8 TRENDS THAT WILL SHAPE TRAVEL IN 2018





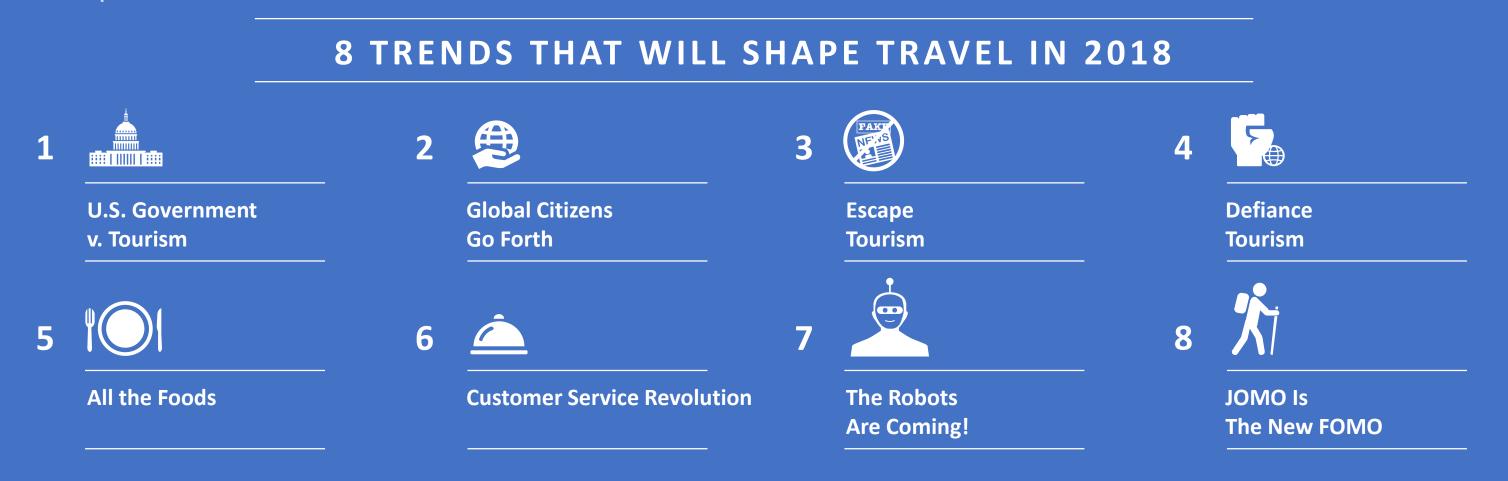
It's fair to say that 2017 was a year of shock and awe as the world was introduced to Donald Trump as the 45th U.S. President. For the travel industry, this new chapter has yielded mixed results – the health of the economy is allowing more Americans to spend money on vacations, but the President's policies and posturing have created new challenges in attracting international visitors. This coming year will reflect the ways in which travelers are changing their behaviors to cope with (and also embrace) life with a Trump Administration.

Globally, more citizens than ever will travel beyond their country's borders – but fewer will travel to the U.S. for business and leisure. Americans, for our part, will use travel as a way to make sense of the world. Many are traveling as a political act – to participate in protests or to visit beloved but controversial destinations. Many others will travel simply to escape – to immerse themselves in a fun environment where fake news doesn't exist.

As we forge ahead into 2018, this report looks at the various cultural forces that are impacting how consumers are thinking about and planning travel this year. This is a significant year for tourism – one that will challenge business leaders to think differently about the emotional and human truths that are driving people to travel.

We hope you find this snapshot of 8 Trends that will Shape Travel in 2018 informative and inspiring – and that you will join us in watching how the industry adapts in the coming months.

Senior Vice Président, Travel & Tourism Lead





U.S. GOVERNMENT v. TOURISM



U.S. Government v. Tourism

It cannot be disputed that the first year of the Trump Administration was chaotic. Within weeks of taking office in 2017, President Trump had signed an executive order banning travelers from seven predominantly Muslim countries from visiting the U.S. Lawsuits were filed; a court battle ensued, and the fate of an updated travel ban now rests with the U.S. Supreme Court. Regardless of whether or not President Trump is ultimately successful in keeping Muslim travelers out of the country, other tourists are choosing to stay away. In fact, new data from the Commerce department shows that inbound tourism is down 4 percent, causing the U.S. to slip from its spot as the #2 most-visited country in the world. According to the U.S. Travel Association, this "Trump Slump" has already cost the country \$4.6 billion in lost travel spending and an estimated 40,000 jobs. But beyond President Trump's travel ban and heated rhetoric, the U.S. government also isn't making it easy for visitors who are already in the country. Proposed budget cuts for the U.S. Park Service means that some facilities and campgrounds could close or have reduced hours; at the same time entrance fees are set to skyrocket in 2018 – raising per-car rates at some of the most popular parks like Yosemite and Mt. Rainier National Parks from \$30 to \$70. In its 2018 budget, the Trump Administration has also proposed cutting funding for Amtrak and increasing security, customs and immigration fees paid by airline and cruise passengers. Adding to the mix is the Real ID Act, which was passed by Congress in 2005. When the Real ID Act takes effect this year, the Transportation Security Administration will require all fliers – even domestic fliers – to present additional identification if their Driver's License is not issued from one of the 28 compliant states.

WHAT TO WATCH:

Don't expect the private sector to sit by without doing its part to counteract the Trump Slump. The U.S. Travel Association is preparing to launch a major "Visit U.S." lobbying campaign in Washington. Watch for other local and regional DMOs to band together for their own campaigns to market the entire country, as well as their destinations





GLOBAL CITIZENS GO FORTH!





Fewer international visitors may travel to the the U.S. in 2018, but the good news is they will travel. In fact, according to the United Nations World Tourism Organization's (UNWTO) new World Tourism Barometer, more travelers than ever are venturing beyond their own country's borders. Destinations worldwide received more than 369 million international tourists in the first quarter of 2017 – 21 million more than the same period in 2016. While perennially popular destinations continue to attract travelers, the report credits part of this growth to new destinations that have opened up and invested in tourism. Some of the fastest-growing destinations include Mongolia (up 28.3%), Vietnam (up 31.2%) and Iceland (up 34.9%). Why are more people traveling to new places? Maybe because it just makes us happier. A new study from Cornell revealed what Millennials have long known – that people will be happier if they spend money on experiences or traveling than if they spend it on stuff.

WHAT TO WATCH:

As more international tourists pour into popular destinations, expect some of them to push back. In November 2017, Venice capped the size of cruise ships allowed to sail into the city. Dubrovnik, Amsterdam and Barcelona have passed their own measures to reduce the growth of tourism. But where these destinations may be turning away visitors and their souvenir spending, there is a huge opportunity for under-the-radar destinations nearby. And look no further than the "Where to Go in 2018" lists to see some of the trending locations: Montenegro and Slovenia as an alternative for Croatia; Belgium instead of the Netherlands; and Portugal and Malta (whose capital Valetta was named the European Capital of Culture for 2018) as a substitute to Spain.





ESCAPE TOURISM





Escape Tourism

With the 24-hour news cycle inundating the population with scandal and salacious gossip, the Russia investigation and revelations of sexual misconduct, it's not a surprise that people are exhausted from bad news – fake or not. According to the 2018 Edelman Trust Barometer, in the U.S., trust in everything is down – media, government, business and, even "people like me." In fact 63 percent of the U.S. general population finds it difficult to distinguish between what is real news and what is fake news. So how do seek solace from the chaos and vitriol? By completely escaping and going somewhere in search of joie de vivre. Fun, easy destinations that aren't too far away. It's as simple as that. One ideal example for 2018 – New Orleans. The Big Easy is celebrating its 300th birthday this year and has fittingly topped many lists for the year – in fact, it is #1 on The New York Times 52 Places to Go List. Other escapism-friendly domestic destinations on the hot lists this year: Branson, Missouri (NYT); Disney Springs, Florida (NYT); and San Antonio, Texas (T+L, Frommer's), which is also celebrating its 300th birthday in 2018.

WHAT TO WATCH:

There is a significant opportunity for destinations, hotels and attractions to make it easier for travelers to let go and have fun. It will be a big year for new theme park attractions. The world's largest loop coaster at Six Flags Great America; the world's first VR-assisted motion simulator at Busch Gardens Williamsburg; and a new Fast & Furious attraction at Universal Studios are all debuting in 2018. Disney's California Adventure is getting a Pixar makeover this year, and both Disneyland and Disney World are preparing for the highly anticipated openings of the new Star Wars "lands" in 2019.





DEFIANCE TOURISM





Escapism is one way to cope with turmoil in the U.S. – and elsewhere in the world – but defiance is another way. Indeed, since the 2016 election, many Americans have embraced a defiant spirit that has moved them to action. More than a million people turned out for Women's Marches across the country in January; thousands traveled to Washington for the #MarchForOurLives; and celebrities have led the way in showing solidarity for the #MeToo movement. Travel can be a way to take action and show defiance. In fact, it's no coincidence that writer and host Rick Steves has just issued a new edition of his book "Travel as a Political Act." For some, it will be planning a trip to the nation's capital – after all, Travel + Leisure has named it one of the top places to travel in 2018. For others, that spirit of defiance through tourism will also extend to international destinations that have seen violence, controversy or civil unrest in recent years. Egypt, Tunisia, Israel and the Palestinian territories are all some of the fastest-growing destinations, according to the UNWTO. Additionally, Ethiopia, Haiti and El Salvador – reportedly referred to recently as "sh*t hole countries" – are also destinations seeing an increase in visitors. As Steves said recently in an interview with USA Today: "If you travel thoughtfully, you find people who find different truths self-evident. You have an opportunity to come home with the greatest souvenir, which is global perspective."

WHAT TO WATCH:

Many industry experts think 2018 will be the return of the Middle East as one of the world's top destinations. Abu Dhabi* is celebrating the opening of the new Louvre and preparing for Frank Gehry's Guggenheim Abu Dhabi and the late Zaha Hadid's Performing Arts Centre, which will both open in the coming years. Ryanair, Europe's biggest low-cost airline, is launching 10 new routes to Jordan in 2018. And Egypt, in particular, is poised for a major resurgence in tourism, with the opening of the new 650,000-square-foot Grand Egyptian Museum in 2018, a strong pipeline of hotel openings, and the launch of Viking Ra*, the first western-owned river cruise ship on the Nile. But just as consumers show their support by traveling to specific destinations, so too can they voice opinions by NOT traveling. Keep watch on destinations that face backlash for passing controversial local legislation, such as Bermuda, which recently became the first country to repeal legalized same-sex marriage – and is now the target of a high profile travel boycott.



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ALL THE FOODS

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You can blame it on Instagram and the beautiful social influencers who painstakingly stage and photograph every dish they order, but there's no doubt about it that food has become a critical component of the travel experience. For some travelers, it really is earning social media cred for visiting a hotspot or eating the newest fad food. In 2017, the most Instagrammed restaurants in the U.S. included the celebrity favorites Sugar Factory and Nobu Malibu. For others, food is increasingly taking center stage on vacation. According to Airbnb's 2018 Travel Trends, Food Experiences, such as craft food and cocktail tastings and home-cooked dinners, are the company's most popular – with 29% of all experiences booked being food-related. Stand-alone food events and festivals are also on the rise – a recent report from Eventbrite found that the number of food and drink events is rising steadily each year, and the fastest-growing trend is with pop-up dining (+82% YoY).

WHAT TO WATCH:

Don't expect people to lose interest in food anytime soon. And brands will capitalize on consumers' interest in food experiences as a way to drive foot traffic. But look for bigger, immersive experiences that blend food, art and culture – things like the Museum of Ice Cream in Miami, the new Fico Eataly World in Bologna and Shin-Yokohama Raumen in Tokyo. The new Starbucks* Roastery concepts are designed to be immersive coffee experiences, with public tours, craft cocktails and curated artisan products. Starbucks' Shanghai Roastery opened in December 2017 – at 30,000 sq ft, it's the Starbucks largest store in the world and has become an instant tourist destination. The Milan and New York Roasteries will open this fall, with more planned in the coming years. The first-ever Museum of Candy is opening in New York City this summer, and London's Victoria & Albert Museum will host an interactive, edible exhibit this year. Also look for traditional retail brands to leverage foodie experiences as a way to lure foot traffic – like Restoration Hardware's 3 Arts Club Café concept and Baccarat's Crystal Menu offered in the restaurant of its Manhattan hotel. Lastly, as more states legalize recreational marijuana, watch for a new wave of high-end edibles to inspire a totally different kind leisure trip.





CUSTOMER SERVICE REVOLUTION

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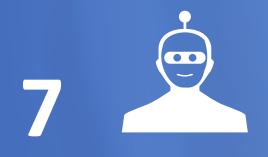
Customer Service Revolution

Citizen journalism has been steadily on the rise for decades, fueled in recent years by mobile phones and social media. According to recent data from the Pew Center, more than threequarters (77%) of Americans now have a smartphone, and nearly seven in 10 use social media. Armed with cameras and access to the internet wherever they are, people are empowered like never before to share their experiences in real time. The good, the bad and the ugly. And in 2017, it was citizen journalism that sparked a worldwide conversation about the practice of bumping seats from oversold flights. In the wake, United*, Delta, Southwest and American Airlines changed their policies for oversold flights, as well as how those policies are communicated to passengers. But it's not only dramatic events that spur people to action – travelers are increasingly shunning the 1-800 number and instead turning to social media for all of their questions, concerns and feedback. In fact, Gartner has predicted that by 2020, 90% of customer service will happen on social media. As travel brands grapple with how to evolve their internal teams to address these new consumer behaviors, new data released from Twitter underscores why speedy customer service pays off: travelers will pay more and be more satisfied if a brand responds to them quickly.

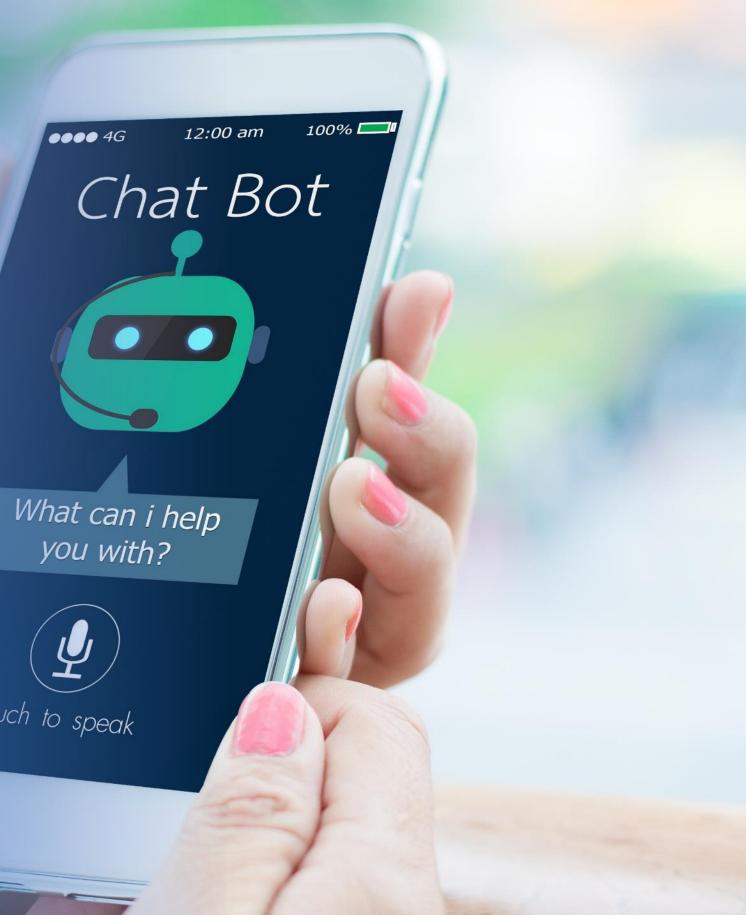
WHAT TO WATCH:

Travel brands will continue to staff up their social teams and launch new tools to help with this customer service revolution. KLM is testing an automated "chatbot" within Facebook Messenger; Hilton* has launched "Hilton Suggests," a social account dedicated specifically to helping travelers with travel tips; and a recent report from Conversocial found that 43 percent of airlines want to make social media customer service a top priority for 2018. But also, don't count on the customer always being right in the court of social media opinion. Recently United denied a passenger from boarding a flight with her emotional support peacock, a decision that was widely praised by the Internet and by fellow passengers.





THE ROBOTS ARE COMING!





Touch to speak



"Alexa, check me into my flight, and can you see if you can finagle an upgrade?" Expedia has already debuted a learning skill for Amazon Echo's Alexa, so it's a command that may not be far off. With smart speakers like Echo, Sonos* One, Google Home and Apple Homepod – and their virtual assistants – poised to go mainstream in 2018, it's only natural that the travel experience will be further enhanced by new developments in Artificial Intelligence (AI). Help from physical manifestations of AI are close behind. Hilton* and IBM launched "Connie" the robot concierge concept in the U.S. in 2016 – and last November the Mandarin Oriental in Las Vegas welcomed "Pepper" the robot concierge to its reception staff. And LG's fleet of autonomous vacuum robots captured headlines from the opening days of the 2018 Winter Olympics in Pyeongchang, South Korea. Not far away in Japan, mainstream robot adoption is far more advanced. The major travel agency H.I.S. Co. opened its second entirely robot-staffed hotel in 2017 and has plans for 100 more, including international locations, in the next five years.

WHAT TO WATCH:

Look for the AI landscape to stretch in all directions – and for robots to come in all shapes and sizes. One of the most talked-about products at the 2018 Consumer Electronics Show was the smart suitcase from Travelmate robotics, that follows its owner wherever he or she goes. MSC announced that its newest ship, the Bellisima, will have a new virtual cruise assistant that will be able to communicate directly with guests. And there are big opportunities for travel brands to begin incorporating AI into the travel booking process – JetBlue and CruisingStore just announced a partnership to deploy an "intelligence engine" to better help consumers customize their vacation experience.





JOMO IS THE NEW FOMO



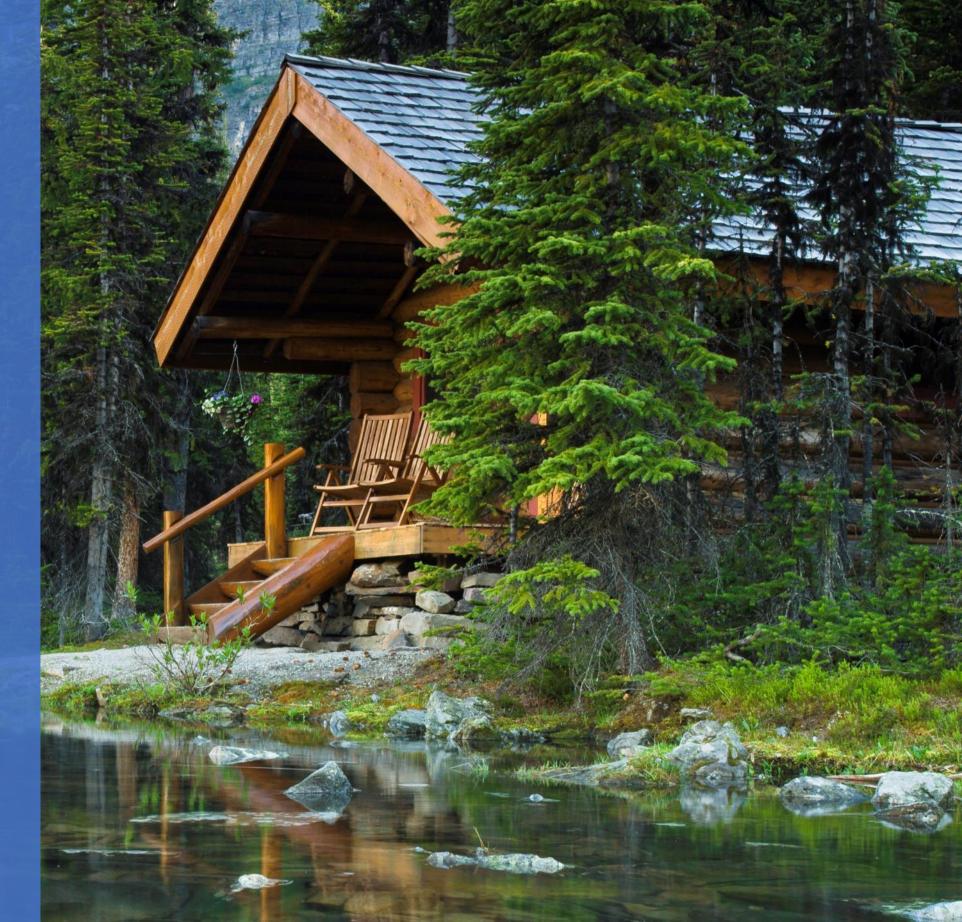
JOMO Is The New FOMO

It was only a matter of time before social media fatigue set in. After all, with more than 2 billion people now on Facebook and more than 800 million on Instagram, we are inundated with other people's food, vacations, pets and babies. So if the Fear of Missing Out (FOMO) was the trend of yesteryear, the Joy of Missing Out (JOMO) is ready to take its place. It's the idea that disconnecting can be a good thing. JOMO is not a new phenomenon – Christina Crook published her book by the same name in 2015, in which she discusses ways we can break the addiction to our smartphones and find balance in the wired world. In the travel industry, some brands have started to recognize that their guests crave a respite from technology – and may need some help to truly unplug. Sanderling Resort on the coast of North Carolina offers a "Digital Detox" package where guests check their digital devices at Guest Services; for every day they go without them, the resort provides a 20% discount on "me time" activities like yoga classes, spa treatments and art instructions. The tour operator DigitalDetox arranges for complete technology-free vacation packages around the world. And Camp Grounded, the summer camp for adults offers a "Digital Detox Retreat" where campers give up technology, alcohol and drugs for four days of campfires, singalongs and capture the flag.

WHAT TO WATCH:

JOMO is an ideal trend for the travel industry, particularly for destinations where it's easy to get off the grid – Wyoming*, Washington, West Virginia (and other non W-named destinations as well!). Look for destinations to embrace their remote corners over their cosmopolitan qualities. With that shift, expect more traveler interest in non-traditional lodging. In Airbnb's 2018 Trends, it reported that that nature lodges (700% growth), ryokans (600%) and yurts (155%) are seeing the most growth among users. Also related is a rise in solitary travel – Pinterest is reporting that pins related to solo adventures are up a whopping 593% for 2018. And don't expect hotels to sit idly by – there is a huge opportunity for traditional hotels to help their guests unplug and unwind with packages and incentives. Or hotels can take a cue from Aman Resorts, which upon request (and for a fee), will remove all traces of electronic devices from their guestrooms.

*Edelman U.S. Client



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