

TRAVEL AND HOSPITALITY

Gen Z most likely to splurge on experiential travel

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Younger consumers are most likely to splurge while traveling. Image credit: Marriott International

By SARAH RAMIREZ

As Generation Z consumers continue to acquire purchasing power, they are outspending other generations on luxury hotels and unique culinary experiences while traveling.

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According to a survey from CIT Bank, the number of consumers making travel saving a priority more than doubled from 2018 to 2019. Following Gen Z, millennials are the second most likely to splurge on different aspects of their vacations.

"Generation Z grew up with technology at their fingertips, so they've been exposed to a wealth of unique experiences, opportunities and cultures from an early age," said Ravi Kumar, head of direct banking for **CIT Bank**, Los Angeles. "As they begin to gain financial independence, they are starting to prioritize travel and demonstrate their affinity for the experiences they've either seen or heard about through digital media."

The findings are based on a survey of more than 2,000 U.S. consumers conducted by Harris Poll. Generation Z was defined as consumers between 18 and 24 years of age.

Vacation spending

Leisure travel is becoming a more important priority among consumers.

This year, 18 percent are saving for vacations, compared to 7 percent in 2018.



Gen Zers and millennials will splurge on luxury hotels. Image credit: Jimmy Choo

Vacations are the second largest non-essential spending category, following dining out.

With consumers continuing to spend on dining experiences, it is no surprise that nearly a third of all respondents plan to spend on high-end or unique food and drinks while traveling.

Forty-two percent of Gen Zers will spend on unique culinary experiences during vacations, followed by 35 percent of Gen Xers and 34 percent of millennials. Less than a quarter of seniors are likely to splurge on high-end dining.

Luxury hotels are another important category to Gen Z travelers, with 35 percent splurging on their accommodations compared to 27 percent of millennials.

Younger consumers are also the most likely to travel in style, as 17 percent of Gen Zers and 10 percent of millennials will spend on first or business class transportation.



Gen Z still values relaxation while traveling. Image credit: Ashley Rodriguez/Veuve Clicquot

Although millennial and Gen Z consumers have a reputation for indulging in experiential travel, about two in 10 consumers in these generations are interested in spending on health and relaxation during vacations. Less than 10 percent of boomers or seniors splurge on transportation.

However, one in three seniors use travel rewards credit cards a rate more than twice as high as other generations. More than half also use credit cards to pay for their vacations, while only 20 percent of millennials and Gen Zers do so.

Gen Z travelers

Gen Zers are becoming more influential in the travel and hospitality sector.

Affluent travelers are picking more adventurous itineraries and destinations, as Gen Z consumers sway family travel plans.

According to the 2019 Virtuoso Luxe Report, while many Gen Zers are still in their teens, they have a more global perspective from a younger age and they wield significant influence over their peers and parents. As a result, consumers are traveling to more off-the-beaten-path locales and adventure trips have become the top trend in family vacations ([see story](#)).

Other travel companies have also sought to tap into the influence of Gen Z.

TCS World Travel recently gave a voice to one of the most influential segments in travel today: teenagers.

The firm created the Teen Advisory Panel, a group of well-traveled adolescents, to help consult with the company on how to improve luxury travel for families that include teenagers. Luxury travelers who bring their whole families along need to be able to find experiences that fit everyone's desires, something TCS World Travel is hoping to streamline ([see story](#)).

"Every moment matters to Gen Z travelers," Mr. Kumar said. "Offering unique food, accommodations and excursion packages can be a great way to engage Gen Z travelers who may find it attractive to get everything they value in one place and package."

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