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TRAVEL AND HOSPITALITY

Buying capacity of baby boomers among factors to grow luxury travel market by \$703B in 2027

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This fall, luxury travelers can indulge in a traditional fondue or raclette at Le Chalet des Etoiles, a Christmas popup exuding a cozy alpine atmosphere decorated with twinkling lights and vintage skis located on the panoramic rooftop of Four Seasons Hotel des Bergues Geneva. Image credit: Four Seasons

By STAFF REPORTS

The luxury travel market is estimated to grow by \$703.14 billion from 2022 to 2027, rising at a compounded annual growth rate of 11.5 percent.

Per a new report from Technavio, Europe is projected to contribute 29 percent by 2027, attributed to increasing disposable income, baby boomers' increased spending power, numerous exotic locations and an increase in demand for personalized vacations. Other factors include availability of easy transportation facilities, a fast-growing number of food and drink festivals, and the presence of major players.

"In Europe, the buying capacity of baby boomers is on the rise," the Technavio report said. "This generation prefers to travel together with their families on multigenerational or tailor-made vacations, including good meals and family activities.

"Furthermore, the growing number of gastronomical festivals and the expanding range of adventure sports, e.g., kitesurfing, mountain biking or paragliding is attracting a high volume of domestic and international tourists to countries like the United Kingdom, Germany, Spain and Switzerland.

"Hence, these factors are expected to drive market growth in the region during the forecast period."

Fragmented market

Another impactful driver is increasing disposable incomes of travelers.

Sports tourism is also trending in the luxury end, per Technavio, while natural calamities pose a big threat.

Technavio found that the luxury travel market is fragmented due to the presence of many global and regional

companies.

Among the companies identified by Technavio as offering luxury travel are Abercrombie & Kent USA LLC, Butterfield and Robinson Inc., Classic Journeys, Exodus Travels Ltd., G Adventures, Indigenous Tourism BC, Intrepid Group, Lindblad Expeditions Holdings Inc., Micato Safaris Inc., Myths and Mountains Inc., Odyssey World, Responsible Travel, Scott Dunn Ltd., Tandem Travel OOD, Tauck Inc., Travelopia Group, Wilderness Travel Inc., Geographic Expeditions Inc. and Absolute Travel Inc.



Global luxury travel market 2022-27. Source: Technavio

Lure of staycations

Technavio's report segments the luxury travel market by domestic and international consumers.

The market share growth by the domestic segment is expected to be significant during the forecast period.

Supportive government regulations, lack of currency exchange issues and familiarity with culture and language contribute to the growth of domestic luxury travel.

"Domestic tourism is a lucrative business, and due to the rising trend for micro trips and staycations, it will continue to grow," according to the report.

"In comparison with international travel, luxury vacations at home are a cost-efficient option."

IN ADDITION, domestic tourism and luxury travel are mainly aimed at encouraging tourists to visit natural cultural sites, with a view to informing them of their country's history and culture.

In Morocco, for example, domestic luxury travel packages take tourists to various tourist destinations throughout the country, such as the Atlas Mountains to the beach of Essaouira, the Sahara Desert to the palm groves of Todra Valley, and the medieval city of Fes to the spice markets of Marrakech.

"Hence, these factors are expected to drive segment growth during the forecast period," Technavio said in the report.

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