**BSAN 885 – Business Analytics Capstone**

**Spring 2024**

**(Class Meeting Day and Time: Monday & Wednesday, 4:00 PM)**

**Project Title:**

**Travel Spending**

**Assignment Title:**

**Background Research**

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**Executive Summary**

The travel industry, one of the world's largest, continues to be a significant revenue generator, even during challenging periods. Our study, which focuses on travel spending in the United States, aims to uncover current trends, demographics, and purchasing habits across various travel products and services. We believe that businesses looking to enter or invest in the travel industry must have a comprehensive understanding of consumer spending and behavior in this sector. These insights are valuable for venture capital firms considering investments in the travel business. Our research reveals the compelling potential of the travel industry as an attractive investment opportunity for venture capitalists. By delving into its economic impact and cultural significance, we emphasize the immense value it offers in driving growth, fostering global connections, and creating abundant job opportunities. Through our analysis, we identify key trends and challenges, underscoring the importance of innovation, sustainability, and adaptability to consumer preferences.

**Introduction and background**

The travel business is an attractive investment option for venture capitalists due to its huge economic effect and potential for innovation and expansion. Direct travel spending in the United States reached $1.2 trillion in 2022, underlining the industry's significant economic importance (Gillian 2023). This considerable economic contribution, together with its durability and capacity for innovation, makes the travel business an appealing investment opportunity. The statistics from the United States National Travel and Tourism Office underline the industry's economic significance and role in generating economic growth (International Trade Administration, Trade.Gov, ph 81). Statista's market forecast projects a 3.47% growth in the worldwide Travel & Tourism market from 2024 to 2028, resulting in a market volume of US$1063.00 billion in 202Statista's market forecast projects a 3.47% growth in the worldwide Travel & Tourism market from 2024 to 2028, resulting in a market volume of US$1063.00 billion in 2028 (WTTC 2023).. Furthermore, the Tourism Investment Report 2023, co-produced by fDi Intelligence and the UN World Tourism Organization, found that foreign investors announced 352 projects in 2022, a 23% increase over the previous year, indicating a comeback in tourism investment (Martijn 2024). This recovery is further bolstered by the fact that foreign visitor visits reached 80% of pre-pandemic levels in the first quarter of 2023, after a two-thirds increase in 2022 (Martijn 2024). The industry's tenacity and resurgence, along with its enormous economic impact, make it a promising investment opportunity. Furthermore, the sector promotes cultural interchange and understanding across many areas and people, emphasizing its importance (Gillian 2023).

**Background research**

The travel industry is currently undergoing many changes. A recent report from Deloitte found that people are once again spending more money on domestic and international travel as coronavirus restrictions ease (Deloitte 2020). The leisure travel sector has been steadily growing for several years, but in the midst of the pandemic, it seemed as if people had exhausted their desire to travel (Deloitte THS team). But now people are interested in different places and more and more older people are traveling, which is a good sign. People want their travel experiences to be special and unique, not just ordinary. The coronavirus has also changed the way people work. Many people work remotely or from both the office and home. This change appears to be permanent. And now more and more travelers are thinking about working during their vacation and combining work and leisure.

**Influential Components of Travel Spending**

Some of the major influencing factors for travel expenditure are economic conditions (Goodrich 2002), employment and academic opportunities, destination popularity, events, festivals, social media promotions, digitalization of travel services, special offers and rewards on cards (Pokora 2023), and travel booking platforms, etc (WTM pg.29). Technology, as McKinsey & Company explains, also plays an important role in how we think about travel. This combination of social media and technology shows how travel is evolving, with new ideas and stories shaping where we go and what we do on our trips (McKinsey 2022). Also, there are some underlying factors that influence people to travel at times which are personal interest, travel time, money, availability, mode of travel, and medical treatments.

**Competitor Actions**

JetBlue Ventures/Amy Burr, president: JetBlue's original mission of bringing humanity back to travel has heavily influenced our strategy, and we strive to do this on an unprecedented scale. Our five investment themes include seamless customer journeys, reimagining the accommodation experience, next-generation aviation operations and enterprise tech, innovation in loyalty, distribution and revenue, and sustainable travel.

Thayer Ventures/Chris Hemmeter, managing director: We mainly look for companies that are playing in large and expanding markets, that are solving difficult problems, that are providing evidence of strong unit economics, and that are run by amazing people.

**Our Response Strategy**

To meet the client's need for up-to-date information on consumer travel spending, our team is embarking on a comprehensive analysis. We will leverage Consumer Spending Survey data to gain deeper insights into spending habits on travel-related products and services, identifying demographics, characteristics, beliefs, and primary values of the consumer base. Our approach is to use statistical methods to discern trends, location-based analysis to identify areas most likely to spend on travel and create interactive dashboards for data visualization. By synthesizing this information into a detailed, summarized, and presented report, we aim to provide actionable insights that not only meet the immediate needs of the venture capital team but also contribute to informed decision-making in the ever-evolving tourism industry.

**Problem Statement**

A venture capital group needs up-to-date information on its travel spending consumers.

**Research Questions**

● What are the spending habits related to travel products and services among different demographic groups?

● Who are the primary consumers of the tourism industry and what are their characteristics, beliefs, and values?

● Where do we see the highest travel spending potential?

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