

THE ASAP

A LOOK INTO TRAVEL



SEPT 2022 ISSUE 04



BUSINESS TRAVELER



YOGA ON THE BEACH

OMNITRAK FORECAST

PENT-UP DEMAND DRIVING TRAVEL INDUSTRY REVENUE GROWTH BUT TRAVEL PENETRATION BELOW 2019 & SLIPPING

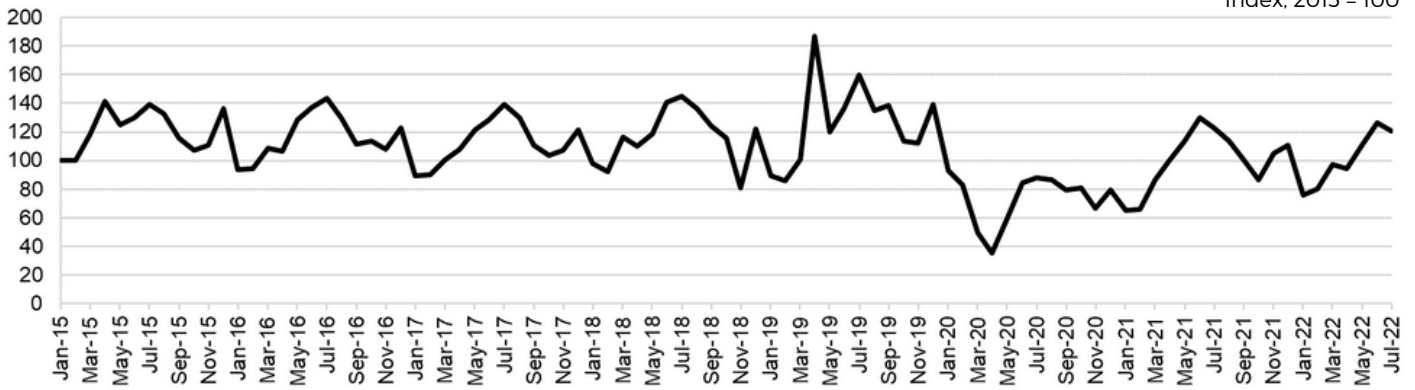
- How can the industry stimulate leisure travel penetration?
- With business travel lagging, how can the travel industry drive more overall demand?
- As travel companies scramble for employees, what can operators do to retain existing workers?

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Despite strong demand early this year, and year-over-year revenue growth since January, Omnitrak's Travel Market Penetration Index shows pent-up demand softened in July to 31%, a 2-point drop from June, bringing worries regarding 2022 year-end results. Indexed to 2015, the Travel Penetration Index of 121 for July compared with 123.2 a year ago. The year started with Quarter 1 travel penetration exceeding last year's but slipping below it in Quarter 2. These estimates are derived from Omnitrak Traveltrak America, a nationwide survey of 12,000 Americans per month, one of the largest travel tracking studies in the U.S.

Market Penetration of Travel (Monthly)

Index, 2015 = 100



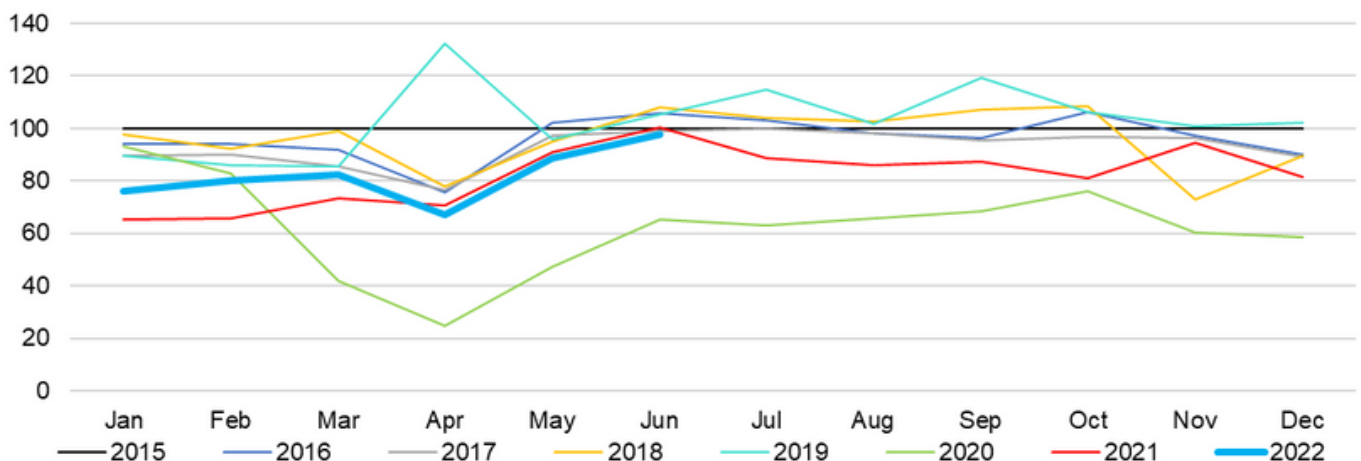
NEW YORK CITY SKYLINE

The fact that somewhat fewer Americans are traveling than in 2019 sheds light on why STR's hotel occupancy index through June 2022 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 performance standard for many, 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. Omnitrak's Travel Penetration Index benchmarked to 2015 shows that unlike most years, 2019 volume of Americans traveling spiked in April and never let up. That's not the case this year.

Seasonal Travel Penetration Index

Index, 2015 = 100



What does this all mean going forward? 2022's sluggish business and MICE travel suggests that **Bill Gates's 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 traveling 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 generated trial of virtual meetings for thousands, the software companies reinforced usage by promoting product benefits --- efficiency optimization without travel times, travel cost savings, and directly addressing a perceived vulnerability, e.g. one company, advertised how virtual meetings facilitated product development collaboration. While no one doubts that most one-time, one-client, one-transaction business trips are pre-pandemic history, **the industry can pivot by making the case that in-person travel goes beyond transactions and builds relationships.** At the same time, business travel needs to compete with Zoom and Teams 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 options are easier if a flight is cancelled.**

2) Motivate Increased Leisure Travel Penetration

For 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 about **persuasion at a deeper level** --- not just Destination X over Destination Y but **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 safety planning, could be beneficial. Others seek bargains as inflation drives up cost of basic necessities. Since 9/11, **travel deals have proven again and again to be a trade-off to safety.** With so much of 2022 focused on price increases, the second half will need to consider 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 seek 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.** 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 with recruitment so challenging, firms are asking existing employees to work longer and longer hours. But this risks employees maxing out and burning-out. And quiet quitting. Already complaints are rising over restaurants, attractions and airports cutting back capacity due to lack of staffing. The worse-case scenario is for the hassle of travel to outweigh the pleasure - a conference attendee skipped his usual summer travel conference for fear of being stuck in a remote location due to flight cancellations. 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, or wellness seminars. One hotel is even experimenting with **one free hotel night for longest working employees.**



The Travel Detective

To find out who's traveling and how, tune in to Peter Greenberg's ESTO video. It's loaded with more Omnitrak insights and will help tourism execs better understand and address motivating more to travel.



[WATCH NOW](#)

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

OMNITRAK NEWS

Past ASAPs

ASAP March 2022 | *The Art of the Slow Traveler*

<https://www.dropbox.com/s/inc3asiaa7s6d2c/Omnitrak%20-%20The%20ASAP%20Issue%2001%20-%20March%202022.pdf?dl=0>

ASAP April 2022 | *Traveling While Female*

<https://www.dropbox.com/s/ftaouu7wvgnqxtt/The%20ASAP%20Issue%2002%20-%20April%202022.pdf?dl=0>

Past News

Financial Times: How To Spend It | *In search of hidden Hawaii*

<https://www.ft.com/content/44ab7b4b-f447-4130-abf6-4ae94190bbdf?shareType=nongift>

Town & Country | *Why All the Billionaires Are Moving to Hawaii*

<https://www.townandcountrymag.com/society/money-and-power/a39566681/billionaires-in-hawaii-history/>

New York Times | *Travel as Healing*

<https://www.nytimes.com/2021/12/23/travel/wellness-travel-healing.html>

Reading Recs

Wall Street Journal | *Luxury Brands Spend More on Marketing, Defying Economic Uncertainty*

<https://www.wsj.com/articles/luxury-brands-spend-more-on-marketing-defying-economic-uncertainty-11663188879>

Forbes | *States With The Best Public School Systems*

<https://www3.forbes.com/business/states-with-the-best-public-school-systems-ifs-vue-wnb/?slide=6>

Visual Capitalist | *Mapped: The World's Billionaire Population, by Country*

<https://www.visualcapitalist.com/mapped-the-worlds-billionaire-population-by-country/>