and the insights he has gleaned from customer usage of Hopper's own fintech products.

SkiftX: The pandemic changed the ways we now travel and make plans in general. What trends in consumer booking is Hopper seeing?

Dakota Smith: There is a lot of pent up demand for travel, and we're seeing searches and bookings approach pre-pandemic levels. Compared to 2019, though, consumers are

booking trips much closer to the date of departure, and here in the U.S., they are mostly traveling domestically.

It's clear that travel, and especially international travel, has become volatile due to the pandemic — and that will probably be the case for the next few years. But it does seem like demand will continue to increase, even if questions remain about what's ahead.

The past two years also impacted how travelers think about their travel plans and the risks of traveling. We know this because of how quickly Hopper's fintech products have been adopted in the app. Today, around 60 percent of Hopper users purchase at least one fintech product when they book their trip — including Price Freeze, Cancel for Any Reason, Change for Any Reason, Flight Disruption Guarantee, and more. And while consumers always wanted this type of flexibility, the pandemic accelerated the immediate need for these products.

SkiftX: Why has flexibility become so important to travelers, and how can businesses meet that need?

Smith: The desire for flexibility isn't super surprising considering the volatility in the market, and it's the same reason customers are booking closer to the departure dates in the first place. It's difficult to pre-commit thousands of dollars to a trip when you're not sure you'll be able to, or even allowed to, take the trip when all is said and done.

On average, Hopper users are spending 10 percent more on their bookings to add flexibility through our fintech products. This means that users are willing to pay an additional \$40 on their trip just to make sure they have flexibility. There is a widespread, untapped appetite for flexibility in the travel industry, which presents a big opportunity for brands. Most importantly, the products must integrate seamlessly into the booking process, making it clear and accessible for customers.

SkiftX: Are traditional travel insurance products still meeting consumers' needs in this new environment? If not, how can new fintech-based risk products elevate the experience?

Smith: Traditional travel insurance products aren't really cutting-edge, risk-based products any longer. They're statically priced and don't cover many of the items that consumers would expect. The traditional insurance product that a consumer buys on a travel website may have a profit margin as high as 90 percent for the seller. One of the ways that they keep the profit margins so high is that they accept a very low amount of customer claims. The whole claims process is clunky and takes weeks, if not months, to appeal and process.

With Hopper's products, however, we price each dynamically based on the actual risk, which allows us to offer products that are cheaper, faster, and more transparent. In fact, 90 percent of claims through our travel fintech products are accepted automatically and immediately.

Our travel fintech products also address specific concerns that travelers have during their trips. With our Flight Disruption Guarantee, if your flight is delayed you can simply open the Hopper app and rebook on any flight leaving that airport to your destination. There is no need to talk to a human — it can all be completed with a few taps.

It required nearly eight years of historical pricing data and proprietary algorithms for Hopper to develop these features, and customers love them. Nearly 80 percent of customers that buy one at any time will do so again in the future, and the average users purchase 1.66 fintech products on every trip they book.

SkiftX: What is the potential long-term impact of more widespread travel fintech adoption?

Smith: At Hopper we believe that fintech adoption will skyrocket across travel over the next few years, becoming the industry standard — this is based on the growth we've seen at Hopper both in the app and through our Hopper Cloud partnerships. The investment other companies have put into fintech divisions and products also supports this.

As buy-now-pay-later (BNPL) and fintech become more popular in other industries, consumers come to expect more seamless payment experiences in all their transactions. Unlike other forms of retail, travel pricing is incredibly volatile, meaning that travel fintech has to be tailored to accommodate those ups and downs.

At Hopper, we've proven the value of fintech through our growth. Currently, more than 50 percent of our revenue comes from our travel fintech products — and this could have major implications for the rest of the industry. Based on estimates, travel fintech could generate an additional \$200 billion in customer spend annually. After the shutdowns and revenue loss that the industry has experienced due to the pandemic, this high-margin revenue stream could be impactful to its recovery.

SkiftX: How can businesses partner with Hopper Cloud to meet traveler needs for flexible, less risky booking options?

Smith: Hopper Cloud is Hopper's B2B initiative, where we offer our travel content and fintech products to brands that sell travel or want to sell travel. Via API or full white-label offerings, Hopper gives partners plug-and-play access to the world's largest multi-sourced marketplace of flights, hotels, and rental cars. What makes it unique is the full suite of fintech products that are available, including Price Freeze, Cancel for Any Reason, Change for Any Reason, Flight Disruption Guarantee, and more.

These travel fintech products are proven to triple revenue, double conversion rates, drive repeat purchases, and are easily integrated into any travel brand. And because we are so confident in our algorithms, Hopper takes on all the financial risk of the offering.

Hopper Cloud launched in early 2021, and we've announced partnerships with Capital One Travel, Trip.com, Kayak, Amadeus, Marriott, and MakeMyTrip. Although Hopper Cloud was only launched this year, it's pacing to generate more revenue annually than the entire Hopper app did in 2019. Looking into 2022, we're excited to introduce new verticals and new fintech into the market, empowering our users and partners to have the best travel experience available.

This content was created collaboratively by [Hopper Cloud](#) and Skift's branded content studio, [SkiftX](#).

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Freeze



Price
Predictions



Price Drop
Guarantee



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Guarantee

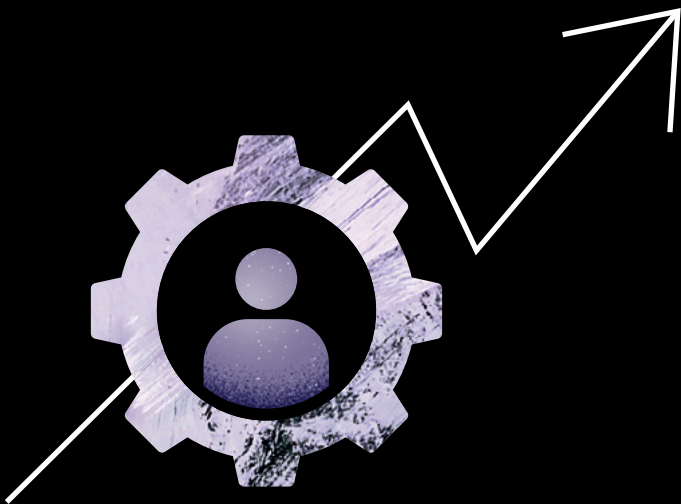


Travel
Insurance



05

The Great Upskilling Of Labor



Skift Take:

The divide between available workers and open positions in travel is too great to overcome. Educating a smaller labor pool with new skills is the only way to overcome the labor shortage crisis.

By Cameron Sperance

MANY TRAVEL SECTORS
NEED TO STOP WONDERING
WHEN **WORKERS** WILL
COME BACK.

THEY AREN'T.

MAKE DO WITH WHAT YOU
HAVE AND UPSKILL.



Even with the worst of the pandemic believed to be in the rearview of the travel industry's recovery, there are about 1.4 million fewer hospitality workers in the U.S. than before the pandemic, according to the Bureau of Labor Statistics.

Air carriers like American Airlines and Southwest faced operational meltdowns over the last year, with analysts chalking a lot of this up to a [shortage of staffers](#).

The solution taking place is teaching new skills to the tight labor pools.

So-called Upskilling, or teaching employees these new skills to enable them to work a different position, within the hotel sector comes amid a longstanding need for a deeper labor pool that only exacerbated with the pandemic. Hotels,

already facing a shortage of workers, issued massive layoffs in the early months of the pandemic.

Hotel demand roared back in the summer of 2021 thanks to leisure travel, but that rapid recovery also pushed the industry's [labor shortage woes](#) to the forefront. The hotel and restaurant sector had a combined 1.6 million job openings in July 2021, according to a joint study from New York University and Boston Consulting Group.

That's twice the number of openings seen in December 2019, but the labor force of the two sectors declined by 10 percent from December of 2019 and July of 2021.

While travel executives liked to blame the labor shortage crisis on things like added government benefits included in various pandemic relief measures, the lack of workers [continued](#)

[into the fall](#) when many of these subsidies expired. The conversation now stems around workers craving more flexibility and no longer wanting to put up with long hours required at a shift.

Everything from automation of certain features at a hotel like check-in to upskilling existing workers to do more with less are now a routine part of earnings calls for publicly traded travel companies.

“There are some short-term tactics that are being used, like trying to tell a different story and show these upskilling programs to say, ‘Well, look, we’re training our flight attendants to become pilots,’” said Nicolas Graf, associate dean at NYU’s Jonathan M. Tisch Center of Hospitality. “The same is true for hotels upskilling the housekeeping staff so that they can have maybe a managerial job at some point or so that they can maybe become head of housekeeping. They’re trying to make these career paths more visible.”

Hotel companies will often point to how their CEO started their hotel career in the maintenance department or working the front desk — often leaving out details like the costly business school program these executives attended in the process. The industry needs more concrete examples of upward mobility rather than public relations spin to show more workers that entry-level positions can be a foot in the door to eventual jobs in management.

Upskilling can make that happen.

That message of upskilling is more than just about making do with what’s available for struggling hotels. The type of efficiency it can provide also plays a part in manufacturing and supply chains, especially as those become more automated and manual jobs are no more.

“The quantity of employees is clearly not coming back,” said Dan Bienstock, chief people officer at EOS Hospitality, which owns a variety of East Coast hotels and resorts. “How do we pivot and really focus on the quality of the employee and invest in their ability to grow and learn in the industry and grow up in a quicker manner than may have been possible five to 10 years ago?”

“

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AGO?**

-Dan Bienstock,
Chief People Officer,
EOS Hospitality



▲ *Trainees like this one at United's Aviate flight academy are part of an initiative for the airline to train 5,000 new pilots by 2030.*

Source: United

The travel sector's push toward upskilling doesn't always have to do with addressing labor shortages that accelerated during the pandemic. Marriott's Tahseen leadership program in Saudi Arabia is a partnership with Cornell University aimed at providing hospitality industry education to Middle Eastern students, in part because of national laws requiring certain percentages of a workforce come from native residents.

"They're creating programs that are really targeted at, you know, pushing the envelope of some of the social changes already occurring," said Bruce Tracey, a professor of management at Cornell's School of Hotel Administration.

Tahseen is a type of rotation program where participants go through all aspects of running a hotel, from front desk operations to food and beverage and human resources. Students aspire to various leadership opportunities, with many wanting to eventually become a general manager of a property. It has also morphed into a retention and upskilling program for Marriott, which has a 70 percent retention rate among Tahseen graduates and a third of those students already seeing a promotion.

That program has since expanded to other countries like Bahrain as well as a partnership with Helwan University for an offering in Egypt.

"Each of these countries is really trying to dial up the tourism in the region and feel it's important to have local talent at the hotels," said Ty Breland, global chief human resources officer at Marriott International. "We also feel it's important to have local talent at the hotels to really have an authentic experience for our guests to help boost the local economies."

Malaysia Airlines [launched a labor upskilling initiative](#) during the pandemic to better train its flight crews on technology aimed at making their current roles more efficient as well as train staffers for emerging roles relying more on digital infrastructure and technology.

United's Aviate flight academy is part of an initiative for the airline to train 5,000 new pilots by 2030. The airline aims to have at least half the graduates of the program be women or people of color. Part of that goal is achieved through upskilling flight attendants, many of whom were furloughed during the pandemic.

Large-scale upskilling could promote a worker where they manage automated services and a variety of other roles while training them for more management positions, according to the NYU and BCG survey.

"The discussion pre-pandemic was not so much about the need to upskill. It was more about the competition for talent and how do we make a company recognized as a great place to work," Graf said. "Now, they've changed gears. It's about upskilling. It's now about really trying to make the industry truly more attractive from a career standpoint as opposed to simply being a great place to work."

06

Communities Move *Beyond Spectator* Role for Travel's Future

By Lebawit Lily Girma



Skift Take:

Tourism boards embracing a “locals first” approach post-pandemic is here to stay, as is the imperative of having residents’ input on tourism management to ensure the industry’s future success. That’s because locals will become increasingly engaged in the future of their home, just as travelers will continue to seek sustainable, inclusive options.

The pandemic’s ongoing disruption of global tourism and its transformative impact on the lives of communities, against the backdrop of historic societal pushback of traditional systems of governance, will translate into heightened scrutiny of tourism in 2022 and beyond.

Travel’s comeback will unfold as residents’ sentiment towards outsiders undergoes a push-and-pull phenomenon similar to the waves of Covid the world continues to endure. Tourists will return in larger numbers amid the first year of transatlantic travel and variant setbacks, threatening to outpace the efforts of travel industry leaders in crafting solutions towards a sustainable and more inclusive tourism model.

But the key to destinations’ successes long-term points to this: the industry engaging with host communities, and tourism boards and businesses catering to residents as their primary customer.

“Communities **are not going to be spectators** to their own future, communities are going to become extremely engaged, so shaping the future of tourism is a big component of that,” said John De Fries, CEO of Hawaii Tourism Authority, at Skift Destinations and Sustainability Summit.

If destinations were once dependent on tour operators and cruise lines to bring in tourists, now it’s the other way around, said Elke Dens, former marketing director at Visit Flanders. “Now they are starting to be dependent on what the governments say — I call this the social license to operate.”

As climate action takes center stage amid Covid vaccine mandates, this social license will necessarily point to the need for inclusion of residents’ voices beyond the usual suspects. “People are really protesting also towards the government — they say no, this is what we want to happen in our place, this is what we would like to see. The private industry and the people that live in a community will need to start building those relationships.”

From global cruise port residents’ continued pushback of megaships in their backyards and destination management organizations’ (DMO) efforts to align with residents — whether Hawaii Tourism Authority’s resident-led plans to tackle overtourism, Colorado’s Restart Destinations project seeking locals’ input on tourism’s future, Panama’s \$300 million push to integrate community-based experiences, or Destination Vancouver’s rebranding to reflect its resident support responsibilities — the host community’s role as a stakeholder in the industry will continue to bubble at the surface as pressure grows on governments and on the private sector.

Indeed tourism’s success in this transitional period will be evaluated on the benefits it brings in more equal measure to the destination’s residents. “The true metric for tourism development must reflect an improved quality of life,” Destination Canada concluded **in its year-end report** on future tourism trends.

Resident sentiment is the common key performance indicator to emerge from the downturn, as destination marketing offices in major source markets finally accept the fact that their key partner in building back long-term is the backyard consumer. Global marketing shifts point to an effort to place locals on more equal footing with tourists, and there is increased use of resident sentiment surveys, cyclical input from community groups, and responsible travel campaigns.

And while the focus on marketing to locals first is here to stay and grow, in a world in which political, social and racial discord are par for the course and tourism’s social reputation holds greater weight, the industry will need to take a multi-level approach in rebuilding trust — with residents but also with government.

“

Communities are not going to be spectators to their own future, communities are going to become extremely engaged, so shaping the future of tourism is a big component of that.”

-John De Fries
CEO, Hawaii Tourism Authority

“It means genuinely arriving at a common agenda for what tourism looks like, as Jeremy Sampson, CEO of Travel Foundation, which will oversee the industry’s Glasgow Declaration commitments alongside the United Nations World Tourism Organization.

Regularly engaging with residents and other stakeholders “is critical” and “DMOs should consistently seek feedback on how tourism should be developed,” concludes the 2021 Funding Futures research study on the recovery of tourism boards.

It also means going beyond a “check box” activity in the attempt to plan a destination that’s livable first for its residents in a post-pandemic world, and attractive to visit secondly for its tourists. Taking a host community in a direction it does not support will get harder in this new reality.

“Really starting to build relationships with them and getting every voice heard out there, that’s not what we’re doing right now,” said Flanders’ Dens, adding that regenerating tourism takes a village.

DMOs’ boards of directors are likely to have members focused on occupancy amid an ongoing downturn, while placing communities as a secondary concern.

“The more you can position the community and engagement with that community as the destination experience, then you are starting to speak to repeat rates, loyalty and really customer lifetime value,” said Greg Oates, senior vice president of innovation at MMGY NextFactor, adding



that U.S. tourism boards should seek to align with their city or destination's official sustainable master plan, as one way to demonstrate their social and environmental contributions.

The long-term success of tourism coming out of a global health crisis will depend on this mindset shift of seeing the value in prioritizing host communities, particularly considering the simultaneous rise of conscious travelers seeking values-aligned brands that embrace inclusivity and sustainability, in addition to their desire to leave a place better off through regenerative tourism.

This evolving focus on residents also begs the question: What is the true, transparent cost of tourism? It's one that will loom over the industry in 2022 and beyond in visibly impacted destinations such as Hawaii and Venice, as well as corners of the world where the vulnerability to Covid 19 remains all too present as the cost of living increases and vaccine access lags.

Ultimately, the private sector players that benefit their host communities will have a collaborative advantage among residents and the ability to go outside the competition, Dens said. All eyes will fall on hotels as well — “the hospitality sector will increasingly be under attack,” said Brune Poirson, Accor's chief sustainability officer, at Skift's Destinations and Sustainability Summit. James Thornton, CEO of Intrepid Travel, agreed that “tourism is going to become the poster child of something very negative,” at Skift Design the Future Summit, much as it did pre-pandemic, if success metrics continue to focus solely on growing arrival numbers and gross domestic product.

“The broader vision is, how can we turn our hotels into contributors?,” Poirson added, noting that the push for tourism and its diverse sectors to take on an active “social elevator” role and contribute to the places in which they operate will necessitate forging deeper and even new forms of community partnerships.

Such as collaborating on social issues facing the community, while also building a community brand — one that leans towards inclusivity of tourism as apt for both residents and tourists.

As the pandemic transforms the future of the industry and the role of its players, the concept of host communities as first in line to benefit from tourism — ahead of the tourists, the businesses and suppliers — will be the key to a resilient future in which climate action, equity and inclusion will have taken on a renewed importance.

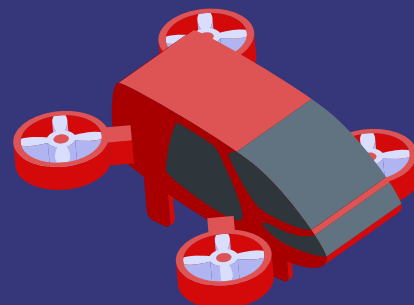
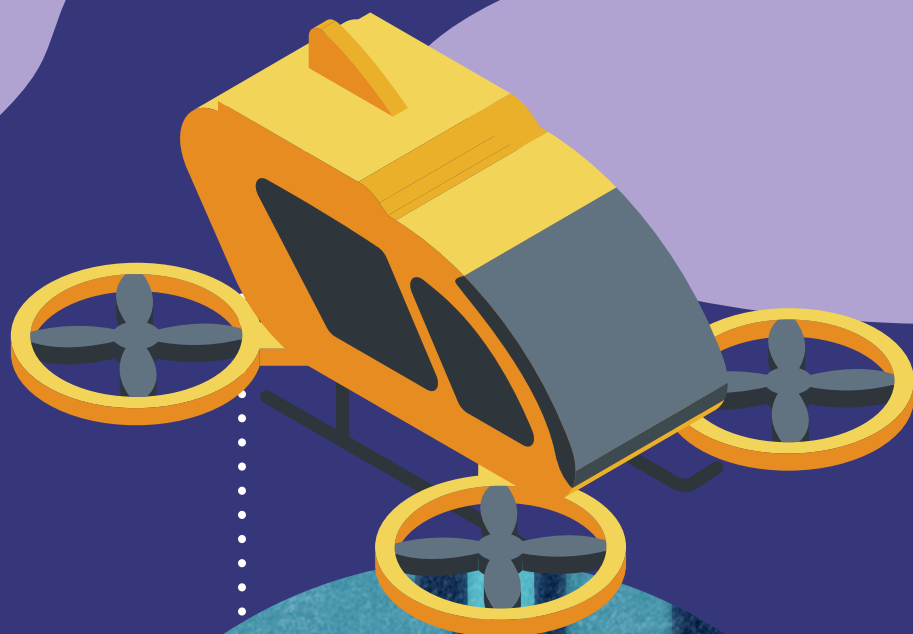
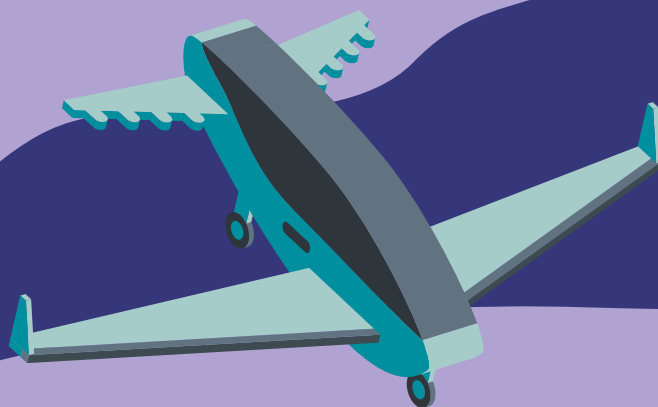
◀ *Hawaii Tourism Authority has engaged residents to lead a plan to tackle overtourism in the islands.*



07

TRAVEL'S LAST MILE SPARKS A NEW WAVE OF INNOVATION

by Madhu Unnikrishnan
and Edward Russell



Skift Take:

A new consciousness about green travel is making the last mile of travel fertile territory for new investment and innovations. Airlines, in particular, are seeing it finally as a boost to the top line.



Bridging that last mile, from a large hub airport to a smaller, regional airport nearby, or even to an office building or heliport downtown has been the stuff of dreams for the airline industry. That last mile usually is served by road — cars, trains, or buses — or, for a well-heeled few, helicopters. Few of these options are environmentally friendly. Think of, for example, the amount of fuel burned by a taxi sitting for hours on a crowded road in São Paulo or the amount of carbon dioxide emitted by a jet-fuel burning helicopter to transport a handful of passengers to a heliport downtown.

Investments in not only electric aircraft but in new rail networks and bus services are on the rise, particularly since the pandemic with a more concerted interest in the last mile. The realm of possibility is more within reach than ever before as 2022 promises to showcase even more innovations.

Electric Vertical Take Off and Landing (eVTOLs) are the airlines' latest idea for bridging that last mile, and they've put their money where their mouths are by investing billions of dollars in startups like Archer Aviation and Wisk for eVTOLs, or "air taxis." These small, electrically-powered helicopter-like aircraft — think oversized drones — were until now the stuff of science fiction, but are expected to fly up to four passengers about 50 miles (80 km).

A typical use for an eVTOL might play out like this. A passenger arrives at Los Angeles International Airport after a 17-hour non-stop flight from Singapore. They need to get to Orange County, about 40 miles away. This route is unprofitable for an airline to operate with existing aircraft, and can take much more than an hour by road, and few alternate transport options exist. And it allows the airline to sell the ticket directly as an add-on to the original fare, while also burnishing the airline's green credentials.

Although United Airlines, American Airlines, and Virgin Atlantic, among others, are confident the billions in eVTOLs will be ready to start flying later this decade, history suggests otherwise. Certifying a new aircraft can take years, and that's for a conventional aircraft powered by conventional gas-turbine jet engines. Certifying entirely new technology from new entrants like Archer and Wisk, and one that's never been used for transporting people — like electric propulsion — is another matter altogether.

But the calculus may have changed now that aerospace behemoth Airbus has entered the fray, with a prototype eVTOL developed by Airbus Helicopters. The technology isn't that different than that developed by the startups. But, crucially, Airbus has decades of working with regulators and militaries around the world on aircraft certification and has deep relationships with airlines everywhere.

But questions remain, of course. Will passengers really opt to take a short hop on an eVTOL instead of taxi or rideshare? How will regulators handle airspace management, with potentially dozens of eVTOLs buzzing around the already crowded skies?

No one has definitively answered any of these questions, but airlines remain excited about the technologies and about the potential sustainability benefits that will accrue to them from eVTOLs.

GROUND TRANSPORT RESURGENCE

But ground transport is not out, even with eVTOLs on the horizon. A renewed interest in getting people out of cars — or off short-haul flights — emerged during Covid-19, and it's making very real changes to the way people begin or end their journeys.



▲ Airlines are investing billions of dollars in electric vertical takeoff and landing aircraft (eVTOL), like this one from Archer, to bridge the last mile between the airports and city centers.

Source: Archer

France is leading this wave with a climate law that requires airlines end domestic routes where a comparable direct rail option takes two-and-a-half hours or less. Air France has already ended three routes from Paris' Orly airport where the high-speed TGV service meets the criteria. And other European countries, including Germany and Spain, are considering similar moves.

And while not facing new national rules — yet — Lufthansa has doubled down on its domestic partnership with rail operator Deutsche Bahn. The two have expanded their “Sprinter” train service, or direct, fast trains timed to connect with flights at the airline’s Frankfurt hub, to 22 routes last year. This included new trains from Munich and Nuremberg.

“No one in the world puts as many people on trains as Lufthansa. We want people to take trains for short distances,” said Lufthansa Group CEO Carsten Spohr in October. More than 575,000 passengers used the airline’s air-rail connection program in 2019.

More airlines could be putting travelers on trains very soon. Private rail operator Brightline will debut a long dreamed of rail link between Miami and Orlando later this year. The line ends at the Orlando Airport’s new South Terminal where Brightline hopes to entice travelers out of cars, and off planes — as in Europe — for the last 200ish miles of their journey. This is something the company thinks will be popular with visitors whose trips include both South Florida’s beaches and Orlando’s theme parks. A link to Disney World is planned for later in the decade.

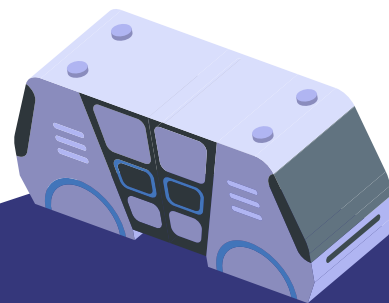


▲ *Airlines expect these eVTOLs to be flying by the end of the decade, but will regulators clear them for take off?*

Source: Vertical Aerospace

And airlines are finding new use for an old ground transport standby: The bus. Finnair is replacing flights on two shorter routes to its Helsinki hub with buses, while United Airlines expanded its map with new last-mile bus service with Landline to Breckenridge and Fort Collins from its Denver hub last year.

“In a world where we’re worried about carbon emissions when there’s a better option: I would love to see Landline successful because it could tick all those boxes,” United CEO Scott Kirby said in November.



WHY THE FUTURE OF EXPERIENTIAL EVENTS LOOKS BRIGHT

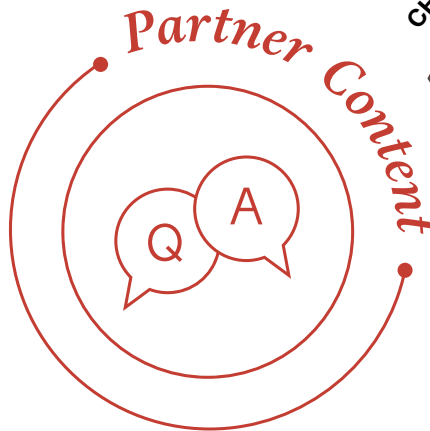
VENETIAN MEETINGS

LAS VEGAS



Skift Take:

The pandemic created new challenges for hosting in-person business events. Yet with every great challenge comes an even greater opportunity. As travelers are eager to reconnect in person, event organizers are seeking new ways to host inspirational and engaging events safely, sparking a creative renaissance for the sector in 2022.



CHANDRA ALLISON, Senior Vice President of Sales,



The Venetian Resort Las Vegas and The Venetian Convention and Expo Center

There were a number of positive signs showing business travel's recovery as 2021 came to a close — chief among those being a growing interest in a return to in-person meetings and events. Despite the pandemic-induced shift to virtual and hybrid formats, in-person events are poised for a big comeback in 2022 and beyond. From new on-site tech innovations and greater focus on guest health and safety, to opportunities to deliver more creative on-site activations that help foster deeper attendee engagement, there's plenty of room for optimism.

In this Megatrends interview, SkiftX spoke with Chandra Allison, senior vice president of sales, The Venetian Resort Las Vegas and The Venetian Convention and Expo Center, about why in-person events are ready for a comeback in 2022 and the years ahead.

SkiftX: What is your outlook for how events will evolve in 2022?

Chandra Allison: After more than 18 months of virtual meetings, business travelers have recognized the value of in-person meetings and events and are ready to get back to traveling for work. Our team spent 2021 recovering business that was lost due to the pandemic — of which we were able to recover 100 percent — and customers willing to make commitments for future years is strong. 2022 looks promising as meetings and events continue to make their return.

At The Venetian Resort, we've recently hosted a large web services group that returned with more than 25,000

attendees; a large automotive show with more than 30,000 on-site attendees; fintech's biggest show which returned for its 10th anniversary in Las Vegas, with more than 8,000 attendees and 2,800 companies; and the gaming industry's flagship expo, which was held in September with more than 13,000 global gaming professionals, including exhibitors, buyers, and media from around the world. The return of meetings has been strong, with groups reporting overwhelming success in terms of attendee and exhibitor feedback at their recent shows.

Planners and attendees need to be prepared for things to look a little different as we move forward, but should know that we have the experts on hand to make sure their events accomplish their goals and are just as memorable as before.

SkiftX: Why do in-person meetings have such staying power coming out of the pandemic, especially in light of the alternative offered by virtual events?

Allison: Pre-pandemic, there was a lot of talk about how virtual events were going to change the landscape of meetings and events. However, we believe that the pandemic solidified the need for in-person meetings and events. And while virtual meetings won't replace the engagement and experiences attendees have when they meet in person, they can help organizers reach greater audiences if some attendees are unable to attend in person.

In-person meetings help foster relationships in ways that virtual events cannot, and in-person interaction is the platform where deals are struck, relationships are forged, and ideas are generated. Additionally, in-person meetings and tradeshows are critical for their ability to drive commerce and networking, and they have a massive impact on global and local economies. The total impact of the trade show and meetings industry on the U.S. economy was estimated at \$1 trillion in 2019, with nearly 4.4 million direct jobs. In total, 7.9 million jobs

are supported by this industry, including those in restaurants, off-site entertainment, transportation, lodging, retail, and more.

SkiftX: How important will it be for event organizers to offer unique in-person experiences such as concerts, culinary moments, and interactive art to creating a successful meeting going forward?

Allison: Attendees are always looking for more personalized experiences, and meeting professionals are seeking out non-traditional meeting spaces to provide those to their attendees. It has become increasingly important for customers to rethink their event strategies and to innovate and try new things. They are looking for unique ideas on how to reimagine their in-person meetings to create exciting, one-of-a-kind events. The Venetian Resort has a number of options to help meeting professionals create out-of-the-box alternatives, including bars, restaurants, hospitality parlors, pool spaces, and restaurants. We're continuously reimagining what meetings and events can look like. Utilizing these non-traditional spaces and creating specialized experiences, such as sushi rolling classes, mixology sessions, and poolside yoga, allow us to remain an industry leader.

SkiftX: What innovations have emerged out of the past two years that will help to fuel in-person connections?

Allison: We've seen groups utilizing a number of technologies to make the attendee experience more frictionless. Contactless registration is being used to reduce queue lines and create an easier process for attendees by allowing people to register in advance and simply scan a QR code upon arrival to check in. Near Field Communication (NFC) and Radio Frequency Identification (RFID) technologies are also being used to enhance the attendee experience. These technologies can be used for networking, gamification, and data collection, but can also track where attendees have been within an event, which could be beneficial for contact tracing.

Digital backpacks are also trending as a way for attendees to electronically collect information from exhibitors at an event by scanning their badge. In addition, we're seeing event apps help further personalize the attendee experience. These apps give organizations a direct line to attendees, allowing

them to push real-time information out and are great networking programs for attendees, providing a social component. We also know hybrid events will continue to play a part in the event landscape, offering organizations broader attendee reach and more flexibility.

SkiftX: How is The Venetian Resort preparing to lead the return of in-person events?

Allison: At The Venetian Resort, we collaborated with our industry colleagues to create a plan to bring meetings back safely. We looked at the customer journey closely to make sure their travel experience is as seamless as possible and implemented several applications to assist in that vision, including CLEAR, mobile check-in, digital key, and contactless registration. We also know that attendees are looking for more information than ever, so we're constantly communicating with our guests on updates to our Venetian Clean program.

We were able to put our protocols to the test in 2020 when we hosted the entire production of an award-winning entrepreneurial-themed reality show. We created a "bubble" for this production, and all the standard protocols were executed exactly how they were designed. As we moved into 2021, we held several training sessions with our catering and convention team members to ensure they were up to speed on current protocols and how those fit into operations, while continuing to maintain our service standards moving forward.

In addition to safety and wellness being a top priority for groups, we know sustainability will also remain an area of focus for meeting professionals as they plan their events. For more than a decade, our Green Meetings program has provided groups with standard sustainability practices already integrated into our daily operations, as well as turnkey programs to get attendees involved. The Green Meetings program is one that is constantly evolving, and The Venetian Resort partners with customers to scale their sustainability programs to fit the goals of each group.

This content was created collaboratively by [Venetian Meetings](#) and Skift's branded content studio, [SkiftX](#).



THE VENETIAN® RESORT

LAS VEGAS



Welcome back to Venetian Meetings,
where meetings are always at the heart of our resort.

We offer customizable events for meetings, conventions, and tradeshows of every size. Our *Venetian Clean* Commitment gives you peace of mind so that you can get back to making connections in person. Our innovative experiences create unique opportunities to strengthen relationships. With over 350 modern venues, spaces begin at 342 square feet and go all the way up to 1 million square feet. Whether you're a small group looking for a large-scale experience or a convention that wants to preserve meaningful partnerships—Venetian Meetings provides everything you need under one roof. We are ready and look forward to seeing you soon.

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VENETIAN MEETINGS

LAS VEGAS

08 CORPORATE TRAVEL IS NOW in the Firm Grip of the CFOs

By Matthew Parsons



Skift Take:

Many organizations experienced a revelation in the pandemic — yes, it is possible to function as a viable business without traveling. Now travel managers have to prove its worth again.

When Amazon's chief financial officer casually mentioned his company saved a cool \$1 billion by not traveling, during an earnings call in late October, it was the first concrete sighting of the kinds of savings companies saw during the pandemic. But more importantly, it was a preview of the savings companies can continue to make.

Finance and travel have always been closely aligned, with business trips the second largest expense after employee salaries before the pandemic, according to corporate travel

agency TravelPerk. "Stakeholder engagement" is also a travel manager's favorite expression, as there are plenty of other relationships in play.

Some 79 percent of travel professionals will collaborate with colleagues from finance and accounting, followed by human resources at 66 percent and security risk management at 63 percent, according to BCD Travel's "Understanding Stakeholder Engagement with the Travel Program" survey, which polled 106 travel buyers from Oct. 12-26.

Investment, Not Cost

Now travel managers now face the daunting challenge of educating organizations on the value of travel, because going forward it's a cost that hasn't appeared on the balance sheet for a couple of years.

Most companies banned non-essential travel, and required employees to justify their trips, explaining what kind of return on investment they'd get. Those strict approval processes and controls, originally put in place to help protect employees catching a deadly disease almost two years ago, show no sign of disappearing anytime soon.

While Amazon saved its cool billion, travel managers at consulting companies look like they'll be following suit. Capgemini, for example, spent \$600 million on travel in 2019, but that will take a "zero-based" budget approach this year.

Cognizant is meanwhile introducing pre-authorization requirements for all travel requests in 2022, which will be tied to budgets. "We found our sales teams and client teams have been very successful at virtual presentations. We're going to try and continue that," said Drew Mitchell, its regional travel director for the Americas.

And it wasn't just business meetings that could switch over to platforms like Zoom and Microsoft Teams, because exhibitions and conferences also successfully went virtual, moving to platforms like Hopin and Bizzabo, among others. And these platforms continue to raise hundreds of millions of dollars in funding. The virtual event tech market saw record revenue throughout the pandemic, with some research pointing to it reaching \$24.2 billion by 2028, with a forecast annual growth rate of 12.4 percent.

Their prevalence, and the embedded approval rules, mean finance teams are wrestling back control of travel in the age of Zoom.

Ever-Converging Travel and Expense

Finance execs are also having more say in travel owing to the marriage of travel and expense platforms. The bigger corporate travel agencies made significant inroads in developing expense management solutions during the crisis. Take American Express Global Business Travel's Neo1, for example, as well as BCD Pay and TripActions Liquid.

"Finance, travel management and procurement are the most relevant internal stakeholders to payment and expense management in business travel. Finance is typically the primary decision-maker, especially when it comes to selecting payment and expense solutions and valued added tax reclaim," according to BCD Travel.

Traditional expense platforms are also forming more alliances with travel agencies, including Embruse and AmTrav. Then there are fintech companies and banks themselves merging ever closer with travel platforms.

Chief finance officers will need little persuading, as there'll be more pressure to control all costs coming out of the pandemic, and platforms that can give an overall view of every single outgoing — with travel included — will find friends easily.

The remote work factor is also set to influence a tighter grip on travel by the bean counters. The future volume of corporate travel is still up for debate, but while that back-and-forth conversation continues, employees are setting up home offices and expensing items like they've never expensed before.

There were reports of donuts and home deliveries at first as companies treated employees who were suddenly stuck at home, then desks and other office supplies, and more recently software subscriptions to work more efficiently. It all adds up.

The upshot is that the business trip, for now, is falling into a much bigger bucket of other spend categories. And while some cynics may say companies will continue to curb travel mainly for financial reasons, rather than it being related to climate change, optimistic sustainability goals could yet have the biggest impact on the future of corporate travel, and its perception as cost, rather than investment.

09

Unbundling of Services Spreads Across All of Travel

By Cameron Sperance



Skift Take:

Travelers may balk at another sector of travel unbundling services and amenities. But it can provide struggling travel companies with revenue during the recovery, especially if other tactics like resort fees face legal challenges.

The greater travel industry is taking heed to a piece of airline policy that customers spent years fuming about.

The airline industry returned from multiple economic hits — an early 2001 recession, the Sept. 11 terrorist attacks, and the 2008 financial collapse — first with a consolidation strategy.

But another revenue driver emerged through the process of unbundling or charging for individual services previously included in a ticket's fare like checked baggage, meals, and even window seats.

Now other travel sectors are diving into unbundling and the up-charging playbook as they recover from the pandemic.

The cruise industry swelled in popularity over the decades by its all-inclusive pricing, but that changed in the mid-1990s when cruise companies like Carnival Cruise Line unbundled airfare from the main cruise price, lowering advertised prices for a cruise in the process.

The cruise unbundling practice spread in recent years to other services previously included in a single fare.

Carnival, Royal Caribbean, and Norwegian Cruise Line now charge to some degree for room service after once offering the service for free. However, Carnival walked back plans for a larger rollout of room service charges announced heading into 2019 due to so much backlash.

There are now charges for fancier cuts of meat and lobster tails on many ships. Certain restaurants and entertainment venues at sea also come at an added price. A financial hit like the pandemic is precisely the motivation any company needs to roll out new policies like more unbundling.

Theme parks are also in on the action.

A trip to a Disney theme park is a build-your-own vacation package, spread across a variety of price points for hotels and access to different parks. There's even a dynamic pricing model where guests pay more to access parks at peak travel seasons.

Universal and other theme parks offer express passes to skip lines and get to a ride faster — sort of like an amusement park equivalent of an expedited security lane found at an airport.

The pandemic is likely to usher in a new player to the unbundling game.

The health crisis triggered a reduction in many hotel services with the goal of less human contact, but the return of those services is now often considered as add-ons with accompanying a la carte pricing.

"It's the concept of productizing everything," MCR Hotels CEO Tyler Morse said. "That's à la carte pricing."

The MCR-owned TWA Hotel at New York City's John F. Kennedy International airport is the company's incubator for its a la carte pricing experiment. Products and amenities like early check-in, late check-out, meeting space for a small group, and even access to the hotel's fitness center and popular rooftop pool during peak times are all available — for a price.

Prices range from \$10 for early check-in to \$20 for late check-out. There is a \$25 fee to access the pool and adjoining bar, both of which come with views of the JFK airfield, during

“

If you own a brand, you want to give more things away for free. That's how you build stronger brands: more stuff, less money.”

TYLER MORSE
CEO, *MCR Hotels*

summer weekends. A day pass for the fitness center, which includes a Peloton studio, is \$20.

That was only the beginning. Like airlines that charge economy passengers for more desirable seats closer to the front of a plane, hotels can follow suit. Rooms further away from elevators or at building corners can command higher prices, the thinking goes.

Analysts even think the scaling back of daily room service during the pandemic at many price segments of hotels presents an opportunity for owners to charge for those who still want the service.

But that doesn't mean everyone is rushing to follow the unbundling model.

Marriott CEO Anthony Capuano pushed back on the idea of a la carte pricing, [telling the Wall Street Journal](#) last summer guests would balk and that he wasn't convinced even hotel owners would support the move.

Morse isn't buying that logic and said there has been "incredible amounts" of positive feedback from the hotel ownership community. "If you own a brand, you want to give more things away for free.," Morse said. "That's how you build stronger brands: more stuff, less money."

But another catalyst that might foster an industry embrace of à la carte pricing is the [legal crackdown on resort fees](#), daily surcharges the major brands have permitted hotel owners to charge for dubious extra offerings like food and beverage vouchers or outdated amenities like free long distance calls on a landline.

If resort fees go away, which several U.S. state attorneys general are pursuing, brands are going to

have to appease these owners with a new revenue generator during the choppy recovery from the pandemic.

Unbundling can be that financial life raft — as long as it doesn't go too far, no matter what travel sector is doing the unbundling.

"There are different schools of thought. My view is very simple: People are happy to pay for perceived value," JLL Hotels CEO Gilda Perez-Alvarado said. "If you're going to go into a place and everything is a la carte, that may be a turnoff. For some, maybe it works. But I don't think it's one size fits all."

▼ *The TWA Hotel at JFK Airport has unbundled its fitness center, including a Peloton studio, for \$20 a day.*

Source: TWA Hotel



Skift.

LIVE EVENTS

THE LEADING CREATIVE
BUSINESS EVENTS IN THE
GLOBAL TRAVEL INDUSTRY



SKIFT FORUM EUROPE

Mar – London

TRAVEL LOYALTY SUMMIT

Apr – Online

FUTURE OF LODGING FORUM

May – New York City

SUSTAINABLE TOURISM SUMMIT

June - Online

SKIFT GLOBAL FORUM

Sep – New York City

SKIFT AVIATION FORUM

Nov – Dallas Fort-Worth

SKIFT FORUM EAST

Dec – Middle East

DESIGN THE FUTURE

Dec - Online

2022

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10 |

NEW BOOKING PATTERNS CREATE

Novel Opportunities

by Dennis Schaal

Skift Take:

Volatile booking patterns will give fits to travel demand forecasters and revenue managers, but the slice of remote working that endures could expand the addressable travel market and provide plenty of upside.



The pandemic upended traditional travel patterns, tightening the booking window before travelers buy a flight ticket or reserve a place to stay, and it made providing them the flexibility to change travel plans at short notice of paramount importance.

In commenting on Accor's first half of 2021 results in July, CEO Sebastien Bazin said 50 percent of the group's bookings occurred less than three days before stay. Accor Deputy CEO and Chief Financial Officer Jean-Jacques Morin added that booking windows and cancellation rates need to be viewed in tandem.

"I mean, you saw a huge increase in the booking window and stuff in the States, but you also saw a lot of cancellations following that when rules were changed," Morin said.

Airline Weekly Editor Madu Unnikrishnan said the booking window for international flights is still an abbreviated 30 to 60 days compared with around 90 pre-pandemic.

The issue for the travel industry and travelers is the potential longevity of some of these policy changes, which range from major airlines eliminating change fees and offering refundable fares to hotels elongating cancellation windows, if and when the pandemic or others following it subside.

When the coronavirus outbreak transitions into an endemic status, will the upheaval in travel booking patterns and the flexibility in booking options persist?

Out of necessity because of ever-shifting travel restrictions or just for convenience, travelers like many of these flexible booking options. When some employers order the workforce back into the office one day, it will undoubtedly trigger employee resistance. The same may be true if airlines try to bring back change fees, although the airlines would likely have the power to ram them through so some of these policy changes may be short-lived.

Airbnb claims to be using new booking, working, and living dynamics to its advantage.

Airbnb CEO Brian Chesky said in September at Skift Global Forum at JFK Airport that 40 percent of people who search on Airbnb show up to search places to stay without knowing where they want to travel to or precisely when. In fact, he said, 500 million people tried Airbnb’s flexible destination search feature in the seven months since it debuted.

That gives Airbnb the opportunity to point those travelers away from sold out and over-touristed destinations, and toward less-traveled areas where it has hosts and homes to meet demand.

Chesky said one-fifth of the company’s business should not even be considered “travel” because it is for stays of 30 days or longer. “And so what that means is if you don’t have to go back to the office five days a week, it means every weekend could be a three-day weekend,” Chesky said. “It means every summer could be an opportunity to go away.”

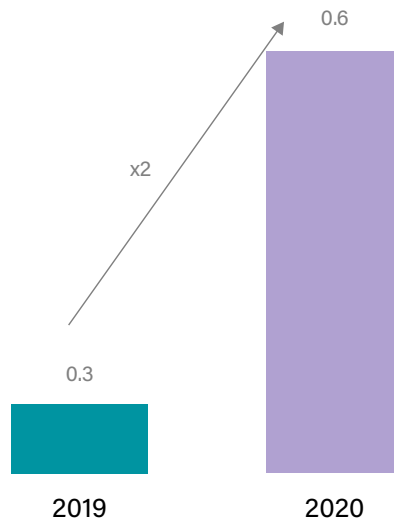
Glenn Fogel, the CEO of Booking Holdings, agreed at an investor conference in December that there will be more “mixed trips,” with people going somewhere and working on a Thursday and Friday from that location, and then enjoying some down time for fun and travel on Saturday and Sunday. In addition, people working remotely may have to travel back to the office once a month or quarter, he said, expanding the travel industry’s total addressable market.

“I don’t think anyone knows yet how big, how much, but you end up with these flexible work environments and that’s just going to create more travel opportunities,” Fogel said.

Greece-based Blueground, which designs and furnishes short-term rentals, saw its roster of guests working remotely in the U.S. in 2020 rise to 25 percent, a 5-fold jump from the pre-pandemic mark, with many citing a “change of scenery” as prompting their bookings, said co-founder and CEO Alex Chatzieleftheriou.

The number of Blueground guests globally in 2020 who extended their stay beyond the original booking duration doubled to 60 percent, he said.

Blueground Guests Extending Stays Doubled to 6 in 10



Source: Blueground

Guests’ desires for flexibility in their long-term stays prompted the company to test the Blueground Pass, which “allows people with one contract to move within the networks and stay wherever they want,” said Chatzieleftheriou. That means guests can freeze their listing for a month without having to pay rent, and “go for a month to visit their parents or vacation somewhere,” he added. Blueground has waived a subscription fee for the perk during the beta but may add one later.

In addition to shedding most change fees and making more fares refundable, Delta Air Lines extended SkyMiles benefits and Medallion status into 2023 “to give our most loyal customers more flexibility as travel resumes,” CEO Ed Bastian said in October during the company’s third quarter earnings call.



The volatility in travel restrictions and booking windows can wreak havoc for revenue managers, providing opportunities for an assortment of technology providers to step in with expertise, or to fail if flummoxed.

As a Boston University School of Hospitality Administration article said, “When travelers change their booking behavior, the underlying data structure that was used during estimation also changes. In other words, the historical patterns that were identified by the models to produce accurate forecasts may no longer be valid. If the algorithms are not updated to reflect the new booking environment, accuracy may decline contributing to less optimal rate recommendations and other revenue management decisions.”

You can expect ongoing volatility in booking patterns in 2022 and beyond.

“

“I don’t think anyone knows yet how big, how much, but you end up with these flexible work environments and that’s just going to create more travel opportunities.”

— **Glenn Fogel**
CEO, Booking Holdings



WHY ABU DHABI IS POISED TO BE A LEADING MEETINGS DESTINATION IN 2022



Skift Take:

Abu Dhabi realizes that prioritizing the health and safety of residents and travelers, while constantly innovating around infrastructure, technology, cultural and experiential offerings, and business and industry, is key to being a powerful destination partner on a global scale in 2022.



The health and safety readiness of a destination is now a critical consideration for event planners and organizers — and some cities are performing better than others. Abu Dhabi recently topped [a global ranking](#) comparing cities' responses to the Covid-19 pandemic, due to the United Arab Emirates' No. 1 position globally on vaccinations, as well as its robust healthcare system, innovative smart technology, and aggressive testing protocols.

As meetings and events planners seek out new destination partners for a return to in-person events — in a dramatically shifted landscape with new attendee wants and needs — Abu Dhabi has emerged as a top choice, thanks to its focus on safety, thriving business landscape, strong infrastructure and facilities, and broad range of cultural offerings and activities. SkiftX spoke with Mubarak Al Shamsi, director, Abu Dhabi Convention and Exhibition Bureau, Department of Culture and Tourism - Abu Dhabi, to learn more about its innovative meetings and events strategy for 2022.

SkiftX: Traveler health and safety remain top of mind for business leaders at the moment. How has Abu Dhabi committed to public safety and responsible tourism to instill trust and confidence among its residents and travelers?

Mubarak Al Shamsi: The United Arab Emirates ranks number one globally in vaccinations administered, with 92 percent of its population fully vaccinated. Abu Dhabi has established multiple PCR testing facilities throughout

hospitals and purpose-built drive-through clinics, making testing easily accessible and convenient. PCR testing is available within key tourist precincts, hotels, and attractions at an affordable cost of \$13 (AED 50) per test, with results delivered via SMS and the government-devised Al Hosn mobile application.

The Al Hosn app grants users having negative test results with a 'Green Pass', allowing seamless access to Abu Dhabi's tourism establishments, malls, restaurants, and events. Strict precautions and protocols are still in place throughout the city, such as thermal scanning, EDE scanning, mask wearing, and social distancing measures.

Additionally, the Go Safe certification program recognizes hotels, restaurants, malls, cultural attractions, and other public spaces following rigorous hygiene standards, further demonstrating Abu Dhabi's commitment to safety and responsible tourism.

Finally, Etihad Airways, our national airline, requires that all inbound visitors secure a negative PCR test result 48 hours before boarding their flight into Abu Dhabi and take another PCR test upon landing at the airport. Quarantines are not required for vaccinated inbound travelers and those coming from appointed Green List countries, which lists 71 countries as of January 2022.

SkiftX: The meetings and events industry significantly changed since 2020, but in-person opportunities continue to recover. How is Abu Dhabi well-positioned to capitalize on this demand for physical events while still prioritizing safety?

Al Shamsi: Abu Dhabi navigated its way through the pandemic by showing an unwavering commitment to the health and safety of its residents and visitors, which continues today.

Entry to events requires the Green Pass and a negative PCR test result received within 96 hours of the event, in addition to EDE scanning, mask wearing, and social distancing protocols.

Abu Dhabi strongly supports planners and organizers hosting meetings and events in the city. The Advantage Abu Dhabi program, offered by the Abu Dhabi Convention and Exhibition Bureau, part of DCT Abu Dhabi, aims to increase the overall value proposition of the destination by providing an array of support throughout the event planning cycle, including financial aid.

Additionally, Abu Dhabi National Exhibitions Company (ADNEC) plans to expand its facilities and infrastructure, including the development of the largest exhibition hall in the Middle East and North Africa, which will boost its competitiveness and ability to attract and hold major international events, boasting an overall area of 108,000 square feet (10,000 square meters).

SkiftX: A destination's leisure and wellness offerings are increasingly important to planners seeking out one-of-a-kind experiences for attendees. What unique activities does Abu Dhabi offer event attendees?

Al Shamsi: Abu Dhabi is a bustling city, vibrant in historical, cultural, and leisure activities. But it also has stunning coastal and desert landscapes and has developed several ecotourism initiatives with sustainability at their core.

Jubail Mangrove Park, for example, is a haven for native avian and marine species and features a boardwalk perfect for exploring and appreciating the mangrove sanctuary. Al Reem Mangroves house a valuable preservation project while providing ecotourism activities, such as kayaking and birdwatching. Several sightseeing spots along the coast offer the chance to witness dolphins and dugongs in their natural habitat, and the Hawksbill Turtle Conservation Programme, the only one of its kind in the region, ensures the safe hatching of hawksbill turtles on Saadiyat Island.

Inland, the Jebel Hafit mountain offers a path for visitors, hikers, and cyclists to enjoy views from the top, and the Sweihan Desert area is great for desert lovers and campers.

Also on Saadiyat Island, the Louvre Abu Dhabi displays artworks from ancient times to the contemporary era across 72,000 square feet (6,400 square meters) of galleries. Visitors can also take a kayaking tour at sunrise or sunset beneath its spectacular dome, which appears to float above the museum-city.

Additionally, Abu Dhabi hosts an impressive line-up of leisure, local, and international entertainment events, such as the HSBC Golf Championship, Mubadala World Tennis Championship, Formula 1 Etihad Airways Abu Dhabi Grand Prix, Abu Dhabi Art Fair, Mother of the Nation Festival, Al Hosn Festival, and Sheikh Zayed Heritage Festival.

SkiftX: Abu Dhabi is home to many thriving industries, including financial services, healthcare, life sciences, and logistics. How is Abu Dhabi uniquely positioned to serve the meetings and events industry in those areas?

Al Shamsi: Educational institutions such as Khalifa University and New York University Abu Dhabi spur business and industry innovation and contribute to the social and economic development of the emirate and the country. Organizations that have set up a presence in Abu Dhabi, such as the Cleveland Clinic Abu Dhabi, Mayo Clinic, EDGE Group, and global multinational corporations and NGOs, have also helped fuel industry knowledge and innovation across healthcare and life sciences, education, banking and finance, technology, renewable energy, and many other sectors.

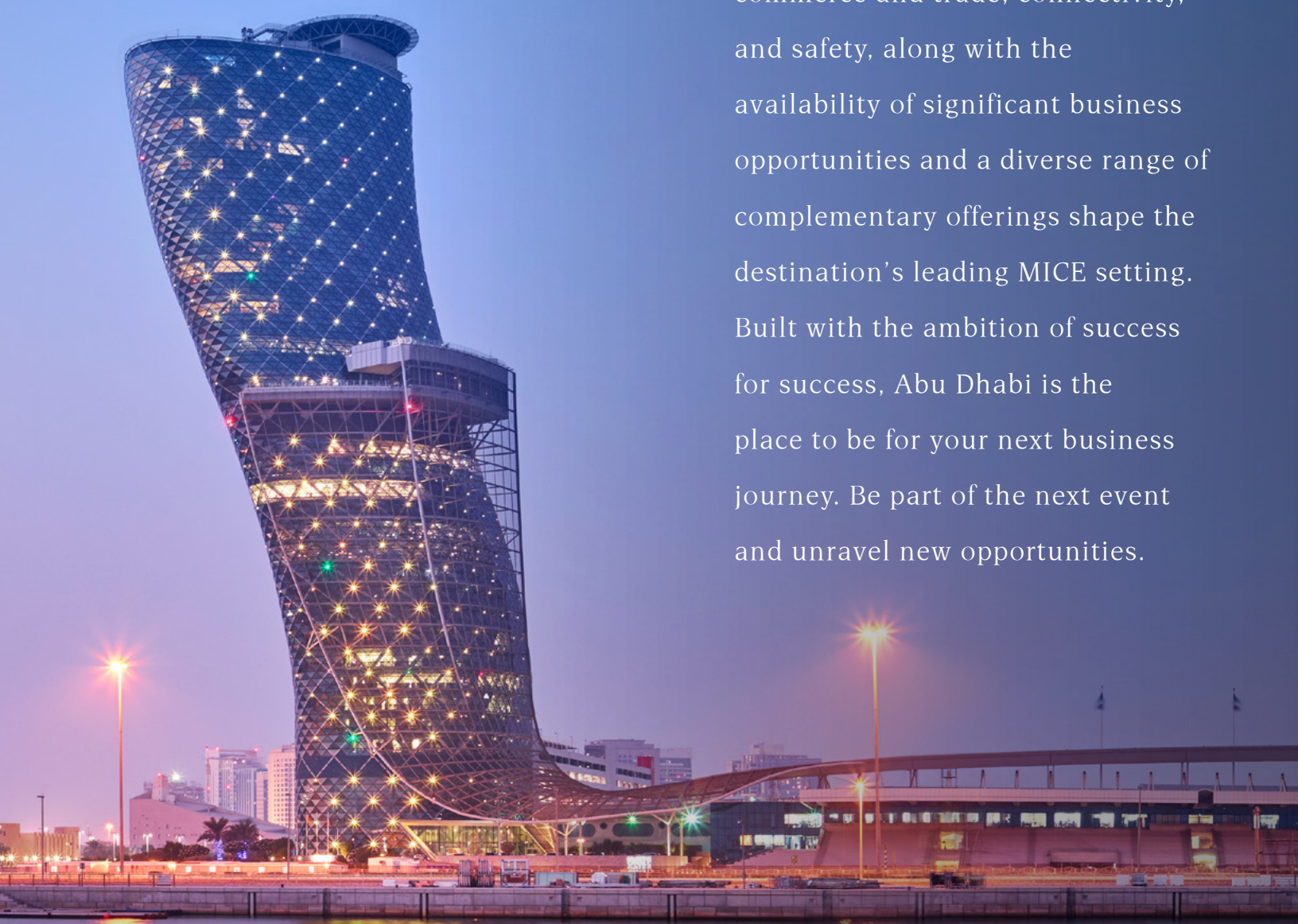
Abu Dhabi has increased efforts to attract crypto-centric businesses, as the emirate seeks to become the leading cryptocurrency center in the Middle East, having established an initial framework in 2018 to reduce its reliance on oil and gas.

Abu Dhabi's growing knowledge economy and innovation ecosystem across the public and private sectors adds value for international associations and event organizers looking to host their meetings and events in a highly competitive destination.

*This content was created collaboratively by **Department of Culture & Tourism, Abu Dhabi** and Skift's branded content studio **SkiftX**.*

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11

REMOTE WORK IS DEFINING A NEW **SOCIALIZATION** FOR BUSINESS TRAVEL

By Matthew Parsons



Skift Take:

It's the beginning of an entirely new industry, based around places and spaces that turbocharge employee gatherings.

Retreats, offsites, onsite... call them what you want, but team building will be big business in 2022 as company travel budgets are steered towards the Great Reconnection.

Although sales excess will likely be among the first lucky few to return to travel to win new business after a turbulent couple of years, CEOs will be preoccupied by the wholesale shift to remote work, hoping to reignite the spark and magic that happens when employees meet in person.

There's an extra-packed calendar ahead too as recruits who were onboarded virtually during the pandemic finally get to introduce themselves to their colleagues in real life.

But working out who gets to meet who and how often will pose a challenge for bosses. Salesforce's Marc Benioff, for example, has contemplated building a ranch-style resort for employees, where they can spend time team building, take training sessions, or even holiday with their families. It could get confusing.

Travel managers face challenges of a more technical nature: how do they physically bring so many employees together in a safe way. And where do they meet exactly? Algorithms involving cost, time, convenient airport locations and carbon emissions all come into play. The process will be made more complex by dispersed workforces, fluid travel restrictions and hybrid meeting requirements.

The Business of Company Culture

Suppliers spot a golden opportunity here. Specialist retreat planning platforms like Troop and NextRetreat raised extra funds in 2021 to delve deeper into the market, while corporate travel agencies invested in new features — these include TravelPerk (Events) and TripActions (Team Travel) to win over meeting and event organizers.

There'll be an equally strong pull from the employee side as well. Before the pandemic, business travel was often

seen as a perk. After, larger organizations will likely clamp down on gratuitously sending dozens of employees to overseas conferences, and they'll be more of a need to justify a business trip than ever before. So human resources departments will turn to promoting how there's more to life than Zoom meetings at their company.

As well as retreats, booking platforms like Ukio envision a new breed of crossover between work and leisure travel, with companies incentivizing or rewarding their staff with long-term stays in their properties across a range of cities, ideally within distance of a local office.

Purpose-built resorts may also emerge, fusing high-spec meeting technology with productivity masterclasses in attractive locations. The sales team needs to rehearse for a major client pitch? Branches, in New York State's Catskills Mountains, is being built to develop these types of situations — a nature-themed purpose-built retreat, but not too far from the city.





Accommodations like this will seek to draw employees to inspiring locations to work hard but also relax hard. Meanwhile, some organizations are hosting “offsite” events for potential clients, and inviting their families too. Airbnb is picking up the pace too, doubling down on aspects like Wifi strength as it witnesses its average duration of stay creep higher and higher. The line between leisure and work has never been so blurred.

Beyond the Digital Nomad

Strengthening internal collaboration and reinforcing culture are top-level activities, but further ahead the concept of digital nomad will evolve. Remote workers will inevitably push further out, logging in from beach resorts or mountain cabins with their company’s blessing. Mainstream tour operators are rethinking packages for this emerging market, in particular Germany’s Tui which is rolling out “workcation” packages, enticing families to extend their vacation by adding a week or two of remote work either side.

Tui’s goal is for this to become a company benefit, rather than a reward, in the same way gym discounts or cinema tickets are offered. Fosun’s

ClubMed and Austria’s Falkensteiner Hotels & Residences are also promoting desks with a better view across their own properties, with their eyes on boosting off-season revenue. Cruise lines including Hurtigruten are also dipping their toe in the water, marketing an unusual mix of adventure and work.

Communities and cohorts will be established, with collectives of employees traveling together from location to location, adhering to company-approved programs, plans and itineraries. Dutch hotel firm Zoku is basing its business model on this, expanding its footprint across Europe and hosting groups of up to 30 people who journey and work together, while Selina’s Remote Year programs offer different lengths of stay to adventurous nomads.

Many popular tourist destinations hastily developed digital nomad visas during the pandemic, providing the wider travel industry, and global businesses, a rudimentary framework to explore more opportunities and avenues to reunite dispersed workforces. But of course not everyone will be won over. Masayoshi Son, CEO of SoftBank, one of the world’s biggest investment funds, said he now prefers talking business deals on Zoom — over dinner and a glass of wine. Old pandemic habits may die hard, but for the majority of people a chance to reconnect will be welcome.





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12.

THE RAPID RURALIZATION OF TRAVEL



SETS STAGE FOR NEW OVERTOURSIM

Skift Take:

The ongoing urge for nature and for rural escapes post-pandemic has created a new kind of overcrowding. As the travel industry taps into this huge business opportunity, the need to craft innovative solutions to manage the impact on communities and the environment is now urgent.

by Lebawit Lily Girma

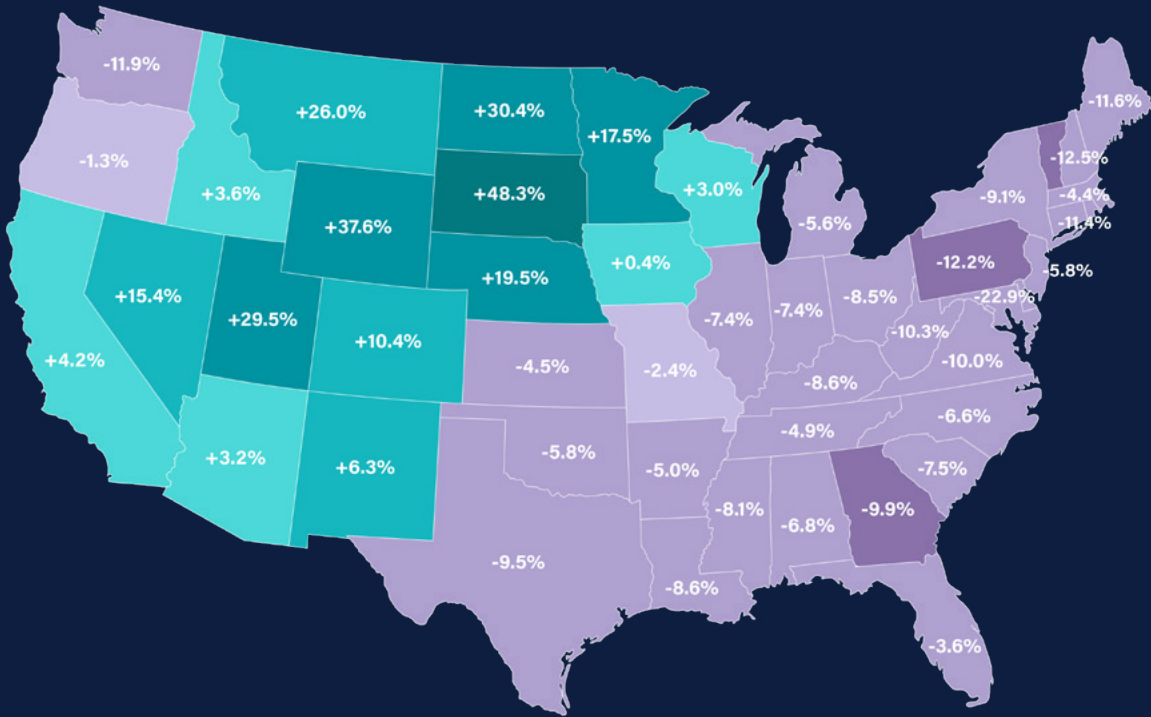
Destinations the world over gained respite in the pandemic’s early days from the throngs of tourists that had reached uncontrollable sizes. Nature was also getting a break, by all appearances. But visitation was quick to return, albeit largely domestic, as the pressure shifted from urban hotspots and their over-Instagrammed sights to protected areas and lesser visited rural corners of a destination.

The lure became nature in and of itself — its big wide open spaces and its ability to combine exploration with healing of mind and body, particularly in a major health and existential crisis amid ongoing border restrictions. And thus, the pandemic’s first summer stretch paved the way for 2021 becoming the year of loving rural destinations

nearly to death in a number of global regions. Vaccines have only cemented this rural tourism trend further.

In the U.S. and Canada, national, state and provincial parks rose to the top of the bucket list, year round and across shoulder seasons, leading to record-breaking visitation numbers. For the Chinese and Japanese, venturing into countryside lands and immersing in a rural lifestyle continues to be the safest alternative to satisfy one’s wanderlust. Over in China, according to Trip.com, rural trips were seeing a year on year increase of 300 percent as compared to 2020. The means of adventuring outdoors also continues to diversify and evolve — RV living, yurts, Airstreams, and a record number of first-timers pitching tents.

Thanksgiving 2021 road trips down just 4 percent compared to 2019



Thanksgiving Week 2021 vs 2019 Year-over-Year Change (Wed-Sat) by Home State

Driving Trips at least 50 miles from home, with stays of 2 hours or more, based on a daily index from mobile location data
 Dates Compared: Thanksgiving Day: Nov 27-30, 2019 vs Nov 24-27, 2021

Source: Arrivalist



“The fact is, camping is booming,” according to the **2021 North American Camping Report** by Kampgrounds of America, with the number of U.S. households now identifying as campers rose by a record 3.9 million in 2020. Campers have also become more diverse, with 60 percent of first timers in North America in 2020 identifying as non-white.

“In the month of April 2021, our reservation service completed more than 206,000 reservations — that’s 100,000 more than any of our previous records and nearly triple since 2017,” said Karen Jans, a Parks Canada field unit superintendent for Prince Edward Island, at the 2021 Tourism Industry Association of Canada Congress.

This intensified want for secondary destinations and for a rural lifestyle that inspires a new kind of living, one that includes climate change awareness and a desire to reduce annual long-haul travel, point to this rapid ruralization of travel intensifying going into 2022 and setting the stage for a new kind of overtourism.

In 2022, more than half of global travelers plan to take a domestic trip, according to **a joint report** from the World

U.S. National Park Total Visitation Nearing 2019 Levels

YTD 2019: 265, 122, 950
YTD 2021: 228, 606, 744 as of Dec 14, 2021

Park Report Summary

Total for SEP 2020	26,957,453	Total for YTD 2020	182,438,155
Total for SEP 2021	29,895,132	Total for YTD 2021	228,606,744
Difference	2,937,679	Difference	46,168,589
Percent Difference	10.90%	Percent Difference	25.31%

Park Report Summary

Total for SEP 2018	31,323,509	Total for YTD 2018	260,068,860
Total for SEP 2019	32,489,175	Total for YTD 2019	265,122,950
Difference	1,165,666	Difference	5,054,090
Percent Difference	3.72%	Percent Difference	1.94%

Travel & Tourism Council and Trip.com Group. Road trips are nearing 2019 levels in the U.S., per Arrivalist's Travel Index, and extended rural stays will continue in spite of cities rebounding. The UNWTO's new "**Best Tourism Villages**" initiative is also yet another bet on rural tourism's opportunities ahead as an economic driver for host communities.

"We've seen a huge boom in this experiential consumer," said Rachelle Snyder, co-founder and CEO of Arrive Outdoors, at Skift Short-Term Rental & Outdoor Summit 2021, noting that brands were now eager to access these consumers.

Tourism boards, public officials and conservation groups were ill-prepared when confronted with initial waves of rural overcrowding in Covid's first year, but a shift is now taking place. There is awareness from travel leadership and governments at the highest levels of the record demand for self-curated trips in remote rural locales and their impacts on resident communities and on the environment, good and bad.

The business opportunity is indeed huge in the face of lagging international travel — offers from tourism boards are proliferating to incentivize and tap into the domestic revenue potential. Startups offering alternative outdoor accommodations as well subscription service models and online travel agencies have seen their profits skyrocket, as investors and founders place big bets on the outdoor traveler boom and the traveler mindset shift. But this is only further driving the need for hyper-local and responsible travel marketing as well as innovative technology solutions to manage hotspots that will grow exponentially in 2022.

Responsible tourism messaging will need to fiercely target education in addition to monitoring and managing foot traffic, pointing to the need ahead for the private and public sector, jointly with marketers, to grow collaborations with host

communities and find ways to relieve visitor pressure while educating tourists on fragile and sacred lands and ecosystems. These cross-industry and cross-sector collaborations in the management of a new kind of overcrowding in nature will be critical moving forward into 2022.

Solutions to rural overtourism and dispersing visitors to lesser visited areas will beg for the smart use and development of technology — use of online reservation systems through apps, timed-entry tickets have begun for protected areas — upgraded infrastructure, as well as work to address diversity, safety and access to nature areas.

The global tourism industry is sure to scrutinize how the outdoor recreation segment and its multiple stakeholders, which includes host communities, tackle this new rural overtourism. The stage is set for the ongoing evolution of rural tourism and all of the positive and negative impacts that come with it. How fast the industry responds and innovates will be critical for the year ahead of backyard exploration as consumers continue craving outdoor connections away from the daily stressors of a pandemic-influenced life.



13

THE RESIZING OF GLOBAL EVENTS



by Angela Tupper

Skift Take:

As businesses become more selective about event attendance, the mid-sized market may lose out to the biggest players. Companies will prioritize the events they can't afford to miss and skip the rest. Smaller, community-based events will also survive.

Mid-sized meetings, particularly those that aspire to attract an international audience, are showing signs of a significant decline that is expected to continue in 2022. Large-scale iconic events will continue to hold appeal — even if some will change in format and continue to experiment with hybrid and virtual components. On the other end of the spectrum, small business events that build community and have a relatively low cost will retain a sufficient base of attendees to survive.



▲ *Web Summit Lisbon*

In the current climate of uncertainty, many businesses are being more prudent with their budgetary decisions — and that includes funds allocated to business events. The possibility of events canceling at the last minute only underscores the need for caution. Businesses now have to weigh the risks of the upfront investment against the potential lost opportunities of missing an event where all of their competitors will be represented. It's both a question of what they can afford to attend, and what they can't afford to miss.

In this context, the second-tier events will fall behind while the names with the most recognition will continue to attract registrants and exhibitors. For example, Lisbon's [Web Summit](#) is known as a must-attend event for start-ups looking to attract investors, and it recently drew over 42,000 attendees despite rising Covid cases in other regions of Europe.



▲ *IMEX America*

experience — is emerging as a bigger concern than overall volume of attendees. This trend is likely a reflection of lower attendee numbers across the board, even at the most well-known events.

Recent industry-wide research confirms the trend towards greater selectivity in event attendance. [The Global Recovery Insights 2021 report](#), produced by Explori in collaboration with UFI and SISO, released data from a survey of over 15,000 responses from exhibitors and exhibition visitors. Of the marketers looking to reduce their spend, three-quarters said that they planned to exhibit at fewer shows but “60 percent will maintain their spend on design and build and 67 percent will continue to invest the same amount in floor space.” Furthermore, the quality of events — as established by brand reputation and prior

Another differentiating factor will be the event's ability to rely on domestic markets. As the global response to Omicron demonstrates, travel restrictions can be re-imposed at any time. Further, just as business travel budgets are facing cutbacks, travel costs are rising. From a logistical standpoint, a more dispersed workforce may also make group travel bookings more difficult to arrange. Lastly, the employees themselves may be reluctant to travel given additional hurdles and ongoing health concerns. For all these reasons, events with a large share of domestic participants will be more resilient.

Among those countries able to draw from a large domestic market, the United States is particularly well positioned. Its biggest events will still be able to stay afloat even with limited ability to draw international crowds. Events taking place in Europe that would normally draw attendance from across the continent are likely to be most affected. Travel restrictions even within the EU as well and general economic unpredictability will continue to be a factor.

At the recent IMEX America event, for example, 87 percent of buyer attendees and 78 percent of hosted buyers were from the US — and that’s despite the US government loosening travel restrictions one day ahead of the event’s opening. While its overall attendance numbers were below pre-pandemic levels, IMEX America has generally been hailed as a success within the industry.

There are other positive signs that large-scale events will lead the recovery. Recent research from Truist showed that between August and November of this year, bookings for future city-wide group events and conventions in major markets rose significantly. Figures even exceeded 2019 levels over the same period, with prices up by almost 5 percent.

Smaller, More Local and Hybrid

At the same time, continued uncertainty means that many events will be smaller and more localized. EventMB’s recent State of the Event Industry survey found that 60 percent of respondents predict future events to be smaller in size, and a further 42 percent expect them to be more local. The top answer, however, was that future events will be hybrid, with 63 percent of respondents making this prediction.

Accordingly, a new emphasis is emerging with great returns on satellite events that marry in-person with virtual technologies. This model can be especially successful

for smaller events with a strong emphasis on local communities. As a case in point, IACC Americas Connect helped to pioneer the format. In total, its multi-site hybrid event attracted 137 in-person attendees and 120 remote participants. By comparison, the 2019 edition was held in Toronto with 230 attendees. Following the success of IACC Americas Connect 2021, the organization adapted its annual meeting into a hybrid multi-site event. Additionally, it has since developed a IACC MultiPOD Meeting format that allows other organizations to follow the model.

While it may be more difficult for boutique, mid-market events to survive in this context, some may opt for a fully virtual format. Overhead costs are lower for the event organizers, and virtual participation represents a much lower level of commitment for attendees. Although Explori’s The Global Recovery Insights 2021 report found low satisfaction levels with virtual events, respondents did show a greater willingness to participate in new events as remote attendees.

What constitutes a mid-sized event and which events are most at risk is debatable and will depend on the industry sector and region where the event takes place. Any event that is not considered the must-attend event of its sector, yet still has ambitions to attract an international audience, is likely to struggle.

Organizers of mid-sized, in-person events may look to virtual or hybrid formats as a solution to declining revenues. EventMB research, however, suggests that monetizing events in these formats is more challenging and they offer no guarantees of additional reach when compared to equivalent in-person events.





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14

The Rise of Premium Leisure Air Travel

*by Madhu Unnikrishnan
and Edward Russell*



Skift Take:

A lot has changed for airlines since 2019. One big shift is more vacationers are flying in the front of the plane, and these “premium leisure” travelers are prompting airlines to make some big investments to make a buck.

Lufthansa Group CEO Carsten Spohr noticed something odd in the summer of 2020, during the depths of the Covid-19 pandemic. Business travel had all but disappeared, and the conventional wisdom held that the front of his airline’s aircraft would be virtually empty. But instead, as leisure demand made its first tentative steps toward recovery, vacationers booked premium seats.

“First class, by the way, is nowadays more leisure than corporate: Wealthy French, German, and Swiss people,” Spohr said in November 2020. But with long-haul passenger flights all but grounded, it seemed more a pandemic-era blip than anything lasting.

It wasn’t long, however, before the heads of Emirates, Qatar Airways, and other long-haul airlines started to notice the same thing. Road warriors were not flying, but premium demand was proving surprisingly robust, or at least much better than anyone expected.

Fast forward to the end of 2021 and what was an interesting pandemic-era anomaly is now a full-blown trend. Business travel still is a fraction of what it was before the pandemic, with guesses on when it will return to 2019 levels varying wildly. But in the meantime, leisure demand is picking up and

Airlines are betting the premium leisure trend is here to stay and investing serious cash in expanding their business and premium-economy cabins. ►

Source: Delta Air Lines

could approach — or surpass — 2019 levels in numerous domestic markets around the world, including Brazil, China, Europe, and the U.S. this year. And increasingly, those leisure travelers are choosing to sit in the front of the aircraft.

There are many reasons why. Would-be travelers stayed home for more than a year, postponing long-planned vacations. Meanwhile, restaurants and entertainment venues were closed, so households saved record amounts of discretionary spending. A recent analysis by Oxford Economics found that Americans had saved an additional \$2.6 trillion during the pandemic, and estimated that they will spend down roughly \$360 billion of that through the end of 2022. So, as countries began to re-open and travel restrictions began to ease, vacationers — or even people planning trips to see friends and family — rushed back to travel, and increasingly, they used some of that excess cash to book more luxurious trips.

And who wouldn’t when it means a serious amount of additional space? A premium economy seat on American Airlines is roughly 2 inches wider, has 7 inches more pitch



— or the space from the seat front to the seatback of the row ahead — and reclines farther than an economy seat. That’s not to mention a larger personal TV screen, and a better inflight service in non-Covid times. First and business class seats are even more spacious and, these days, almost always convert into lie-flat beds; however, these cabins at the front of the plane also come at much higher price points than economy, or even premium economy, seats.

This emerging “premium leisure” trend has not been lost on airlines. Some, like Delta Air Lines and International Airlines Group (IAG) — the parent of British Airways, Aer Lingus, Iberia, and Vueling — are putting their money where the demand is and investing in expanded cabins to cater to this new class of traveler. Delta will add premium economy seats to Boeing 767s that it will retire in as little as five years, and British Airways will expand the same cabin on its jets, particularly after the retirement of its first- and business-class heavy Boeing 747s. There’s no clearer sign that an airline thinks a trend is here to stay than when it invests in upgrading its hardware; a process that can take years to complete and cost tens of millions of dollars.

And airlines are investing for what they see as a good reason: An opportunity to make more money. The cabins — first, business, and increasingly premium economy — generate a disproportionate amount of the revenue for the amount of space they use on any given flight. Premium economy, for example, is touted by many as the most profitable cabin on their aircraft, as it takes up far less space than more spacious lie-flat seats further front but commands fares often double or more the economy seats in the back.

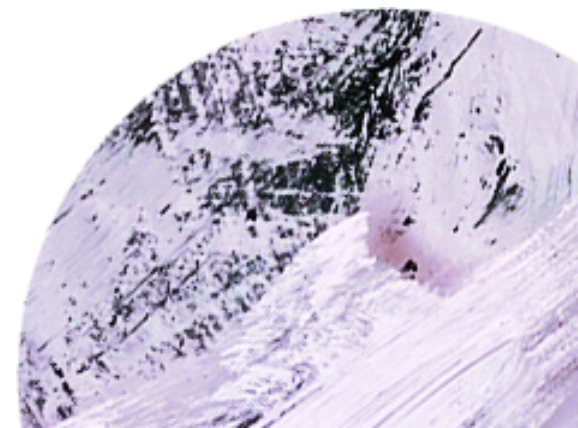
United Chief Commercial Officer Andrew Nocella said in October that, based on what the airline has seen in recent months, it anticipates premium leisure travelers will drive a long-term 2-3 point increase in the revenue it makes off of leisure travelers. Prior to the pandemic, vacationers made up roughly half of United’s revenues.

Travelers who can afford these nicer seats stand to benefit from airlines’ investments. But the question remains: When road warriors return, will vacationers still be able to afford this slice of additional comfort in the sky, or will they be forced back into cattle class?



▲ *With savings built up from months without travel and with limited access to restaurants and entertainment venues, leisure travelers are splashing out on seats in the premium cabin, and airlines have taken notice.*

Source: Air France



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