

How will HNW Americans engage in European travel?

REPORT | 8 Feb 2023

Europe missed its quota of affluent Americans during the pandemic, and it seems the feeling is mutual. With wealthy travelers from the US set to return to the continent in droves during the summer of 2023, how have their desires changed? And how can businesses move with the times?

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EXPERTS

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HIGHLIGHTS

- 01** Europe has been looking to American tourists to fill the void left by Chinese jet setters who, until late 2022, were grounded by China's zero-COVID policy
- 02** Industry experts are seeing a desire for truly unique, authentic experiences, a renewed commitment to sustainability, and a willingness to spend more for the perfect break
- 03** Concerns about inflation and soaring fuel prices are not denting the travel ambitions of HNW Americans

DATA

- 75% of HNW Americans are planning to visit Europe in the summer of 2023
- 70% of affluent travelers say knowing they are engaging in responsible tourism enhances their experience
- 86% of travelers are willing to spend the same or more than they did in 2019, with Americans leading the charge

SCOPE

Having been unable or unwilling to splash their cash quite so internationally for the past two years thanks to the unpredictability of the pandemic, High Net Worth Individuals (HNWI) in America are back in Europe with a bang. In 2022, the travel industry saw a 109% increase in overnight international arrivals compared to 2021, with American travelers leading the recovery, clocking in at 95% of their 2019 long-haul bookings. [1] While domestic holidays still dominated in 2022, with 91% of affluent Americans opting for an in-country staycation, 75% are planning to visit Europe this summer. [2]

Nearly 73% of luxury travel advisors said their clients' interest in returning to Europe had grown since the start of last year. [3] With Chinese jet setters – previously considered the most valuable source market for destinations due to their sheer number, purchasing power, and penchant for luxury goods – grounded by China's strict zero-COVID policy until the tail end of 2022, Europe has been looking to American tourists to fill the void. [4] "It's understandable that HNW Americans are probably impacted by the current economic crisis, but many of them are still looking to travel," says Freddy Lansky, CEO of travel rewards advisor Points Panda. "They may be more selective about when and where they go, but they're still in the market for some form of luxury." [5]

But just as the demographic make-up of the world's most sought-after travelers is changing, so too is the very notion of luxury travel. New behaviors that arose during the pandemic have either receded, stabilized, or accelerated, revealing a new normal that's both familiar and fluid. In the acceleration column we see a desire for truly unique, authentic, and

personal experiences, a renewed commitment to sustainability in all its forms, and, most importantly for the industry, a willingness to spend more for the perfect break. "We are seeing strong demand from clients for travel to Europe," says Alex Bentley, head of product for bespoke tour operator Audley Travel. "They have bigger budgets to spend on upgrades and bucket-list experiences to treat themselves after challenging times." [6]

NEED FOR UNIQUE

The days of doing nothing but lying on a beach and shopping while on vacation are over for many of America's HNWIs. It's reported that 51% of affluent travelers prefer spending their money on experiences rather than goods while on holiday, with only 9% choosing the latter. More than half (56%) also expressed a desire for new venues and experiences, with only 20% showing a preference for familiar locations. [2]

Travelers the world over currently have a strong desire to explore destinations 'like a local' and have 'authentic' experiences. Travel advisors – which became a key resource for wealthy Americans navigating the bureaucracy and complexity of mid-pandemic travel – are now being called upon to help affluent travelers find authentic experiences with ease. As much as 77% of wealthy American jet setters say travel advisors will be somewhat or very influential when planning their holidays over the next 12 months. [2] Travelers are increasingly looking to create memories and have once-in-a-lifetime experiences, with 95% saying they prefer to spend at least part of their trip on unique activities. [7][8]

Audley Travel has been busy working with partners across Europe to add new properties and experiences to its itineraries in order to provide more uniquely local trips. "Many of the same characteristics of luxury remain in place, though there are a few noticeable trends emerging," says Bentley. "For our clients, this includes seeking out activities and excursions that provide a unique and immersive experience." [6]



How can brands tap into travelers' desire for sustainable and authentic breaks

Tourism Declares a Climate Emergency (2023)

SERIOUS SUSTAINABILITY

There's been a lot of discussion about travel and its impact on the climate since the industry effectively ground to a halt during the pandemic. The idea of the sector 'building back better' is resonating with consumers, particularly the wealthy, who are increasingly demanding more than just a token effort to eliminate single-use plastics from hotel rooms. Hand in hand with the desire for authentic trips, where tourists get to explore destinations like a local, is the desire for more responsible travel in all its forms. Narrowing the gap between tourist and local allows the former to direct their dollars to benefit the communities and economies of their holiday spots. [7]

Such actions not only give the destination a boost, but also increase the visitor's enjoyment. When it comes to luxury and experimental travel, 82% of people say the pandemic has made them want to travel more responsibly, 78% say it's important to choose companies with strong sustainability policies, and 70% say knowing they are engaging in responsible tourism actually enhances their experience. [9] More specifically, 37% of affluent travelers from the Americas deem a brand's sustainability indicators to be very influential when planning travel, and as many as 48% are planning to take more eco-friendly holidays in the future.

Crucially, 94% of the same group are willing to pay a little more for sustainable travel, while 51% would pay upwards of 20% more. [2] HNW Americans are becoming more conscious about their environmental impact and seeking out eco-friendly travel options," says Lansky. "They want to ensure that their travels are not just luxurious but also responsible and sustainable. They are interested in choosing destinations that support conservation, practice responsible tourism, and prioritize the health and wellbeing of local communities and ecosystems." [5] Demand for such lofty guarantees have prompted the emergence of some new brands and interesting cross-sector initiatives. [SevenTravel](#) is one example of a newly emerging category of 'positive-impact' luxury travel companies , while [Tourism Declares a Climate Emergency](#) is a collective of hundreds of tourism-related brands that are working together to deliver action and accountability while reducing their carbon footprints. [10][11]



Audley Travel uses its deep level of in-country knowledge to tailor experiences

Audley Travel | Facebook (2022)

SPEND TREND

Even the wealthy are seeing their bottom lines hit by inflation and soaring fuel prices, but, so far at least, such concerns don't seem to be denting the travel ambitions of HNW Americans. It's forecasted that there will be an increase in travel spending in 2023 compared to 2022, and even compared to 2019. [12] Indeed, for many, skipping vacations during the height of the pandemic has led to bigger budgets for 2023 and a willingness to splurge on 'revenge travel'. [13] Having got used to ultra-lux travel solutions such as private jets, whole hotel bookings, private island getaways, and yacht charters as a means of isolating during the pandemic, it seems some HNWIs are unwilling to give them up. [NetJets](#), the world's largest private jet company, is still seeing an upswing, with flight demand at a record high in the company's 57-year history, up 30% compared to pre-pandemic volumes. The company is increasing its fleet by 25% in order to meet demand. [13]

Such demand has also bred disruption in the form of semi-private jet travel, where individual seats can be booked on a private aircraft. [Aero](#), one of the leading brands in this sector, has tripled the number of leisure destinations it serves since launching in 2019. [11] In fact, 86% of travelers are willing to spend the same or more than they did in 2019, with Americans leading the charge. [14] Europe is likely to reap the rewards of this urge to splurge. US visitors to the continent are spending more than they did pre-pandemic, with premium cabin class travel up 18% and economy down 8%. Multi-destination European trips are also back on the table, with 32% of US arrivals visiting two or more locations last summer, the same proportion as in 2019 and 10% more than in 2021. This suggests wealthy Americans are feeling more confident about crossing multiple borders during their trips. [1]

Audley Travel has also noticed a return to more complex, exploration-style itineraries from their US customers, with visitors taking trips at a slower pace than pre-pandemic and spending longer in each location. The average 2023 booking is up 7% from 2022 to 16 days, says Bentley. [6] "HNW Americans are investing more in their travel experiences, as they see it as a way to escape the stress of their daily lives and create meaningful memories," says Lansky. [5]



Private jet company, Aero, uses a sustainable aviation fuel

Aero | Facebook (2022)

INSIGHTS AND OPPORTUNITIES

DEMONSTRATE DIFFERENCE

With 52% of Americans surveyed in Canvas8's biannual consumer survey agreeing that personalisation is an important factor they consider when engaging with brands, offering once-in-a-lifetime experiences can help win loyalty for HNWI travelers that are seeking points of difference from the standard luxury travel package. [15] With such a strong calling for unique and authentic experiences among HNW tourists, travel brands should be looking to differentiate their offerings. Partnering with other industry players, such as GetYourGuide, to offer unique local-led excursions, exclusive access to popular tourist destinations and cultural immersion experiences could be one answer. Less-visited locations could be another. "HNW Americans want experiences that are tailored to their specific preferences and interests," says Lansky. "They are looking for authentic cultural experiences, unique and off-the-beaten-path destinations, and opportunities to interact with local communities." [5]

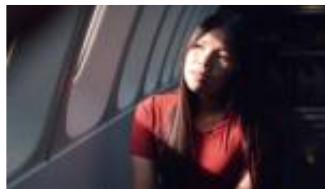
GO GREEN, BUT MEAN IT

The leading travel brands of tomorrow will need to do more than just pay lip service to sustainability, and there are numerous ways to do it. Strategies may include renewable energy, working with local conservation organizations, reducing waste, and growing food onsite. Even famously polluting industries are starting to step up. Aero has partnered with non-profit [One Tree Planted](#) and uses a sustainable aviation fuel, while NetJets has been carbon neutral since 2012. Last year, the latter also signed an agreement with Lilium to purchase 150 all-electric vertical take-off and landing jets. [13] Meanwhile in Australia, Four Seasons and Beulah are [building](#) a luxury hotel on Melbourne's South Bank that will double as the world's tallest vertical garden, showing how sustainability can also meet expectations of extravagance and opulence.

BE WORTH IT

Meanwhile, 72% of luxury travelers are spending more now than they did before the pandemic. [16] But while Many HNW Americans are willing to pay more for travel this summer, that's not without its limits. While the current strength of the dollar is helping to balance out inflation-related price rises in European destinations, luxury customers will still want to feel they're getting value for money from their travel suppliers. Brands should be offering unique accommodations and exceptional personalized service that's worth the extra cost. Value can be found in tour operators like Audley Travel, who provide a deep level of in-country knowledge to plan and design unique, immersive experiences that shine a light on the culture of the country. Meanwhile, home exchange offers a luxurious take on Airbnb, allowing [HNWI members](#) to swap homes for long and short stays.

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