

THE ASAP

A BI-WEEKLY LOOK INTO TRAVEL



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"FLIGHT ATTENDANT EMPLOYEE MODELS DURING MID-FLIGHT FASHION SHOW"
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A REJUVINATING GETAWAY

OMNITRAK FORECAST

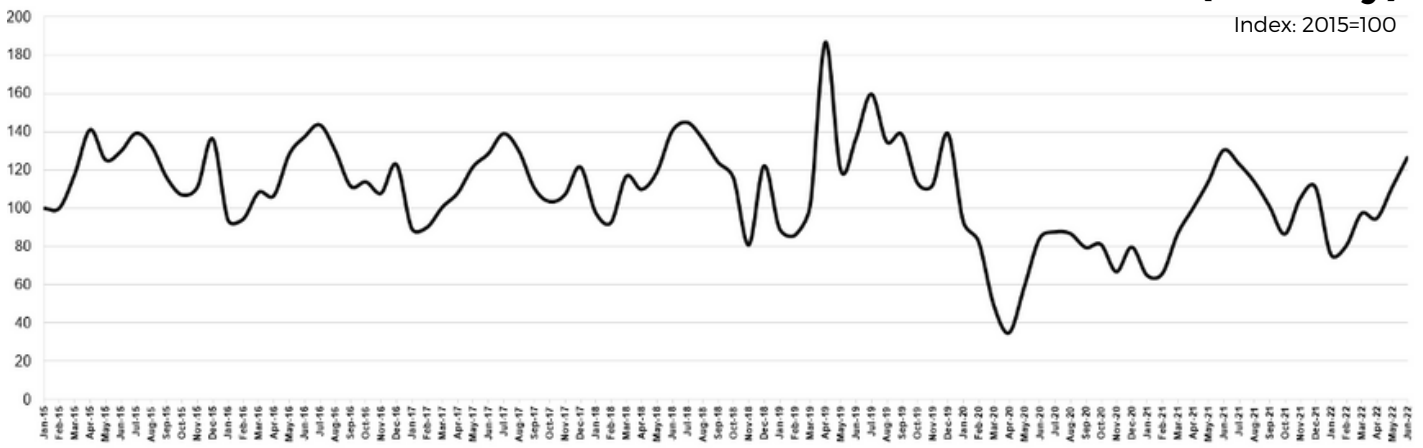
PENT-UP DEMAND DRIVING REVENUE GROWTH BUT TRAVEL PENETRATION BELOW 2019 & LIKELY TO SLIP

- With business travel lagging, how can the travel industry drive more overall demand?
- How can the industry stimulate leisure travel penetration?
- As travel companies scramble for employees, what can operators do to retain existing workers?

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As the travel industry recovers from 2+ years of pandemic-induced downturns, Omnitrak's Travel Market Penetration Index shows pent-up demand driving a steady climb in the percentage of Americans traveling each month in the first half of the year. June 2022 travel penetration stood at 33%, the second highest since December 2019. Despite year-over-year volume and revenue growth since January, June travel penetration nationwide is down 7.3% when indexed against pre-pandemic 2019 for the same month. These estimates are derived from Omnitrak Traveltrak America, a nationwide monthly survey of 12,000 travelers representative of all Americans which is one of the largest travel tracking studies in the U.S.

Market Penetration of Travel (Monthly)

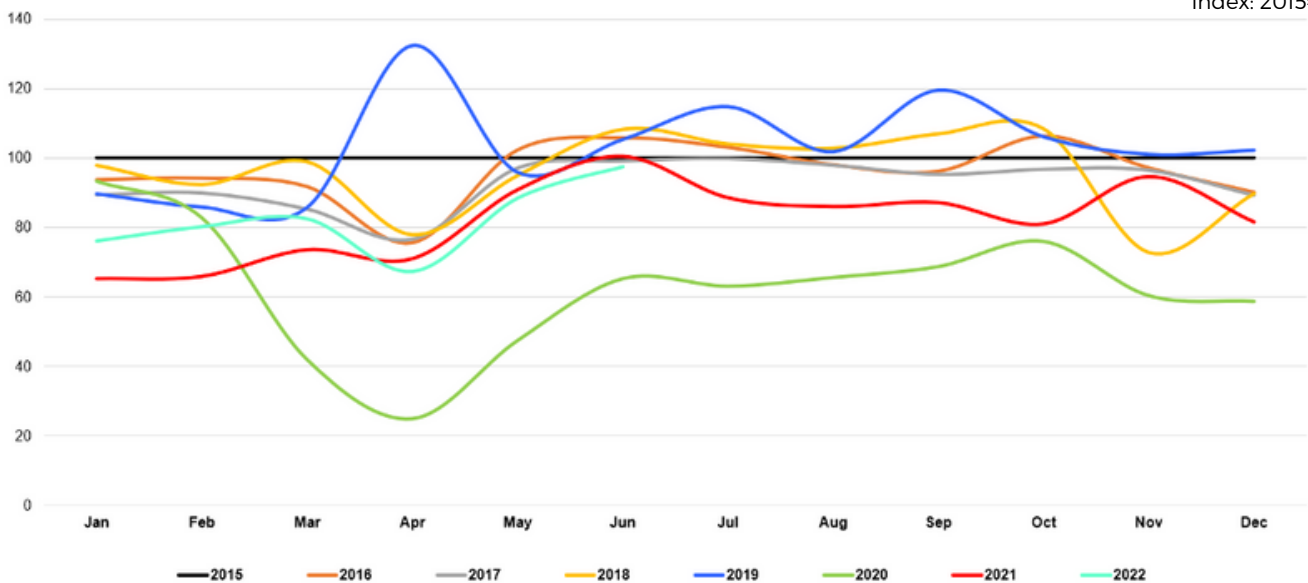


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The fact that fewer Americans are traveling vis à vis 2019 sheds light on why STR's hotel occupancy index through the same June 2022 period is down -4.3% vis à vis 2019. But Average Daily Rate (ADR) is up +15.3% and Revenue per Available Room (RevPar) is up +10.3% as most accommodations raised prices this year. Although 2019 has become the standard for performance comparisons among many in the tourism industry, that benchmark sets a high bar. As the Travel Penetration database shows, more Americans traveled in 2019 than in any other year since 2015 with leisure, business, and meeting/convention travel all showing excellent results. And 2019 set the pace; Omnitrak's Travel Penetration Index benchmarked to 2015 shows that the volume of Americans traveling spiked in April 2019 and never let up.

Seasonal Travel Penetration Index

Index: 2015=100



What does this all mean going forward? 2022's sluggish business and MIC travel suggests that Bill Gates' November 2020 prediction that 50% of business travel will disappear in the post-pandemic world might not have been as outlandish as initially thought. If this is the case, is there a new model for business travel and what will motivate leisure travelers to keep travelling and those reluctant to overcome safety concerns? Omnitrak suggests three tactics to grow travel penetration and demand:

1) More Efficient Business Travel

While the pandemic incentivized trial of virtual meetings for thousands, the software companies didn't just scoop up new customers. They promoted their products—efficiency optimization without travel times, cutbacks in travel cost, and overcoming perceived problems, e.g. one company, for example, advertised how its virtual collaboration facilitated bicycle product development, directly addressing a perceived vulnerability. While no one doubts that most one-time, one-client, one-transaction business trips are pre-pandemic history, the travel industry can pivot and make the case for in-person travel going beyond the transactional to building relationships. At the same time, business travel needs to compete with Zoom and Team on efficiency by making multi-city, multi-client client blitzes easier to package and plan and incentivizing multi-destination travel to this new type of road warrior. And if you're a national conference planner, focus on easily accessible locations where backup planning is easier if a flight is cancelled.

2) Motivate Increased Leisure Travel Penetration

For the hospitality providers requiring volume of travelers to utilize capacity, softening travel penetration is a problem. To motivate more Americans to travel, the industry will need to understand the deliberations consumers are having in their heads. It's more than persuasion at a deeper level --- not just Destination X over Destination Y--to what motivates consumers to overcome barriers and get on the road again. For some, the trade-off is between health risk and the need for R&R. As the medical industry knows, stress impacts the immune system. So that rejuvenating getaway, with some safety planning, could be beneficial. Others will be looking for bargains as inflation drives up cost of basic necessities. Special travel deals have proven again and again to be a trade-off to safety. In the second half of 2022, look for more flash sales, long-stay discounts, or offers like Agoda.com's "book two hotels and save."

3) Get Ahead of Staff Burn-Out

More than business travelers, leisure travelers are looking for welcoming destinations and expect to be greeted by happy, smiling faces. This means that the industry must be more creative with employee recruitment and retention by helping staff manage burn-out. The New York Times reported June 2022 unemployment data showed available jobs exceeding people looking for work by 2:1. Another metric indicated part-time workers seeking more hours fell to a record low in June. This means that many firms are maxing out hours of existing employees in the face of recruitment challenges. But this risks future burn-out - an especially big challenge for the hospitality industry, where the travel experience depends on workers taking extra shifts or working longer hours. Already complaints are rising over restaurants, attractions and airports cutting back capacity due to staffing issues. The worse-case scenario is for the hassle of travel to outweigh the pleasure - a complaint heard recently from a usual travel conference attendee. Ideas from other industries that have faced intense competition for staff, like those in Silicon Valley, may offer starting points: Free food in employee lounges, company bus transportation or mass transit coupons, 15-minute at-your-desk massages to reduce stress, exercise classes, and other wellness seminars. One hotel is even experimenting with one free hotel night for longest working employees.

To find out who's traveling and how, tune in to Peter Greenberg's Travel Detective video at the August 8, 2022 ESTO morning plenary in Grand Rapids, Mich. It's loaded with more Omnitrak insights and will help tourism execs better understand and meet expectations of this year's travelers.

ABOUT OMNITRAK



Omnitrak, founded in Honolulu, Hawaii in 1981, is a leading strategic research firm with a strong presence in the consumer, travel and retail sectors in North America and Asia. Omnitrak works with some of North America's largest state tourism offices, which subscribe to the company's TravelTrakAmerica™ tracking research, providing timely monthly insights from 9,000+ U.S. travelers. The company serves a broad array of public- and private-sector clients, helping to grow their markets with Quality of Place/City Pride and Resident Sentiment research. Additionally, destination marketing to develop new products and increase brand loyalty is supported by Omnitrak's TravelTrakAmerica syndicated research and Integrated Marketing Effectiveness insights. For more information, email: chriskam@omnitrakgroup.com