

2019 Travel Trends and Expectations

WEX Inc.

Survey of U.S. Travelers

December 2018



WEX engaged Mastercard Advisors to develop a consumer perspective on travel trends for 2019 based on primary consumer research

Background & Objectives

- For the second consecutive year, [WEX Inc.](#) engaged [Mastercard](#) to conduct primary consumer research that would
 - yield insights into how U.S. travelers view the travel landscape, and
 - how these attitudes and preferences can be expected to impact travel trends, as well as online and offline travel behaviors in 2019
- The research insights and key travel trends are based on consumer responses about current and anticipated behavior across various aspects of travel, including
 - destinations,
 - planning and booking processes,
 - accommodations and transportation,
 - spending and payment, and
 - the use and impact of technology

Survey Methodology & Profile of Respondents

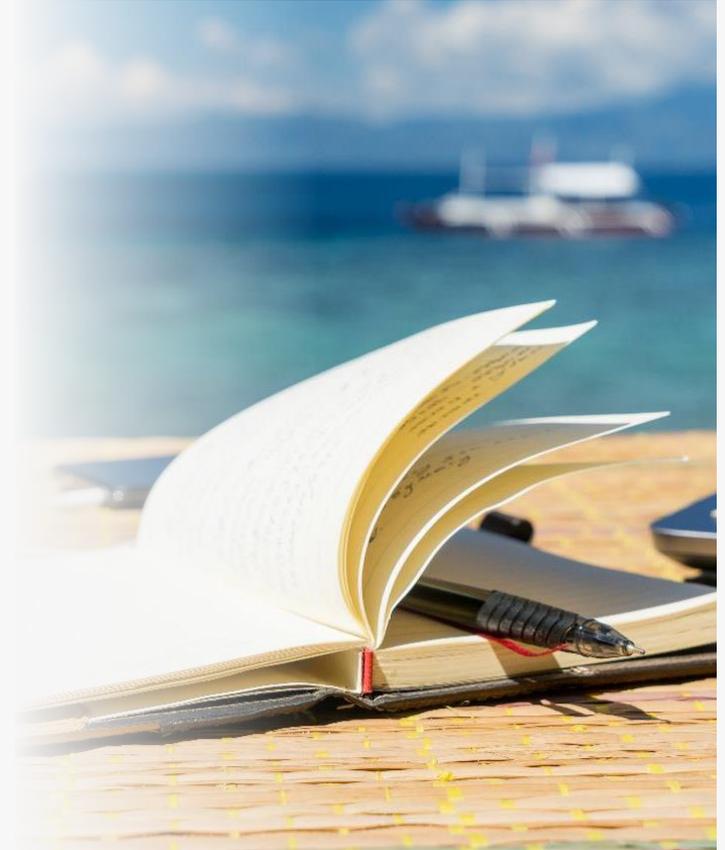
- 25-minute self-administered web-based interviews, conducted from October 3 - October 22, 2018
- Total 1502 respondents from U.S. across key demographic segments including,
 - Gen Z, 18-20 (90)
 - Millennials, 21-34 (436)
 - Gen X, 35-54 (556), and
 - Boomers, 55-70 (421)
- Respondents were screened to ensure they had taken 3 or more personal overnight trips in the past 12 months

The Year Ahead In Travel

Consider this report a round-trip ticket through the mind of today's American consumer and their expectations and attitudes about travel in 2019. As aspirational as travel is, requiring daring and imagination, it also calls for immense practicality and preparation on the part of the traveler. After all, you can't get to Iceland if your passport is expired, your PTO hasn't been approved or you've neglected to book your flight and lodging.

In our report, you'll find that the influence of technology on the travel industry, and on both the imagination and preparedness of today's travelers, cannot be overstated. From travel apps to chatbots, online travel agencies (like Booking.com, Expedia, et al.) to sharing economy services (like Airbnb, Uber, et al.) to emerging payment preferences and methods, technology now informs everything about the way that consumers imagine, book and pay for their trips. That's why technology is also the thread connecting many of our findings and predictions for 2019.

Read on for more insights specific to domestic and international travel, business travelers, accommodations, what's driving decisions when it comes to picking booking channels, destinations and activities, and much more. It is our hope that this report provides you with the insights you need to reach today's self-directed travelers where they're most likely to be: **online**.



A Look in the Rearview Mirror

Before we road-trip through the travel landscape ahead of us, let's take a quick look at how findings in 2017 align with the 2018 results.

- In 2017, 36 percent of the travelers surveyed said they anticipated taking more trips the following year, but **the number of trips taken in 2018 remained on par with 2017.**
- In 2018, respondents expressed similar intentions for 2019, likely due to the aspirational nature of travel.

One notable change from 2017:

- **Travel abroad is anticipated to increase.**
- In particular, more travelers say they will travel to Europe in 2019 than in 2018, and Asia/Pacific has become particularly popular among younger travelers.

Travel Destinations in 2018



Expected Destinations in 2019



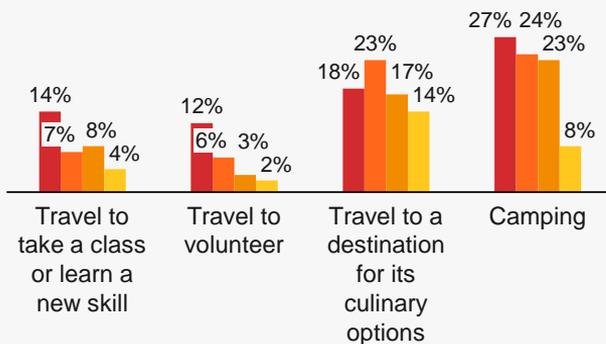
Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors

The Road (and Runway) Ahead

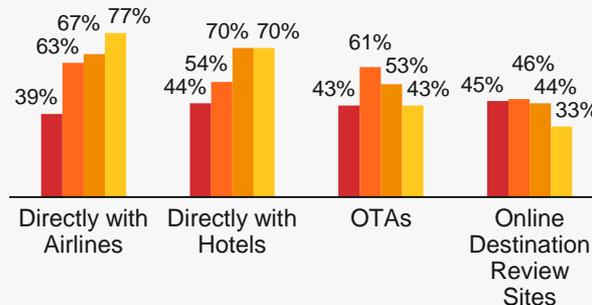
In our analysis, we looked at the ways that different age groups approach their vacations:

- Among many generation-specific findings, we learned that **younger travelers are more likely than their elders to combine leisure travel with a purpose, such as volunteering.**
- And in terms of how people book, **older travelers still prefer to book directly with the airline or hotel** while online travel agencies are more popular with Millennials.
- **Age even has bearing on how travelers pay for their getaways.** Older travelers are more likely to use their credit cards to pay for travel expenses, while younger travelers are more likely to use debit cards.

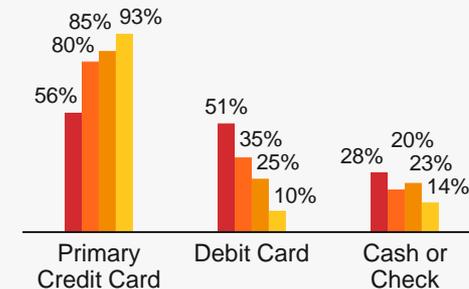
Types of Trips Anticipated for 2019
(% of respondents)



Top 4 Booking Channels in 2018
(% of respondents)



Payment Methods for Travel Expenses in 2018
(% of respondents)



Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors



Gen-Z Millennials Gen-X Boomers

Are Chatbots the New Travel Agents?

As online travel agencies (OTAs) and DIY travel-booking have surged in popularity, brick-and-mortar travel agencies have had to adjust their value proposition. In 2018, the American Society of Travel Agents even rebranded to become the [American Society of Travel Advisors](#), indicating that “travel agents are not just booking agents anymore; they have become trusted advisors.” Now, travel advisors will also have to compete with their chatbot counterparts, as artificial intelligence is expected to have its most definitive impact on the travel industry yet in 2019.

Household-name OTAs, such as [Expedia](#) and [Booking.com](#), which have launched their own travel bots into the mainstream market, have helped to normalize the use of travel bots for booking.

- We tracked a slight increase in awareness of travel bots—which allow travel booking by voice—from 2017 to 2018, and **21% of surveyed Americans said they would be comfortable booking a trip by voice** (e.g., with Alexa or Google Home).
- **Frequency of use is highest among Gen Z** (24% sometimes use bots) **and Millennials** (22%).
- However, overall demand for this service may be on the rise: **Nearly a quarter of respondents among all age groups (23%) agree that a digital assistant would improve the booking experience.**

Previous studies¹ have signaled an even greater willingness to use voice for travel-related tasks:

- **More than half of U.S. travelers are comfortable requesting general information using a voice-powered digital assistant.**
- However, **only a fifth to a third of travelers are actively using voice** for tasks like searching for or booking travel products.

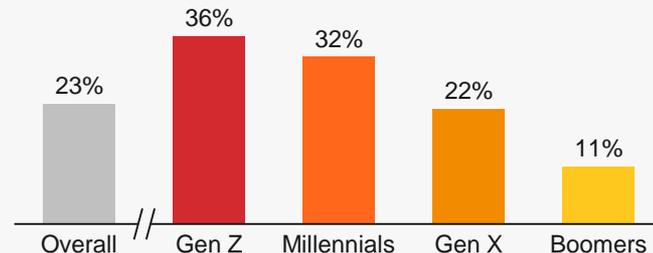
The rise in new travel bot services available for consumers coupled, with an increase in awareness and demand, all point to an untapped market ripe for growth.

Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors
1. Phocuswright's The State of Voice in Travel, 2018

Introducing Halo Travel

WEX Inc. believes that voice-activated devices open the door for more disruption in the travel industry. In anticipation, we partnered in 2018 with [Alio](#) to launch the first app allowing booking hotels and flight strictly through voice. The app, named Halo Travel, is powered by Priceline Partner Network, putting the entire Priceline travel inventory, including Booking.com, at consumers' beck and call. Halo Travel Users can simply say, “Hey Google, Talk to Halo Travel,” and their entire travel transaction can be processed via voice—without having to reach for a laptop.

Agree that chatbots/digital assistants would make the booking experience easier and frictionless
(% of respondents agree completely/somewhat)



Personalize to Inspire Younger Consumers to Pull the Trigger

What is one of the most enduring gripes about technology? That it's made day-to-day life more impersonal. Enter the trend of technology and travel companies of all stripes using data to personalize communications, delivering on technology's promise to make interactions more efficient but also more intuitive.

- Hotel giant [AccorHotels](#) said that it now sends out 1.2 billion “increasingly personalized” marketing emails to customers every year.
- Travelers seem generally receptive to this approach, even though **69% maintain that they would prefer a real person to answer their travel questions rather than a computer.**

As might be expected, younger users are more engaged with new travel technologies and report being more open to receiving personalized suggestions digitally.

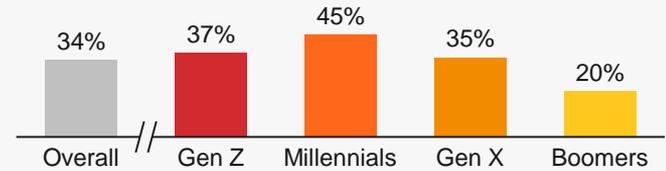
- **Almost one-quarter of all respondents (24%) would allow a computer to plan a trip based on data from their previous travel history;** however, **Gen Z and Millennials are almost three times as willing to consider this than Boomers.**

These tendencies present a huge opportunity for travel companies to reach younger consumers directly on the path to purchase. The right message or search notification can lead consumers to an entirely new idea, ultimately swaying them toward your brand versus your competitor.

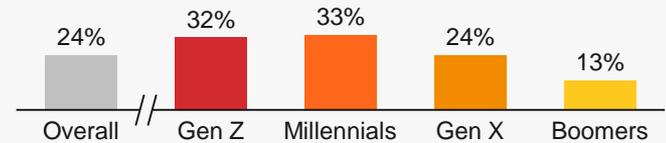
Where to Next?

While it's impossible to read consumers' minds, our research found that it's relatively easy to determine what destinations they're eyeing for that next vacation—simply look at the places they've been searching online and at their previous travel history. As the groups that have grown up with technology at their fingertips, 45% of Millennials and 37% of Gen Z claim to be very/extremely likely to book a flight after receiving a notification that's personalized based on online history and searches. More than half of Gen Z and Millennials also say they would consider booking an entire trip after receiving personalized suggestions.

Likelihood to book a flight after receiving a personalized notification (% of respondents very/extremely likely)



Comfortable allowing a computer to plan a trip based on data from travel history (% of respondents agree completely/somewhat)



Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors

The Sharing Economy is Shaking Up Traditional Models – Will Travel Companies Adapt?

Peer-to-peer (P2P) businesses—including [Uber](#), [Airbnb](#), [HomeAway](#) and others—have made headlines, incited fierce debates and transformed their respective industries, putting many more lodging and transportation options at consumers’ disposal.

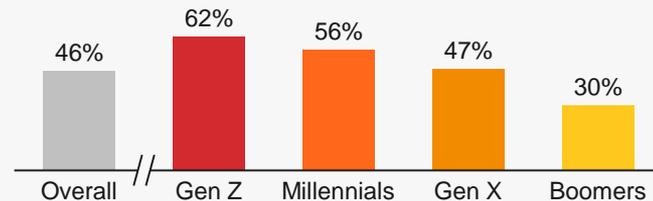
- **The two cohorts that are most open to sharing economy services? Gen Z (62%) and Millennials (56%).**
- **For Millennials** in particular (53%), the majority sentiment is that **sharing economy services allow them to afford travel.**
- **However, across age cohorts, hotels remain the most popular accommodation type.** Three quarters of those who prefer to stay in hotels do so because they say they like feeling that everything is taken care of for them.

Consumers’ preference for a specific type of travel experience also plays a significant role in the type of lodging they select.

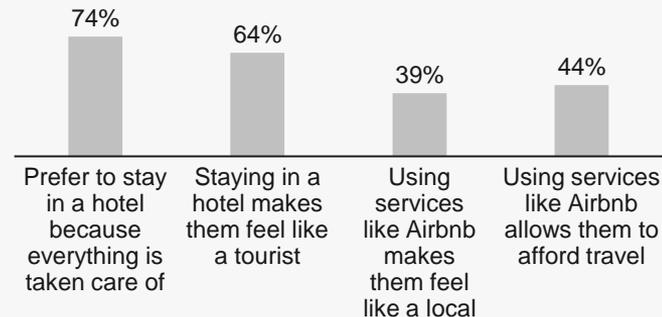
- The majority of travelers, of all ages, say **they prefer staying in a hotel because it makes them feel like a tourist**, and while many respondents reported that **they use services like Airbnb because they make them feel like a local**, the desire for pampered, comfortable accommodations outweighs the thirst for accommodations that offer an authentic, live-like-a-local experience.
- Enhancing its quest to create authentic travel experiences for users, Airbnb’s Guidebooks feature allows hosts to share information about their neighborhood’s best restaurants, bars and attractions, including “secret spots” that might not be found on travel websites or guides.

Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors

Open to using sharing economy services like Airbnb to rent a single room from a host (% of respondents agree completely/somewhat)



Accommodation Related Travel Attitudes (% of respondents agree completely/somewhat)

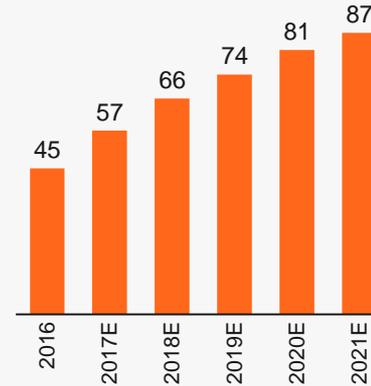


The Sharing Economy is Shaking Up Traditional Models – Will Travel Companies Adapt? (Contd.)

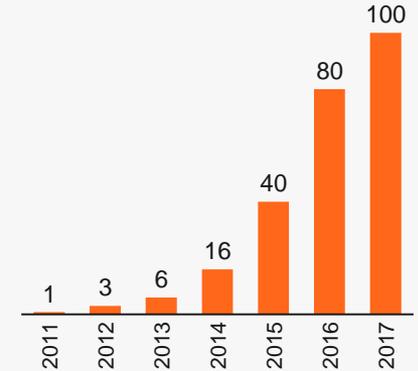
As consumers have made it clear that there's room for both hotels and home-sharing services, we predict that OTAs, P2P businesses and hotels will respond, not by digging in their heels but by adapting their offerings.

- **Hotels and online travel companies can be expected to shift their offerings to include more discounts, rewards and reviews in order to make travel more affordable and locally driven, in the long term, for Millennials and Gen Z** (the future of their customer-base).
- Already, **established OTAs like Booking.com are aiming to compete with Airbnb by offering short-term home and apartment rentals**, while Airbnb now welcomes hotels to list on its site “as long as they offer unique spaces and personal hospitality to the Airbnb community.”
- And, of course, **Expedia acquired HomeAway in 2015**; its CEO, Mark Okerstrom, recently enthused that its revenue “has basically already doubled.”

US Adult Sharing Economy Users¹ (in M)



Number of Global Airbnb Guest Arrivals (in M)



Allow Me to Be Your Trusted Guide

Traditional travel companies can differentiate themselves from the sharing economy by offering a trusted channel for booking rental accommodations. We've all read the occasional horror-story about the person who was scammed when booking a rental accommodation. However, if consumers rent a property through an OTA, such scams can be avoided. Because the consumer pays the OTA rather than the property owner, virtual card numbers (VCNs) can be used by the OTA to pay the property owner. This means the consumer's personal card information and bank details won't be passed along and avoids upfront bank transfers or check/cash payments being made straight to an owner. The virtual card solution is a win-win for both customers and providers—helping to protect both parties against fraud and misuse.

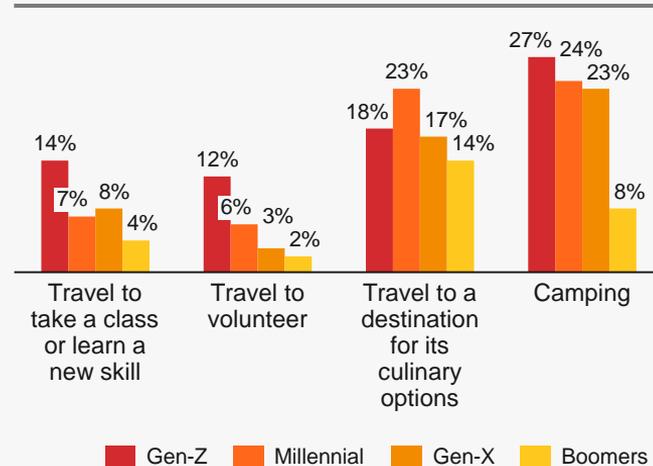
Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors; eMarketer, July 2017 report on “US Adult Sharing Economy Users and Penetration, 2016-2021”; Vizzly's “The Rise of Airbnb”, 2017

1. Includes individuals ages 18+ who have used their account for a service that coordinates P2P paid access to property, goods, or services (e.g. Airbnb, Uber)

Seeking Adventure, Combining Passion & Purpose

- From yoga retreats to international hiking trips, cycling adventures, volunteering or “foodie” tours, all signs point to travelers being **more adventurous in 2019—and younger travelers seem to be driving this shift.**
 - **Younger travelers are more likely than Gen X, and particularly Boomers, to combine leisure travel with a purpose**, such as volunteering, or to travel to take a class or learn a new skill.
 - Since younger generations are the future customer base for the industry, we might expect to see OTAs, hotels and airlines increasingly begin to offer packages that include activities.
- Along these lines, a greater depth and breadth of all-inclusive travel offerings serve as an acknowledgment that travelers have more complex needs than they’re often given credit for. The industry is becoming more responsive to travelers who want to experience more adventure but don’t yet have the confidence to go alone. For example, one hotel in Mexico offers access to its eight eco-parks as well as to immersive experiences into local Mayan culture—at no additional cost to the guest.

Types of Trip Anticipated for 2019
(% of respondents)



Yeah, But Doesn't That Complicate Things?

As more OTAs and travel companies seek to embellish their offerings with vacation packages that appeal to purpose- and adventure-seekers, they'll also have to consider how to ensure that all suppliers are united under, and satisfied with, the same booking and payment system. The challenge with many such suppliers is that they're offline, and where they are online, they often use different systems for booking that would require custom integrations. As they come online, VCNs can ease the process of working with new suppliers, as customizable integration options help simplify the payment process between the OTA and suppliers.

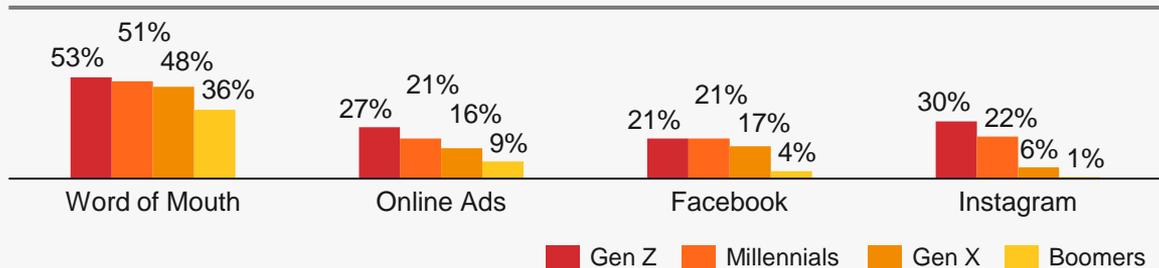
Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors

Tapping the Next Wave of Purchasing Power

- Millennials represent the next wave of travelers, but it's **the attitudes and preferences of Gen Z that will give shape to the longer-term future of the travel industry**. And while younger people are likely new to travel and therefore not yet guided by old habits, they're already making their preferences known.
 - For example, less than half of this cohort prefers to book directly with airlines and hotels, compared to the millennial cohort's 63% and 54%, respectively.
- This presents a huge opportunity for online travel companies, that can gain the next generation's attention while they're experiencing the world of travel for the first time. If businesses act accordingly, they can start fostering a sense of brand loyalty in this group at the very start of their customer journey. And because they are young, this group is impressionable. **When picking a destination or activity, both Gen Z and Millennials report being more easily swayed by online advertisements, Facebook, Instagram and word-of-mouth than their elders.**

Biggest Influencers in Vacation Destination or Activity Choice

(% of respondents)



Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors

Gen Z: Ripe for the Picking

The 18- to 20-year-olds (Gen Z) whom we surveyed are not yet loyal to one type of travel—they're still figuring it out. However, their vacation fantasies are different enough from other generations that OTAs and other booking businesses should consider that focusing on what these younger consumers want - and how they want it - may result in an entirely new user base and potentially the need for new offerings.

To continue decoding Gen Z, OTAs will need to remain nimble and innovative in every aspect of their business process. At WEX Inc., we collaborate and create tailored solutions for our customers, helping them appeal to both today's travelers and tomorrow's. We can adapt our payment solutions to any new demands posed by younger consumers.

Demystifying Business Travel

- When it comes to the “bleisure” (business/leisure travel) trend we’ve been tracking for some time, **55% of those who have traveled for business in the past year said they tend to extend their business trips to explore the city** (this is slightly less than the previous year).
 - More than a quarter of the U.S. travelers we surveyed take business trips, and like leisure travelers, they generally book directly with hotels and airlines, **more often using a personal credit card (65%) than a company credit card (37%)**.
 - The use of a personal credit card may reflect a desire to rack up loyalty rewards that they can be redeemed for personal travel, as **62% of frequent flyer program members claim to be very likely to redeem their loyalty points for travel in 2019**.
- And while “travel agent” is a title that is largely going extinct, their survival may reside in the realm of corporate travel. Our study shows there is a need for travel agents in the business and corporate travel market—**45% of respondents use their company’s travel agent**, either online or by phone, to book business trips, while an additional 7 percent rely on an in-house travel planner.

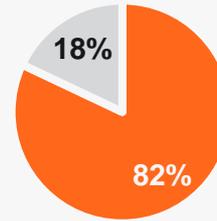
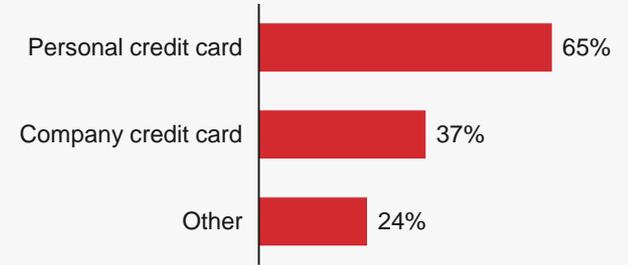
The Advantages of VCNs in Business Travel

For businesses looking to gain greater control over business travel, VCNs can be beneficial when used alongside an approved booking tool or travel agent. VCNs are specific to a particular component of a trip, such as a hotel booking or flight, so can be customized to cover an exact cost and restricted to a particular type of supplier; this gives greater protection to the business against misuse. It also reduces the burden of managing and tracking employee expenses, as a VCN can be tied back to a specific trip using custom data capture. For employees, it takes away the need to pay for business travel via personal methods, which can leave the employee with out-of-pocket costs for a time.

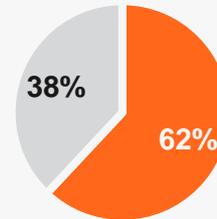
Source: WEX-Mastercard U.S. Survey of 2019 Travel Behaviors



Payment Method For Travel Expenses
(% of respondents)



Over 80% of respondents have **Frequent Flyer Membership**



Majority of Frequent Flyer Members plan to **redeem loyalty points** in 2019