



# Travel Trends Q3, 2024

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# EMBARK BEYOND

## *From the Front Lines* **2024 Third Quarter Trends Report** *From raging party to mellow dinner gathering*

The question everyone seems to be asking us: **Is the Party Over?**

We think so. Well, not exactly. The “rage” is over, and the party has mellowed to more of a great dinner gathering.

We’ve just entered the third quarter of 2024, which historically is our most lucrative for luxury travel. The year is still strong, but we are all seeing signs of a softening future. Clients are pushing back more and more on **exorbitant pricing, overtourism, and intense heat**. While our UHNW clients can certainly afford to travel, they are also focused on value for money, their time, and their experience. And with inflation up 20-30%, it’s crunching the aspirational HNW customer bookings that opening category base. Luxury goods are down – even Starbucks is down – and travel all over the world is starting to feel the pinch.

**Is “The Great Rate Reset” Coming?** Despite the shaky markets, political uncertainty, and ongoing wars, **we do predict 2025 will be very strong**, just not to the post-pandemic bonanza-level. We are seeing a strong pace and growth at Embark Beyond; however, growth is at a much slower pace. We think 2025 will be a year of “normalization” as opposed to a year of decline.

- After the high rates that we’ve seen (and enjoyed!) in the last 3+ years, we have seen slightly declining rates and occupancy since early 2024.
- We think 2024 will represent the “new normal” for rates - but occupancy is behind. Our premium categories are doing well; suites and villa sales are up.

So, for all those beginning to work on budgets for 2025, we suggest a strong pushback on anyone pushing you to keep up the unreasonable RevPAR and growth of the past three years. All signs point to a year similar to 2019 (an amazing year) as far as occupancy and demand, and a predicted 30% increase in ADR over 2019.

In this segment of Embark’s *From the Front Lines Travel Trends Report* we focus on the following:

1. **Half-year outlook** and overall summary of market pace and outlook
2. **Top 5 travel drivers** behind our business growth this year
3. **Top 5 luxury travel trends**, and how we see people traveling differently this year
4. **Top 10 global conditions** affecting luxury travel

While reviewing the below, it is important to remember that our lens on the marketplace is extremely skewed. Embark caters to the very slim UHNW customer with a core client age of 30-55 and an average spend of just over \$3,600 per night. While we have advisors on six continents, 70% of our business remains American. Relatively, we are a small \$300 million company soon to celebrate our 5th anniversary.

As always, we relish your feedback and your own observations. Please communicate what you want to see in the future so we can track it and report back. Feel free to email me at [jack@embarkbeyond.com](mailto:jack@embarkbeyond.com) with any questions, comments, or press inquiries.

We look forward to hearing from you!

**Jack Ezon**



## I. Autumn Outlook: 2024

### Pace:

As noted above, we are seeing a slight slowdown in transient pace, but nothing alarming. While revenue for Embark Beyond is up by 37% YTD, per-advisor growth is only up 8%.

#### **Booking Windows Continue to Shrink:**

- **Long-haul trips** (flights longer than 10 hours) booking window shrunk from 129 days to 57 days.
- **Medium-haul trips** (flights between 5-10 hours) booking window shrunk from 84 days to 47 days.
- **Short-haul trips** (flights under 5 hours) booking window shrunk from 38 days to 17 days.
- **Festive:** Festive is 24% behind pace; first week in festive is a bit soft on pace like last year due to how the holiday falls, but strong going into New Year's week. For Caribbean, we have slow pace for Festive; we see more in Mexico which continues to see a normalization to pre-COVID production, particularly as airlines reduce nonstop lift and frequencies to west coast Mexico destinations like Puerto Vallarta from New York and Chicago.
- **Mediterranean:** Mediterranean booking windows, specifically, shrunk from an average of 80 days to 42 days, with 51% of bookings booked in under an average of 19 days.

**Quick anecdotes that tell the story of luxury travel now:** Business is up but demand is clearly waning. Consider these illustrations:

- There is space in Mykonos (and many islands in Greece) any day this summer.
- Peak August dates in the untouchable Amalfi Coast and St. Tropez have open space, and lower rates than July.
- St. Bart's has prime options over festive. Botswana is wide open in peak season.
- Early signals from Marriott point to weakening revenue per available room in recent months.
- A Truist Securities report surveying gross operating profit margins of over 1,000 full-service and luxury hotels in the U.S show GOP just 110 basis points above 2019.
- On the air front, leaders like United and Delta, the two U.S. superstars of the industry during the post-pandemic era, report consistent drops in earnings and load, especially in the back of the plane.

**Shorter Trips but More of Them** – We were all talking about longer trips the last few years, but our average went from 7.8 to 6.2 days. However, the average client went from 6.1 trips to nearly 8 trips a year. Length of stay is down 14% from the highs we experienced before. Guests appear to be doing more trips but not quite as long.



## Regional Reflections

### A. Africa:

- Embark Safaris has seen a spectacular year of growth, up 120%.
- However, looking at Q4 in 2024 vs. previous years, the booking pace has slightly slowed down by about 3% (noting it comes from two exceptionally strong years).
- Botswana is down about 22% in peak season which seems to be a pattern in the market, as exorbitant rates at almost \$8,000 a night seem to be shifting market share to other destinations.

### B. Europe:

- **Summer City Slowdown:** European cities performed exceptionally well in the first two quarters of 2024, up about 13% from 2023 in gross bookings (revenue). However, summer saw a decline in revenue in iconic cities.
- **The Paris Drop:** Paris saw the biggest drop in demand, mostly in July and August, due to the Olympics. Despite putting on a spectacular show for the city, the Olympics were a flop from a business perspective. Business to Paris this summer was down 44% from 2023.
- **London is Steady but Soft:** Excess (new) luxury supply and a weekend corporate demand has created a softer market for London. Thirteen (13) new luxury openings entered or are coming to London in 2023-2024, totaling 1600 additional keys. To keep up, London needs to create more demand as shoppers focus on mainland Europe for better value. Big draws for London revolve around restaurants and clubs, exhibitions, concerts (Taylor Swift x 10), and art.
- **Expanded Seasons:** Looking at Europe for the year, we see business up 39% from 2023. While rates are 8% lower, the season has generously expanded. June and September now surpass August and even July in certain regions, especially in the Med. August **has become the new opportunity month.**
- **Italia Triumph?** Italy remained our number one destination for the season, however, the gap with France and Spain shrunk significantly. Pushback on rates has shifted business to the South of France (St. Tropez grew 23% while Cote d'Azur in general grew 18%) and more value destinations like Portugal stole share, growing 37%.

### **Embark Voices:**

*"I don't have as much Capri as last year. Last year I sold Capri maybe 10x as much as this year. Rates became almost insulting to clients. This year I'm selling an insane amount of St. Tropez, Portugal, even Ischia. Paris is dead!!! I have one booking in July and my next booking isn't until mid-October."*

*"Trends are changing so fast nowadays with new destinations emerging every season and patterns are changing so fast. We cannot anticipate as accurately as we used to."*

*"90% of my summer business is Europe with around 75% being Mediterranean."*

*"A bit more Eastern Europe and I had three Ireland trips this summer/fall. People looking to Norway and Switzerland—cooler places."*

*"Spain/Portugal are taking over much of my Greece business. Italy is still my number one request. Cruise has bumped up with luxury lines like Regent, Explora, Silversea, and Ritz-Carlton."*



- **Greece in Decline:** This summer saw a 14% decline in business to Greece, which was already down in 2023 compared to 2022. We attribute this to two factors (1) a fight for better value, and (2) a movement for something fresh – as many clients swarmed Greece post-pandemic for being the first to open that spawned new interest in its revamped hotel and party scene (especially in Mykonos). Rates skyrocketed nearly 100%, not only in hotels but in restaurants, beach clubs, and ancillary services.

- C. **USA:** Domestic travel within the USA continues to decline, with Embark seeing a loss of 3% over 2023 which was already a weak year. And while international arrivals have picked up, they are still not enough to replace the bonanza of domestic demand of 2021 and 2022. Rates are still not aligned with demand. Florida has taken the hardest hit here in the U.S., followed by Midwest and western resorts. *Customer feedback is very clear and consistent:* for the rates still being charged domestically clients can visit a new destination or another culture, including European hotspots. We continue to see domestic U.S. travel struggle when rates are high. Domestic destinations need to reevaluate their value proposition compared to the rest of the world as they no longer have a desperate and captive audience.
- D. **Asia:** Asia remains flat over 2023. Lack of lift or decently priced lift continues to inhibit growth. Japan has flattened out with just 1% growth in 2024, with many afraid of overtourism and inflated prices (despite the weakened Yen). Thailand is pretty much flat.
- E. **Cruise:** Business continues to increase as it presents amazing value. With any good yacht hovering close to \$450,000 and nightly land rates (with nothing included) averaging \$3,500 a night in key destinations, a cruise suddenly seems like a good consideration. More on this below.

### ***Heard on the Streets of London***

*“Q4 2024 is behaving well vs 2023, Q1 2025 currently in line with Q1 2024. Summer is very last minute and we can feel the impact of new hotels that have opened. Comp set occupancy is only running on about 50-55% annually, which isn’t great.”*

### ***Heard on the Streets of Paris***

*“I am worried short-term for August right after the Games. Occupancy is lower than last year. We only see growth because ADR is so strong. But that is not the case in the city’s forecast for the coming months. Some Palaces are selling from €1,350 on their website starting in August. A new trend seems to arrive in Paris. Hotels are starting to lower their rates for the second half of the year and into 2025.”*



## Embark's Word of the year: **VALUE**

Yikes. Who wants that to be the word of the year? No one really, though the good news is that value is all about perception, which is why you see so many luxury brands, outside of travel, focusing on things like craftsmanship, investment value (a Birkin is a pretty good investment), passions and community.

While the UHNW has never been wealthier, the segment has had enough of inflated pricing. It is now to the point that “it just doesn’t feel right” and to some it is even “insulting.” Rich people are the most paranoid of being used.

- **Shifting Destinations for Value:** Clients, even of the highest caliber, are starting to make purchase decisions based on value. And with leisure travel, nothing is that imminent that it cannot be shifted. So, if this year they hit St. Tropez instead of Capri it’s fine. And greed is just not working anymore.
  - **Botswana fell off the cliff.** Embark Safaris partner Justin Huff also sees people shifting destinations because of excessive pricing. “People want to see value even at the uber premium level.” When rates hit almost \$8,000 a night at top lodges in Botswana we saw a significant movement. “It’s not like they cannot afford it... if someone can afford \$5k a night they can afford \$8k a night,” noted Huff. As a result, Botswana business at Embark is down 35%, which seems in sync with the market in a destination that seems to have plenty of open space during peak seasons where they are usually sold out a year in advance.
  - **Air Ticket Prices:** Long-haul ticket prices are the biggest inhibitors to growth, particularly Southeast Asia and the South Pacific. While people are willing to spend generously, they are clearly in value-seeking mode. There is no sense of urgency for a leisure “bucket list” trip and they are waiting for long-haul air to go down with potential increased competition. Issues include fuel, demand, constrained seat capacity because of labor shortage, and the lack of lift to South America, SE Asia (mostly because of China), and South Pacific.
- **Overpriced Events Take a Hit:** Part of the failure of the Paris Olympics and disappointment with the Las Vegas Formula 1 was greed and excessive pricing. Even MGM’s CEO Bill Hornbuckle admitted that “The real issue with Formula One is it’s off to a soft start as compared to last year where we had a lot of advanced pre-bookings.... room rates for Formula One are showing some softness.... some of our ADRs are down...50%, give or take.” Paris hotel rates plummeted by mid-May when they found themselves at half occupancy, while ticket prices for Olympic events sunk some 300%

### **Embark Voices**

*“My clients are tired of paying crazy high prices for the Caribbean over Christmas. They’re asking for shorter stays. And European guests don’t pay the crazy rates as much as Americans.”*

*“If people are going to spend \$3k a night, they don’t want to stay in the U.S.”*

*“My client straight out told me, for \$1,500 or \$2,500 a night I may as well go to Italy or France instead of going back to Florida. It’s just not worth it!”*

*“Consumers will spend but they are concerned about perceived value, and they don’t want to spend frivolously anymore.”*

*“Festive pricing may need to do a reality check if they want it to move the needle.”*



below packaged rates sold at the beginning of the year. You could stay at a luxury Palace hotel for under €1,500 a night and see a top sporting event for under €500 for great seats.

- **Continually Growing Dupe Destinations:** These are places that look and feel like a hot spot but often under the radar and/or a lot less expensive. Top dupes: Portugal (which grew by 37%), Norway for Iceland, Slovenia for Switzerland, Lake Garda or St Moritz for Lake Como, Jackson Hole for the Dolomites, and yes, a CRUISE instead of a land-based trip at 3x the price. Madrid for Paris. Marbella for St. Tropez.

Many providers are remiss to play the “rate game” and reduce rates, one of the first precautions revenue managers learn to avoid in down times. We argue that they are not reducing rates, but rather **returning them to market level**. Rates over the past two years were just not real. Everyone knew they were not sustainable and reckoning day has finally come. And if providers do not want to lower rates, they must **show their value** or provide added value in a truly meaningful way.

*Let's dive into everything else we're seeing.*



## II. Top 5 Travel Drivers

### *Top Drivers for Luxury Travel Right Now*

1. **Special Events – Sports, Arts & Culture, Concerts:** Special events are becoming one of the most significant drivers of business for Embark, up about 35% over 2022. Can you say TAYLOR SWIFT? It's also Adele (playing 10 shows in Munich in August), Formula 1, new art exhibitions (Frieze Paris) and even old ones with a hot new look (Biennale). Festivities and fanfare surrounding even niche events create appeal to a wider audience.
2. **Self-Created Group Travel & Gatherings:** We have seen the multi-gen concept grow over the past decade. Now we see people traveling in small group travel (10-50 people) as if they were multi-gens but not related. Self-created groups, where one leader brings a bunch of friends together is one of the biggest growth markets for Embark. Some examples include women traveling together, nonprofits taking donors on a bike trek through the Douro Valley, and fitness instructors taking their cult followers to somewhere fabulous. We even saw scenarios such as three families or four couples traveling together. People are finding any reason to travel together. We even planned what we dubbed a boy's "Bachel-baby" celebration. Yes; the guys all went away to celebrate before their friend became a dad. A recent escape to St. Tropez even validated this trend. Less than 5% of the tables at any given beach club were set for 2 people. Less than 10% were for tables of 4 people. The vast majority were tables of 8, 10, or even 20. This is driving the yacht and villa market but also contributing to small group business at hotels, many of which have no idea how to service them (since they don't operate as a group, nor do they act like transient guests). At the heart is a deep desire to create connections, community, intellectual stimulation, and emotional well-being.
3. **Art is still significant:** Anchor shows like Art Basel and the Biennale are still draws, though new secondary art shows are bringing in the real money. Frieze is storming Paris this year, and Aspen has its own hot new show, the Aspen Art Fair. Clients are traveling with their art curators or asking us for local market makers in top gallery destinations.
4. **The 50 Is the New 40 Celebration:** Celebration travel continues to grow, with Embark seeing a 53% growth in the celebration market. The hottest new thing? The 50<sup>th</sup> birthday bash is the new THING, with people spending millions. Beyond that, France and Italy were still wedding central, with about 60% of our events based there (89% of our events were outside of the USA, with 71% in Europe). More and more clients want to make up their own playbook, which is why now 85% of our celebration clients want full hotel takeovers. The average wedding buy-out is now \$4.2 million with 287 people.
5. **Jet-setting & Set Jetting:** Living the Slim Aarons jet-set lifestyle is still one of the hottest market drivers and continues to grow. St. Bart's is our number one winter destination, followed by St. Tropez, Mykonos, Capri, and Ibiza. Top restaurant requests are all about Paris Société, La Guérite in Cannes, and, well, whichever has the best DJ and hottest crowd. The best chef is a total afterthought (after all, most patrons are on Ozempic anyway, but more about that later). It's the European old-world ambiance people want, less Las Vegas or Miami – more Costa Smeralda and Ramatuelle. Beach clubs are by far more popular than night clubs. For those looking at bragging rights, "*Set-jetting*" has officially become a thing. The White Lotus-effect is still insane, with a bit of Outlander in Scotland, London for Bridgerton and, well, of course Emily in Paris. For two years in a row, Sicily has topped our summer destination requests; the Four Seasons Maui has seen a 386% rise in business for us. Thailand, the site for Season 3, wanted The White Lotus bump so badly that it offered a \$4.4 million tax credit to bring the show there. We'll see if Thailand will enjoy the same boost in bookings.



### III. Top 5 Travel Trends

*How we see people traveling differently this year*

- 1) **(We're Still Young) Adventures and HEALTHSPAN is the New Wellness Buzz Word:** After the 50<sup>th</sup> birthday bash comes what we are calling **"Validation Vacations"**. As our core Gen-X client base enters their quinquagenarian chapter, they are anxious to prove to themselves that they are younger than their Baby Boomer parents were at 50. To prove it, they're going to Everest Base Camp, hiking Kilimanjaro or to the South Pole; or doing joint Iron Man trips, which is up almost 60% in the past two years. **HEALTHSPAN** is the new wellness buzzword—it's no longer about how long you live, but how *well* you live while you are alive. Those in their 50s and beyond are much more active, as Gen X accounts for 30% of the \$282 billion adventure market, and about 38% of the lifestyle and jetsetter market (look at the average age at Lulu or Nammos this summer).
- 2) **(We're Still Hot) Wellness:** The concept of never growing up is surging in popularity, with a burgeoning community of longevity enthusiasts trying anything from good old-fashioned diet and exercise to IV drips and plasma transfusions to slow down the clock on their bodies, and to look amazing while doing it. The Blue Zones bestselling book phenomenon has had its own effect on travel, like the TV shows below. (See OZEMPIC effects in our observations below.)
- 3) **Single Successful Female Travels:** This category seems to be one of the biggest forces to come. A recent survey by Altrata explains this phenomenon, revealing that women now comprise approximately 11% of global UHNWIs, signaling a significant surge from the 8% reported less than a decade ago. Despite this, we still see single woman spending about 35% less than single men of the same age and wealth bracket. Interestingly, though, Millennial ladies are a lot less conservative, as Altrata found a remarkable 81% of Millennial and Gen Z wealthy, single woman spending more freely, with more optimistic anticipation of wealth growth. We have seen a 41% growth in this market over the past five years, with many single ladies traveling in small packs of 3-5 women ready to conquer the world.
- 4) **The Club Economy:** Memberships seem to be exploding, signaling a continued thirst for vetted communities. Many of our clients have memberships to four to five clubs with annual dues in the six-figures. With so many hotels now using membership to finance buildings, we see people traveling in a whole new way, seeking community or access. We also see wellness-centric social clubs emerging with mixed success.
- 5) **The Un-Cruise is the New Cruise (And Cruise is Up):** Cruising, even for the non-cruisers, is and will continue to be a very strong, growing trend. Embark has not historically been a cruise-centric travel company but between 2022 and 2024, Embark's cruise business grew an astounding 340% and pace for 2024 is at least 150% growth over 2023! Half of spending on cruises so far this year came from Boomers and the other half Gen X. **Why the crazy growth?** Three main factors:
  - **The growth in luxury expedition options** has attracted a younger set of active travelers. For example, you can now do Antarctica in four days and fly over Drake's Passage instead of the more common 14-day time investment. The level of product in areas like the Arctic, Antarctic



and Galapagos has never been seen before and rivals that of luxury safari lodges in Africa or adventure lodges in New Zealand and Australia.

- **The exorbitant hotel pricing** means that a cruise can come with incredible value, with savings of 20-50% less than staying in luxury hotels in Italy or the South of France.
- **Many cruise lines are focusing on Gen X and Millennials** including Explora Journeys (which calls itself a floating hotel), Ritz-Carlton Yachts, Ponant, and Aqua Expeditions.

## IV. Top 10 Global Conditions Affecting Luxury Travel

**1) Climate Change:** Climate change is having a significant impact on travel and travel patterns. Intense summer heat has shifted our most lucrative summer Mediterranean business and wreaked havoc on our once lucrative ski business, while also driving consumers to cooler regions.

- **Ski Resorts are Unpredictable:** The absence of a normal winter in many locations has been evident in the mountains, with the lack of snow not only affecting winter sports but also the crucial reservoirs of water where melting snowpack feeds rivers and streams throughout spring. With unpredictable and erratic snowfall, we are seeing our ski business plummet, with a 63% loss in the ski business over the past two years. Most ski business is booked within 45-days of departure, often looking at snowfall. With the exception of Aspen, this issue has affected American ski resorts significantly more than European ski resorts. The reason is because American winter resorts are much more focused on actual skiing while Aspen, like many European ski resorts, offers a broader “winter experience”. Consider that only 30% of people visiting St. Moritz in winter actually skied. European resorts are diversifying faster than the U.S. resorts, bringing in the dancing-on-tables beach-club equivalent to the ski slopes.
- **Shoulder Season is the New Peak Season: Overheating** (compounded with overcrowding and overpricing) has made what was typically **shoulder, the new peak season**. June and September are the new July and August. **November** is now the hottest growth month in cosmopolitan cities. This means we are seeing **longer seasons** in many resort towns from Paris to Amalfi St. Tropez to Lake Como but also shorter seasons for would-be ski resorts, with shorter winter and even summer seasons.
- **Cool-cations:** We are seeing clients going north or south, chasing cooler climates. Examples for us include a 211% increase in demand for trips to the Arctic from 2022 to 2023, Canada jumped 113% over the same time, Norway and Finland grew 84%, Scotland and Ireland up 41%, and Switzerland up 53%.

### *Embark Voices*

*“I have less and less ski business every year,”*

*“Ski business is very last minute and very weather-dependent.”*

*“People go to European ski resorts now like they go to St. Tropez. To have fun in their Moncler instead of their Vilebrequins”*



- 2) **Social Media Switchback and the Walled Garden of Content:** There is a significant backlash against '*recommendation culture*' and the tightrope a modern travel advisor has to dance between recommending everything on social media versus holding some of that back to avoid contributing to overtourism and the possible saturation of those cute, secret little finds that give advisors their value in the first place.
- Overall, there is a “**Walled Garden**” trend in content to privatize most content so AI and the big tech giants can’t steal it.
  - **Overcrowding hits a tipping point** : As a result, it is no surprise that this year feels like a real shift (at least on social media) for people wanting to escape the crowds, but also for our clients.
- 3) **The Remote Work Effect Continues:** With 2.7 days in office instead of four days before COVID, the Luxury Global Nomad continues to globetrot. People have moved away from cities and, in some cases, their extended families. They are looking to reconnect on trips to build memories while together. Villas are still big business, like One&Only Private Homes, which go all the way up to 10-bedroom villas at One&Only Mandarin in Mexico. They now have massive villas in Mandarin, Aesthesis, Portonovi, and very soon to come at Kéa Island in Greece and Le Saint Géran in Mauritius.
- 4) **The Loneliness Plague:** 25% of all U.S. households live alone, the biggest number in history (according to census). Making new friendships as an adult is harder than ever.
- Because travel takes people out of their routine, they can focus on connecting – a huge antidote to loneliness (look at the small group travel boom!).
  - Brands and companies can build community which is why many hotels are looking at ways to bring people together and reduce loneliness, especially for business travelers.
  - This is also why we see the rise in private clubs and other communities (Six Senses London will launch with a private club, for example). Clubs make a comeback because it’s vetted community; like-minded people but it’s also subtle
- 5) **The OZEMPIC Effect:** *Will food continue to be a driver in travel?* After years of social media saturation to find the “best croissant” in Paris and the “best cheeseburger” in NYC, will anyone care if no one is hungry? It is starting to feel gluttonous. Ozempic has already changed the GDP of Denmark; weight loss drugs overall are expected to be worth \$130 billion by 2030 (Bloomberg). We are seeing a significant reduction in food-driven business and gastronomic restaurant requests – mostly being replaced with coveted lifestyle restaurants that are more about seeing than eating. We are also seeing a huge (61%) spike in private shopping and insider shopping requests as people with fabulous new bodies want to splurge on a new wardrobe to flaunt it. Hotels should step up their retail offerings now.
- 6) **Tequila Takes Over Wine:** Okay, but people are still drinking, for now. Tequila (which is very low in calories while still delivering alcoholic impact) overall took a 34.1% share of cocktail base sales by value, up by 1.8 percentage points year-on-year—largely at the expense of wine and vodka, which



saw share fall by 1.3 percentage points to 28.2%. The American Association of Wine Economists recently shared tequila and mezcal sales data in the U.S. from over the past 20 years, which indicates that the spirits' total sales have grown by a whopping 272.9 percent since 2003. What's more, the premiumization trend has skewed the growth toward higher-end bottles.

**7) Unpredictable Geo-Political Turmoil and the Maldives Drop:** We have never really seen an election year reduction in business, but we do see that some American travelers are somewhat trepidatiously planning for 2025. This year, it seems a bit more geo-political—for instance, the announcement from the Maldives government about banning Israeli passport holders has been a turn-off for far more travelers than just Israelis and Jewish Americans. Even if they backtrack on this, many people may still not want to go because of the political stance. We've seen this domino effect with some of our Dubai hotels, as we get a lot of travelers from the Americas stopping over in Dubai before or after their trips to the Maldives.

**8) Generative AI:** Also known as generative adversarial networks (GANs), this is a type of AI that can generate new data that is like existing data. Several applications launched in 2022 flaunting this technology in its rudimentary yet actionable stage. This includes Open AI's DALL·E 2 and Google's Imagen Video, which use AI to generate art and animation based on user request. We see the following possibilities for the travel industry:

- Generating personalized travel recommendations based on preferences, previous travel, and other factors along with predictive models of customer behavior and preferences.
- Automating the creation of basic marketing content, including the creation of personalized marketing materials and ads for different segments of customer base, including relevant text, images, and other content for social media channels.
- Improving effectiveness of marketing campaigns.
- Developing alternative tourism destinations and activities based on client drivers.
- Offering pricing predictions.

**Embark Beyond is launching Embark Blackbook this fall**, with this Generative AI technology enabled to create a “**Clienteling**” strategy so that each individual advisor can proactively identify clients that would be interested in tactical offers and worldwide event experiences. Our custom-built AI-powered platform (fusing Embark's collective knowledge and global network) will optimize sales to our preferred partners through both luxury travel advisors and our A-list event planner network. We think it will be game-changing in proactive selling.

**9) Labor and Energy Issues:** Labor, especially in hospitality, continues to be an issue, inhibiting scale or luxury brands. Restricted work visas in many countries and a preference for people to work at home on their own terms, has drastically reduced the pool of passionate hospitality employees. This, coupled with inflated energy costs because of Russia and Ukraine, continue to push travel pricing higher.



**10) Inflation and the Widening Wealth Gap:** Inflation is crushing the aspirational and HNW traveler, those normally gravitating to the standard or deluxe rooms. They are the same consumers who are cutting back in luxury retail, with top brands suffering from a loss in their “first floor” accessory business. Despite this, luxury hotels thrive while the economy slumps, driven by the top-end, UHNW client who are driving ADR. Persistent inflation and stock market gains fuel this divergence. A market correction could dent high-end demand. This is causing a problem in filling a strong base for all travel sellers.

***What We’re Seeing on Air:*** Airlines are seeing the same wealth disparity in their bookings. Much of their recent success stems from premium long-haul demand, fueled by travelers willing to spend for business and first class. According to a recent Delta statement, “Premium continued to outperform and differentiate our results,” said Delta president Glen Hauenstein. For the rest of the 99%, the high cost of flying has become a deterrent to certain destinations (after several years of revenge travel when high prices weren’t a deterrent) and is starting to influence the months that guests choose to travel if they have flexibility. We, too, have seen some rate resistance from aspirational guests, where they could have afforded a bucket list trip before, but the overall trip costs are driven up significantly by flights, making it unattainable for them.



**About EMBARK Beyond:** Embark Beyond is the fastest-growing company in the luxury travel business, consisting of more than 260 travel advisors globally, with offices in New York and São Paulo. Known for innovative thinking rooted in traditional hospitality, Embark is responsible for \$300 million+ in leisure travel sales, \$80 million+ in annual luxury destination event sales, and an average transaction of \$32,401. Embark's tailored and personal approach to luxury and lifestyle delivers to a highly confidential list of ultra-high net worth clients composed of A-list celebrities, sports stars, Fortune 500 executives, dynamic financiers, entrepreneurs, and real estate moguls around the world.

The company's founders and advisors are recognized as authorities in luxury travel and are frequently featured in the press, including the Wall Street Journal, the New York Times, The Washington Post, Conde Nast Traveler, and Travel + Leisure.

Embark Beyond is built on the "Power of Partnership," collaborating with not only leading travel industry leaders, but also fashion, home, and lifestyle brands allowing for highly beneficial synergies across an UHNW client's life.

**About Jack Ezon:** Jack S. Ezon is Founder and Managing Partner at Embark, a luxury lifestyle partnership specializing in bespoke travel experiences. In his role Jack oversees the company's direction, expansion plans, strategic partnerships, PR, and customer journey mapping while inspiring talent and business development.

Ezon is one of the most well connected and influential travel advisors in the world, known as a true innovator and outspoken leader in the global luxury travel business. His deep and broad relationships coupled with his global black book of clients and local purveyors had him dubbed the "*Olivia Pope of travel*" by Bloomberg in 2018. Lauded for his ability to deliver luxury travel experiences tailored to the next generation of travelers, he has attracted a core group of UHNW Generation-X and Millennial clients and built one of the America's largest luxury social destination event businesses, partnering with an elite group of celebrity event planners to orchestrate incredible destination weddings, birthdays, and other celebrations around the world.



As a member of Virtuoso, Jack sat on the Hotels & Resorts Committee for 8 years and served as the first chairman of Virtuoso's Next-Gen Committee, a group focused on attracting the next generation of luxury travelers and advisors. Well respected by some of the world's most renowned hotel companies, Jack is often sought after for his insight on branding and product positioning, sitting on advisory boards for many travel companies including Belmond, Ritz Carlton, Aman, and Accor. Ezon has an eye for new talent, which is why he has focused his efforts on cultivating savvy Millennial advisors and has launched Embark as a lifestyle partnership, providing equity opportunities for forward-thinking leaders in the luxury lifestyle and travel space.

Previously, Jack built Ovation Travel's leisure business under the banner of Ovation Vacations and Ovation Celebrations, growing it from \$3 million to over \$350 million. A father of four, he graduated from New York University's Stern School of Business and received a J.D. from Cardozo School of Law.

#### **Jack S. Ezon**

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