

2023

Top 12 trends shaping the future of travel and destinations

An evidence-based analysis by Twenty31
tailored for Fiji's tourism industry



MINISTRY OF
COMMERCE, TRADE,
TOURISM AND
TRANSPORT



Fiji Hotel and Tourism Association



Australian
Aid 



We reviewed over 30 different media sources from 3 different categories to identify and support our top trends for 2023. Trend analysis focuses on defined consumer & market development over a sustained period.

Mainstream media



Economic / business media



Tourism media



2023

SECTION 1: The Economy



01

Inflation will negatively affect some audience segments' ability to travel

Driver: Supply & demand

Impact on the destination: High

Sub-driver: Enabling environment

Implementation term: Short term

Monthly 12-month inflation rate in the United States from January 2020 to October 2022



Inflation is eroding profitability in some destinations, accommodations, and tourism sectors as these assets struggle to find a balance to control price escalations. On the flip side, escalating costs passed onto visitors are equally **disrupting travellers' plans and budgets**, causing many traveller segments sensitive to price to rethink their plans. Continued and increased inflation could start to **determine who, where, and if people travel**.

Global implications

Inflation may hurt profitability in the travel industry and influence travellers' plans. It poses challenges for destinations and businesses as they try to balance rising costs and competitiveness.

Actions for destinations

Focus on less price sensitive travellers to maintain profit margins. Explore options to cut costs with the automation of roles and AI to target and convert markets with greater efficiency.

Recession will slow recovery, but tourism recovery will continue

Driver: Supply

Sub-driver: Enabling environment

Impact on the destination: High

Implementation term: Long term

In spite of a looming recession, pent-up demand has **travellers focusing on prioritizing travel** with their discretionary spending. Thirty per cent chose taking a dream vacation **when choosing one large discretionary purchase** heading into 2023.

Global implications

Even in the face of recession, travel is priority for many heading into 2023 helping stabilize the tourism industry in 2023 and beyond. Travel destinations reliant on budget conscious travellers may suffer as well as other industries.

Actions for destinations

Re-frame offers to address travellers taking shorter trips, fewer trips, or trips to less expensive destinations. More flexibility on bookings and flights will also be favourable among travellers.

03

Currency differentials will impact affordability for some traveller segments

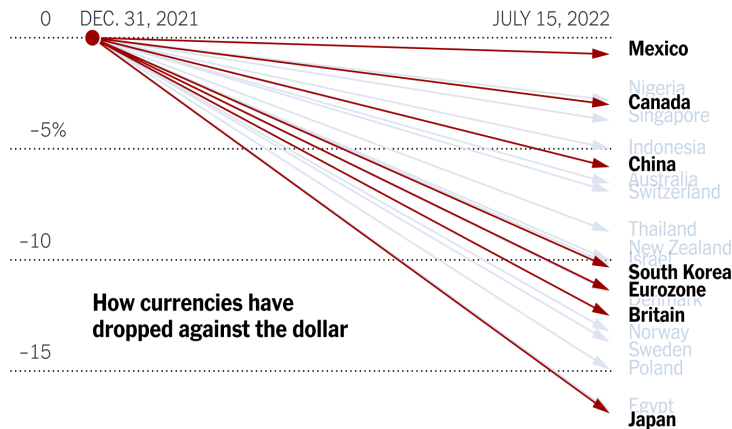
Driver: Supply

Impact on the destination: High

Sub-driver: Enabling environment

Implementation term: Short term

U.S. currency will continue to dominate, making **travel to the U.S. from international source markets** including Canada, Europe, and Asia more expensive. Competitor destinations to the U.S., with cheaper currencies, **may be more attractive.**



Global implications

U.S. travellers will find the world is truly their oyster with trip of a lifetime destinations at rock bottom prices. Attracting U.S. travellers to U.S. destinations will be increasingly competitive.

Actions for destinations

Create offerings that offer substitute experiences to the U.S. at much better price points. Monitoring competitor offerings in Europe, Middle East, Oceania, and Asia will be crucial to maintaining a competitive price point.

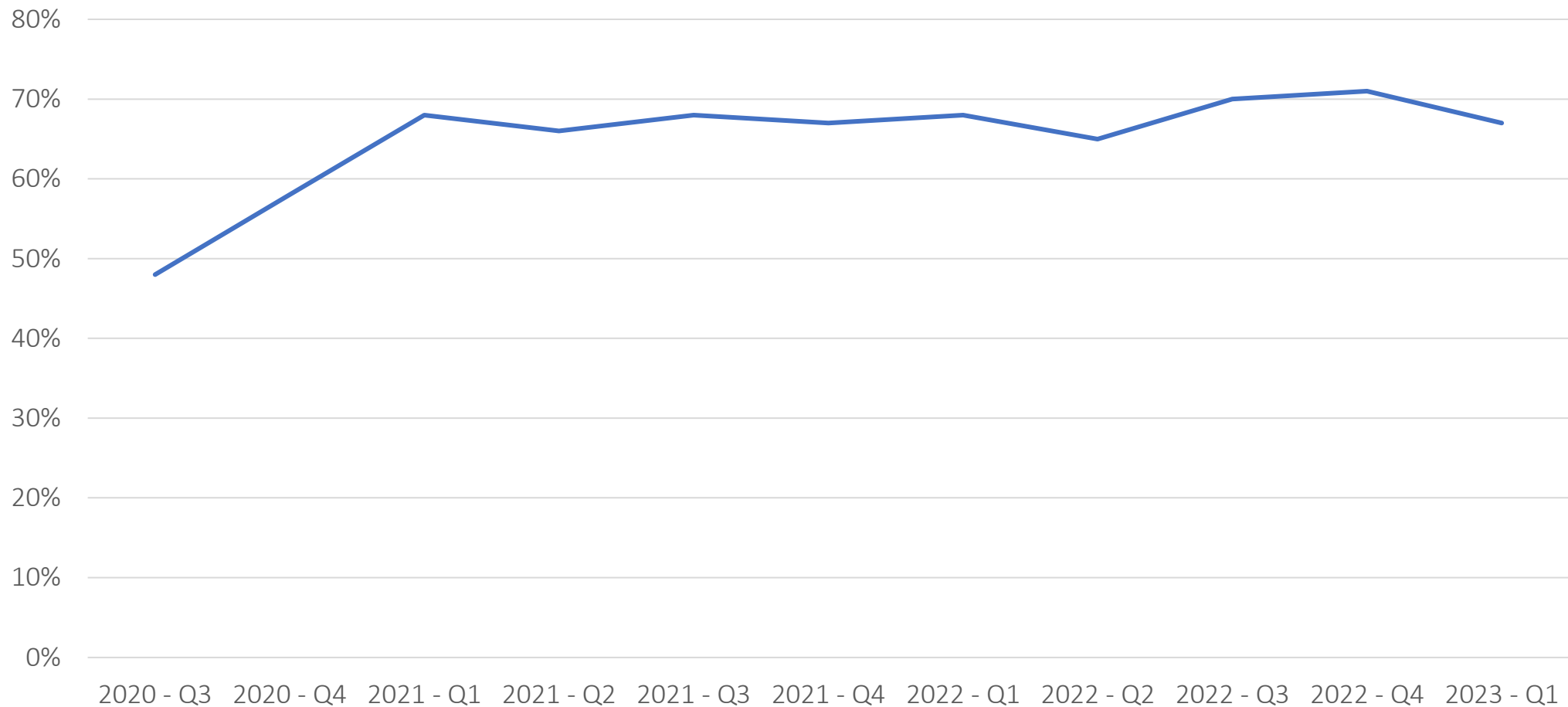
2023

SECTION 2: The decoupling Trend



Demand for travel continues to hit record levels, indicating a decoupling with economic reality.

Interest in International Leisure Travel: 2020 to 2023, by Quarter
US, Canadian, UK, German, French Travel Consumers



Pent up demand for travel will continue to support recovery

Driver: Demand

Impact on the destination: High

Sub-driver: Target markets

Implementation term: Short term

Tourists want to travel more than ever after having many of their trips in the last 2 years cancelled or postponed. **Seventy-five percent of travellers under 45 years old are prepared to spend more on their next trip than ever before.**

Global implications

Travellers have unused budgets from previous years to spend on upcoming travel. High demand for travel is creating the need to book well in advance to avoid being left disappointed.

Actions for destinations

Re-target active, engaged, younger travellers and those more resilient to economic headwinds. Ensure there are offerings and activities marketed well into the future will help capture travellers planning for long term.

05

Technological advancements are easing tourism's labour shortages

Driver: Supply

Sub-driver: Enabling environment

Impact on the destination: High

Implementation term: Short term

Technology continues to disrupt the tourism industry with global tourism boards and experts **recognizing the solutions** it can bring to tourism, especially in regards to **labour bottlenecks, visitor conversion, and more efficient marketing.**

Global implications

Technology is providing greater efficiencies in labour, marketing, conversion efforts, and supply chains, which helps to reduce costs, improve margins, and efficiency.

Actions for destinations

Select technology options that optimize marketing efficiency, labour-saving measures, and the pricing of experiences and accommodations.

2023

SECTION 3: Consumer Visitation Trends



Traveller desire for experiential travel will create need for new offerings

Driver: Demand

Sub-driver: Target markets

Impact on the destination: High

Implementation term: Short term

Some traveller segments are looking for **‘novelty, purpose, and connection’** over specific destinations. It’s passion and interest over place. They want **diverse experiences that align with their hobbies and values**. Travellers are seeking transformative experiences that will leave a lasting impact and change them as a person by the time they leave the destination.

Global implications

Some traveller segments are looking for meaning in experiences they seek. They are looking for once in a lifetime experiences that will give them a new perspective on life and align with their passions and values.

Actions for destinations

Review unique experiences and ensure that some align with the brand and purpose of their destination, which will need to stand for values that align with their target audiences. Engage with the indigenous communities to create educational offerings.

07

Nostalgic and multi-generational getaways in high demand

Driver: Demand

Impact on the destination: Low

Sub-driver: Target markets

Implementation term: Short term

Travellers want to return to their **favourite locations, connect with family history, and be transported to a pre-digital area.** Ninety percent of travellers said they are interested in a nostalgic experience on their vacation and travelling with children and grandchildren. Travellers are also **choosing locations based on TV shows and movies**, wanting to walk the footsteps of their favourite characters.

Global implications

Travellers want to feel a historic connection with the destination, whether that be through nature, bloodlines, or media.

Actions for destinations

Prioritize repeat travellers creating a story of history within the destination, and creating a nostalgic vibe within experiences and accommodations offered.

Digital nomads and remote work create new tourism sector

Driver: Demand

Sub-driver: Target markets

Impact on the destination: Low

Implementation term: Short term

This trend, accelerated by the pandemic, could become the new normal as some companies implement “hire from anywhere”/“work from anywhere” policies, **creating a market for long-stay “bleisure” vacations that allow people to work and travel at the same time.** This has particularly appealed to younger, more active travellers with fewer responsibilities and a desire to work from interesting locations.

Global implications

Remote work creates a new sector of tourism with extended stays in single destinations. This trend may support off-season and extended stay travel.

Actions for destinations

Create enabling infrastructure for digital nomads, such as longer-term visa policies, favourable tax support, and long-stay accommodation options with collective working spaces in destinations.

Demand for workable spaces creating blended accommodation in hospitality sector

Driver: Demand

Impact on the destination: High

Sub-driver: Target markets

Implementation term: Long term

Remote and hybrid work is pressuring hotels and accommodations to re-structure their offerings. Work spaces and offices are high in demand with the increase of blended travel and workers **choosing locations based on whether the accommodation can match their work requirements.**

Global implications

Travellers are looking for accommodations and destinations that provide spaces for work and creativity.

Actions for destinations

Ensure there are flexible accommodation offerings that will allow travellers to have the ability to work as well as relax.

Return of business trips create demand for flexible business package offerings

Driver: Demand

Sub-driver: Target markets

Impact on the destination: High

Implementation term: Long term

Business trips will become the norm again in 2023, with an increase in **both international and domestic** business trips. Business trips are expected to **increase by 36%** in 2023. Additionally, work-from-home teams will need to get together in real life more frequently, blending a new type of business/incentive type of travel to interesting places to support team building.

Global implications

Business trips and MICE will significantly increase in 2023 with new tourism sectors 'bleisure' and 'litness': working holidays or the ability to work whilst on holiday, will create a need for flexible business package offerings.

Actions for destinations

Prioritize business package options and the ability to host conventions with flexible hybrid options. Ensure there is infrastructure and spaces to work in airports and hotels.

Traveller focus on sustainable tourism changes demand for offerings

Driver: Demand

Impact on the destination: High

Sub-driver: Consumer sentiment

Implementation term: Long term

Young travellers are leading the cause for a shift in the tourism industry, **seeking “cool” recognition for sustainable travel bragging rights**. However, mass global tourism is not yet crafting a new and more sustainable offer and value proposition as quickly as travellers are **shifting their mindsets and behaviours**.

Global implications

Consumer sentiment is prioritizing a focus on sustainable methods of delivering tourism, and some travellers seeking sustainable products, accommodations, destinations, and operators, are not finding them easily.

Actions for destinations

Prioritize and market natural assets and environmentally-friendly experiences. Offering ‘slow travel’ alternatives such as train or boat transportation and sustainable accommodations will be attractive to the new age of traveller.

Continued focus on health driving demand for wellness tourism

Driver: Demand

Sub-driver: Target markets

Impact on the destination: Low

Implementation term: Short term

The pandemic has put an emphasis on **focusing on holistic health, both mental and physical**. Wellness tourism, a sector no longer niche, is expected to **grow 21% annually through to 2025**. Travellers are prioritizing sleep and diet offerings when choosing destinations with the recognized impact these have on physical and mental wellbeing.

Global implications

Travellers looking to use their vacations as the opportunity to de-compress from the difficulties of the previous years and to recharge their batteries beyond relaxing on the beach. They want to come home with new tools to sustain their mental and physical well-being.

Actions for destinations

Review wellness offerings beyond spa massages, attract new wellness product and experience investors to the destination, and reposition the destination as a place to unwind to support this prime reason to travel.

The prioritization of top trends is based on their impact on the destination and the implementation term.

Key:

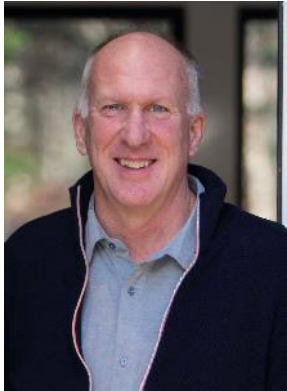
- High impact on the destination in the short term**
Destinations should put a plan and strategy in place to focus on the trend.
- High impact on the destination in the long term**
Destinations should analyze the trend and address it in the future as more resources become available.
- Low impact on the destination in the short term**
Destinations should study the trend to understand if any efforts should be put in place.
- Low impact on the destination in the long term**
Destinations should monitor the trend in case it becomes specifically relevant in the future.

For every trend we included high level categories, these categories are:

- **Driver:** Whether the driver of the trend is from a supply or demand side.
- **Sub-driver:** What specific category is creating the demand or supply driver.
- **Impact on destination:** Whether the trend will have a high or low impact on the destination.
- **Implementation term:** Whether the trend will have a long or short lasting impact on the destination.



Twenty31 Consulting is a research and innovation-based management consultancy working with senior leaders of travel and tourism organizations to define and build sustainable, competitive advantage.



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