

THE TIPPING POINT REPORT SERIES

2023 HOLIDAY TRAVEL TRENDS

Exploring consumer priorities for holiday travel — and how loyalty providers can leverage opportunities to engage travelers during this upcoming holiday season.

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METHODOLOGY

This report is based on two online surveys, both conducted by iSeatz in August and September of 2023. The first survey polled 2,116 U.S. consumers who belong to a loyalty program that incorporates travel-related rewards about their views on loyalty programs and their travel preferences both in general and for the holiday season. Results were weighted to accurately represent population demographics. The second survey asked 151 loyalty program managers across industries about challenges, goals, and expectations relating to their loyalty programs; the responses were not weighted.

ABOUT iSEATZ

iSeatz connects people to brands with personalized and diverse travel & lifestyle experiences. Backed by proven deliverability, reliable advanced analytics, and travel lifecycle expertise, iSeatz sets the bar for a superb journey from the very first search.

Our clients represent the best in travel, hospitality, and financial services, including American Express, IHG Hotels & Resorts, and Wyndham Hotels & Resorts.

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HAPPIER HOLIDAYS? HOW VALUE AND LOYALTY ARE DEFINING 2023 HOLIDAY TRAVEL TRENDS

The holiday season is a crucial time in the calendar year for travel operators and travel loyalty programs.

According to the TSA, the year's busiest travel days usually fall on the long Thanksgiving weekend (especially the Sunday after Thanksgiving) and Christmas/New Year's. Hotels usually experience occupancy and rate spikes during the holidays. And the loyalty programs that are explicitly aligned with travel brands (like frequent flier programs) and those that incorporate travel rewards (most other programs) see an increase in earning and redemption activity with the holiday-associated surge in consumer spending and travel volume.

This year, the holiday travel season arrives amid a unique set of contextual considerations; the years-long travel resurgence the industry has enjoyed seems to be leveling off. How will that impact the traditional November/December travel volumes? Cost has clearly dictated how many consumers traveled (or didn't travel) during the 2022 holiday season, but will persistently high travel prices prompt consumers to moderate their 2023 holiday plans?

Where the answers to these two questions intersect is the holiday tipping point for travel loyalty programs.

These programs are well-positioned to provide the reward and redemption options that make holiday travel more attainable for members while capitalizing on the heightened interest in travel that the season usually brings. However, travel loyalty programs don't consistently deliver the value they promise, which creates an opportunity for those who can.

Our recent survey of 2,116 consumers in the United States belonging to a loyalty program that incorporates travel-related rewards revealed valuable insights into their travel plans for this holiday season compared to last year. The study also revealed their main priorities and considerations and how they interact with their travel loyalty programs to find holiday travel deals.

We found that most American travel loyalty program members intend to travel for the holidays this year, and value dominates their decision-making and planning processes. Their travel loyalty programs can play a significant role in unlocking that value.

VALUE

LOYALTY



QUESTION #1

How will 2023 holiday travel volumes be impacted by the decline of the travel resurgence trend?

QUESTION #2

Will high travel prices cause consumers to change their 2023 holiday plans?

IN 2022, STAYING HOME FOR THE HOLIDAYS WAS THE ECONOMICAL CHOICE

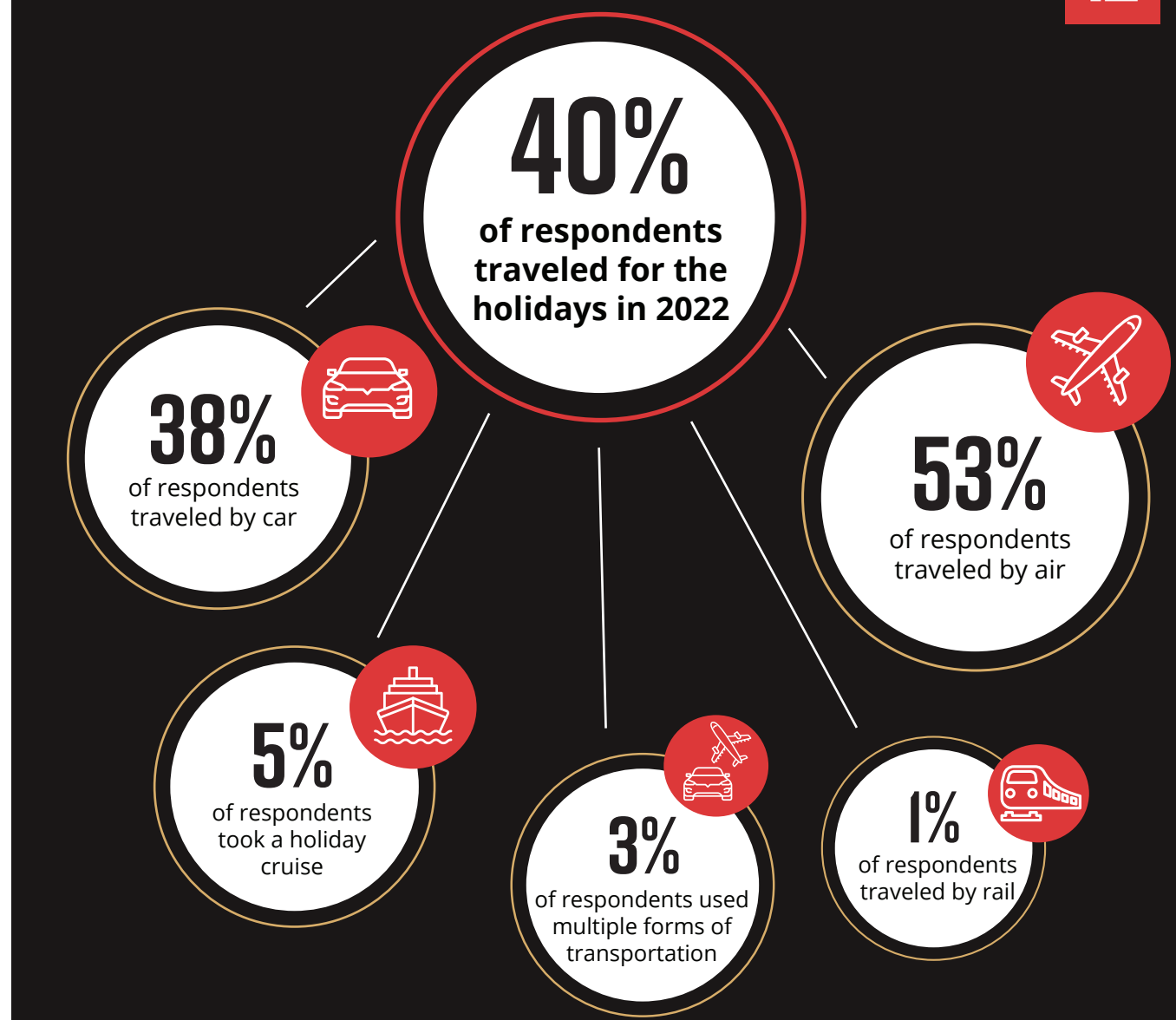
Last year, consumers were reeling from several consecutive months of spiking prices driven by historically high inflation rates, which impacted their holiday travel plans. In November 2022, the Consumer Price Index topped 7.1% annually, which was not the highest figure reported by the Bureau of Labor Statistics for that year, but is representative of the type of price shocks faced by the American public. **As a result, 60% of surveyed consumers said they did not travel for the holidays last year.**

Of the 40% who did travel, most chose to fly: 53% traveled by air, and 38% drove, while statistically insignificant percentages took a holiday cruise (5%) or traveled by rail (1%). Of course, mixed transportation modes are also common for holiday travel (a flight plus a drive to the traveler's destination). Still, the rising prevalence of air travel confirms a trend identified by PwC, which reported that only 40% of travelers flew for the holidays in 2021 and 33% in 2020.

But the most significant finding is that six in ten U.S. consumers chose not to travel during last year's holiday season.

Price was a defining factor for this majority, as 45% of consumers who did not travel cited affordability as the reason for avoiding a trip. The percentage of consumers who said cost was the main reason they didn't travel for the holidays increased for younger generations, with 65% of Gen Zers surveyed saying this was the primary barrier.

45% of consumers who did not travel last year said it was too expensive or they didn't have enough points



KEY TAKEAWAY:

The shock of inflation may have depressed holiday travel in 2022, but while more consumers are planning to travel this season, the desire for value persists.

PLANNING A WINTER ESCAPE IN 2023

The good news is this trend seems to be reversing this year. According to our survey, 54% of U.S. consumers plan to travel for the 2023 holiday season. This is a substantial increase over 2022 and indicative not only of an inflation rate that has leveled off compared to last year, alleviating some perceived price pressures, but of a broader desire to travel.

Our last Tipping Point report released in early 2023 pointed to resilient travel demand, with 55% of consumers reporting that they planned to travel more this year than in 2022. Despite persistently high travel prices and other potential barriers, that seems to have carried over to holiday travel planning.

The trend toward more holiday travel also fits with future travel intentions captured in this year's survey. **Looking forward to 2024, most respondents plan to travel the same amount as they did this year (22%) or slightly more (63% said they plan to take 1-4 more trips in 2024 than they did in 2023).** This could signal that the post-pandemic travel resurgence, which many experts have declared is nearing its end, will continue into next year, partly buoyed by a strong holiday season.

Our survey uncovered another critical finding about consumers' holiday travel intentions: they're making their plans earlier. Whereas in previous years, consumers might have waited to book in the hopes of finding a last-minute deal (or out of fear of cancellations or travel restrictions), 57% of U.S. consumers say they are now planning their travel more than two months in advance.

This has clear implications for travel operators and loyalty programs offering travel booking capabilities, as consumers will make their holiday travel decisions well before the weather turns and decorations start appearing in stores.



KEY TAKEAWAY:

Travel loyalty programs – and the brands that offer them - should prepare for increased travel volume and bookings to peak soon.

WHERE DOES LOYALTY FIT IN?

Travel loyalty programs should plan to deploy their holiday promotions or begin touting their holiday-specific offerings earlier in the season. These holiday offers and promotions are effective value delivery systems and highly visible to members: a majority (55%) of respondents say their loyalty programs offer special holiday perks or benefits. Of that group, most (73%) say their travel loyalty programs typically provide additional discounts on travel during the holiday season.

This dovetails with consumers' broader attitudes toward the travel loyalty programs they belong to, particularly in the current economic climate. **Nearly half - 49% - said saving money on travel is what they value the most from their loyalty programs. Sixty-five percent say they would engage more with their loyalty programs if they offered better discounts.** Holiday-specific discounts certainly fit that description, and loyalty programs are taking steps to meet that demand.

On the other hand, less than half (46%) of loyalty programs offer special holiday lifestyle rewards, which are important for delivering overall and complementary value during a trip. At a time when consumers are willing to travel but are looking to get the most out of their holiday travel budgets, the ability to offer not only topline discounts but also lifestyle reward options that can unlock additional value during a trip is a significant advantage.

What type of benefits or perks does your travel loyalty program typically offer you during the holiday travel season?

73%

Additional discounts on travel

46%

Discounts or gifts of lifestyle rewards

30%

Holiday gifts not related to travel

1%

Other

KEY TAKEAWAY:

Travel loyalty programs can play a role in holiday travelers' planning processes, but only if they deliver what consumers crave: value.

GENERATIONAL OPPORTUNITIES

When lifestyle rewards are offered to travel loyalty program members, survey data suggests they're not reaching all generations equally. Fifty-four percent of Gen Z and 53% of Millennial survey respondents offered rewards during the holidays said that those rewards included lifestyle perks, compared to just 26% of Baby Boomers.

It's not just holiday-aligned lifestyle rewards that are unevenly distributed or recognized across generations.

There is also a significant difference between generations relating to holiday-specific rewards, with most older cohorts stating they don't receive benefits from their loyalty programs specifically for holiday travel, whereas 75% of Gen Z consumers receive these specified perks and rewards.

Considering that 75% of Baby Boomers and 80% of Silent Generation consumers did not travel for the holidays in 2022 (albeit mostly because they preferred to spend the holidays at home), this nonetheless represents a missed opportunity to engage these cohorts with holiday-specific rewards. Older generations could be motivated to spend by high-value rewards centered on the holidays, or by rewards that incorporate local experiences.

Conversely, of the Millennials and Gen Z respondents who didn't travel for the holidays in 2022, 52% and 65% (respectively) said "cost" was the main reason they stayed home.

This is why 47% of Millennials and 48% of Gen Z travel loyalty program members said they would be more willing to travel during the holidays if more discounts were available through the programs they belong to.

What type of benefits or perks does your travel loyalty program typically offer you during the holiday travel season?

	Silent Generation	Baby Boomers	Gen X	Millennials	Gen Z
Additional discounts on travel	100%	77%	75%	70%	72%
Discounts or gifts of lifestyle rewards	0%	26%	40%	53%	54%
Holiday gifts not related to travel	25%	25%	31%	29%	34%
Other	0%	2%	2%	0%	1%

Why didn't you travel for the 2022 season?

	Silent Generation	Baby Boomers	Gen X	Millennials	Gen Z
Travel prices were too expensive	24%	33%	46%	52%	65%
I didn't have enough points	0%	1%	3%	5%	7%
I was afraid of getting sick	13%	12%	12%	10%	14%
Too many crowds	13%	13%	14%	13%	13%
I had another commitment	17%	14%	15%	22%	27%
I preferred to spend the holidays at home	62%	52%	46%	42%	36%
Another reason	9%	10%	8%	7%	7%

KEY TAKEAWAY:

There is an opportunity for loyalty programs to expand the scale and scope of holiday-specific rewards and offers they provide to members and to target Boomers and the Silent Generation more effectively.

GIVING THE GIFT OF VALUE

That sentiment — and desire to lower holiday travel costs — isn't exclusive to younger generations. Most survey respondents would travel more in the 2023 holiday season if they could access value through discounts or lower topline prices: 69% say lower flight prices would be an effective encouragement or incentive, while 57% indicate that lower hotel prices would do the trick.

Travel loyalty programs can offer more attractive pricing on these key travel components with lower contracted rates and point redemption opportunities. But when planning their holiday travel, consumers also want to see those savings spelled out explicitly, as 42% say more discounts within their loyalty program would make them more willing to embark on holiday travel.

Again, this corresponds with what consumers value most in their loyalty program: the ability to save money on travel. But only 14% of brands say their biggest challenge is providing rewards that customers find valuable. This signals a continuing disconnect between what consumers want — value — and how loyalty programs aim to meet that demand.



What would make you more willing to travel during the holidays?

69%

Lower flight prices

57%

Lower hotel prices

42%

More discounts within the loyalty program

32%

More points available to offset the cost of the trip

11%

Availability of more financial protection tools such as price freezing

8%

Availability of financing options such as BNPL and SNBL

KEY TAKEAWAY:

Consumers are looking to their loyalty programs for value during the holiday season but may not be getting what they need.

'TIS THE SEASON FOR TRAVEL LOYALTY

The 2023/2024 holiday season is shaping up to be a strong one for travel brands and the loyalty programs that support them. More Americans are planning to travel this year than last and are willing to turn to the loyalty programs they belong to as part of their planning process.

To capitalize on this trend, travel loyalty programs must deliver the value their members prioritize. Inflation may be slowing, and the shock of 2022's price spikes may have abated, but consumers want to get the most out of their holiday travel dollars, and loyalty programs can help them do that.

Whether by highlighting holiday-specific offers, widening their portfolio of holiday-oriented lifestyle rewards, or simply making these options more visible to member segments that represent high travel potential, travel loyalty programs have several opportunities to engage travelers ahead of the season.

The right travel loyalty technology partner can help them seize these opportunities and enter 2024 with a more active, engaged, and high-spending membership base.

AND THAT'S THE GIFT THAT KEEPS ON GIVING ALL YEAR LONG.



The logo for iSeatz, featuring the word "iSeatz" in a bold, white, sans-serif font. The "i" is lowercase and the "Seatz" is uppercase. A small registered trademark symbol (®) is located at the end of the word. The logo is positioned in the upper left quadrant of the image, which has a red background with three overlapping circles made of white dots.Contact information for iSeatz, including an email address, a phone number, and a physical address. The text is white and bold, set against a red background with a dotted circle around it. The text is positioned in the lower right quadrant of the image.

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