

TRAVEL AND HOSPITALITY

Top earners plan to spend 20pc more on vacations in 2024: report

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Luxury names in hospitality are seemingly well-positioned for the year ahead, as those with the deepest pockets plan to spend even more on their trips. Image credit: The Olinger Group

By EMILY IRIS DEGN

The Olinger Group is out with new research, releasing the [U.S. Luxury Traveler Trends 2023](#) findings.

According to the report, those making more than \$100,000 annually are poised to put even more resources into seeing the world. Based on the firm's survey, luxury names in hospitality are seemingly well-positioned for the year ahead, catering already to those who state that they plan to spend 20 percent more on their vacations in the next 12 months.

"We believe that the reason people are moving toward more experiential demand is something that we've discovered across all industries: that consumers want to live well," said Jude Olinger, founder and CEO of The Olinger Group, New Orleans.

"They are looking to live as closely to their aspirational selves as they can and are looking for brands and experiences that get them there," Mr. Olinger said. "We're seeing this everywhere in our research and with all of our clients who are really big name-brands cross-industry."

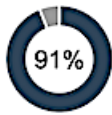
The Olinger Group surveyed 1,664 U.S. travelers in 2022 and 750 U.S. travelers in 2023 for the report. Each individual had to have a household income of at least \$100,000 a year and take leisure vacations in order to participate.

Tripping out

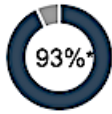
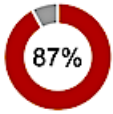
When conducting the study, The Olinger Group identified three types of vacationers.

The "Luxury Travelers" make at least \$250,000 a year and consider every one of their trips to be in the luxury category. This is the biggest group that participated, as 60 percent of the respondents stated that they fall into this category.

\$250K+ **\$100K to \$249K**



I am more likely to try new things on vacation



Vacation memories are more valuable than anything I bought in the last year



Vacationing is the event I most look forward to each year

As lockdowns cease and restrictions ease, people are reviving their love of exploration, with "Luxury Travelers" and "Luxury Risers" sharing pretty similar attitudes toward the past time. Image credit: The Olinger Group

The other two labels, "Luxury Risers" and "Other Travelers," respectively consist of people who take only luxury vacations and make between \$100,000 and \$249,000 annually, and those who do not exclusively take trips of this nature.

These three populations and their preferences inform the report's findings, offering a barometer of sorts for the high-end travel market's upcoming year.

The top earners are seeing the next 12 months as especially travel-friendly, expressing a particularly high level of wanderlust compared to other groups.

Those making more than \$250,000 took more vacations last year and currently spend more on their excursions. This trend is said to continue, as participants report that they plan to put more money into seeing the world.

"This is a huge opportunity for luxury hospitality operators everywhere," said Mr. Olinger.

While in 2022 these top spenders were spending \$17,165 on average, now, they investing \$20,588 toward their annual travel fund, with plans to spend \$23,316 next year.



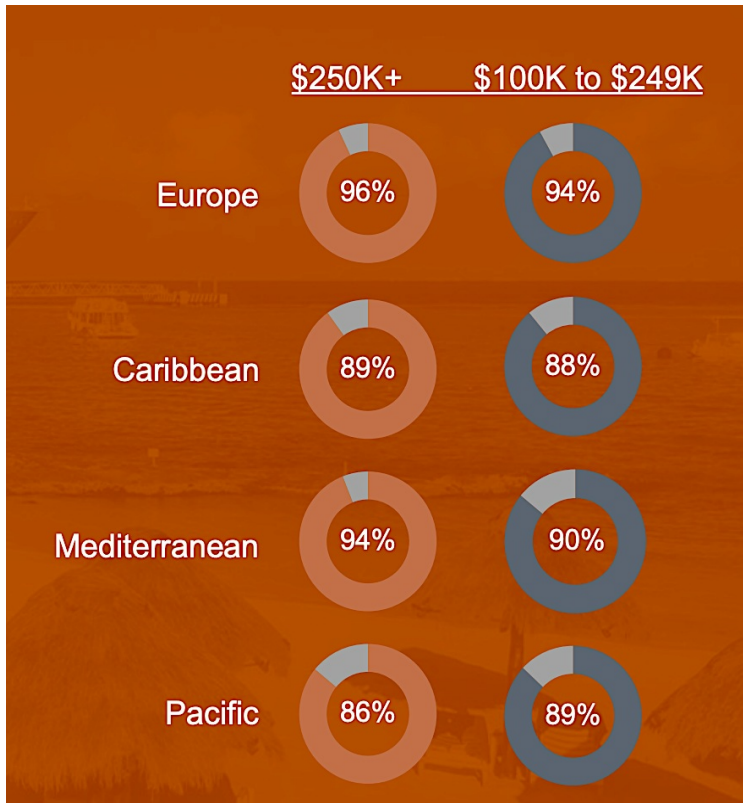
The Ritz-Carlton is a favorite among the high-earners, the company recently going through a digital update as young people flock to experiential spending. Image credit: Marriott International

Their stays of choice? The Ritz-Carlton, a Marriott International-owned hotel and resort chain, and Hilton's Waldorf Astoria Hotels & Resorts are two luxury chains that the ultrawealthy adventurers favor the most they are also showing a significantly increased interest in hospitality group Rosewood Hotels & Resorts.

Each of these brands has been making noteworthy shifts in 2023, adapting to the current demands at play, from The Ritz-Carlton's digital refresh ([see story](#)) to Waldorf Astoria's expansion into India ([see story](#)). Rosewood Hotels also enhanced its ESG strategy ([see story](#)) and platformed the importance of regenerative agriculture ([see story](#)), each no doubt speaking to Gen Z and millennial consumers' climate concerns and sustainable spending habits ([see story](#)).

However, luxury travelers as a whole are growing up, with the median age for those in the group making at least \$250,000 a year rising from 47 to 50 between 2022 and 2023.

Older people in general are venturing out more often, a trend that is largely responsible for the surge in demand for cruise vacations, a renaissance that falls in line with pre-pandemic tropes.



Europe is perhaps the most profitable place to offer in cruise itineraries as interest in the continent surpasses that of the Caribbean. Image credit: The Olinger Group

Though this desire to hit the high seas is nothing new, where high-spenders want to sail to is changing.

Excitement for the classic Caribbean ports appears to be subdued, with Europe and the Mediterranean becoming the preferred spots. Time will tell if this is solely happening because of the ultra-hyped wave of "Euro Summer" posts taking over the internet and social media (see story), or if this is a movement that is intended to stay beyond the heat of vacation season.

Regardless, luxury cruise lines that focus resources on bringing passengers to these more northern areas of the planet are sure to do well.

State of mind

Though individuals who fall into the Luxury Risers category spend less than Luxury Travelers, the report shows that both groups have very similar expectations as they seek refined experiences.

Like their top-earning counterparts, they plan to put more money than last year into their vacations. Additionally, with a median age of 45 and the percentage of those with kids under 18 in the household being extremely close between them, the getaways they are after are likewise akin to each other.



As it turns out, Luxury Risers and Luxury Travelers are not all that different in the way they vacation. Image credit: The Olinger Group

With this in mind, it seems that being a member of the luxury community is more about how one thinks and less about how one spends.

"The biggest surprise is that we now know definitively that being a luxury traveler is a mindset, not driven by income," said Mr. Olinger.

"You think like a luxury traveler to be a luxury traveler," he said. "We found luxury travelers with incomes above \$100,000 are spending at similar rates as luxury travelers with incomes above \$250,000, the traditional income standard to be considered luxury.

"If you don't see yourself as being a part of luxury, your spend is typically much lower no matter your income."

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