

# Cambridge International Advisory Group Travel & Tourism Industry Analysis



## Agenda

---

The travel and tourism industry is a dynamic and ever-evolving global sector that is critical in shaping economies, cultures, and governmental policies. With billions of travelers exploring the world yearly, this industry has become one of the most influential forces in driving economic growth, fostering international cooperation, and encouraging cultural exchange. The scope of its impact is vast, reaching beyond mere leisure activities to encompass transportation, hospitality, and even international relations. Governments worldwide recognize its importance, often making decisions that directly or indirectly support the industry's expansion and sustainability.

This report provides an in-depth examination of the travel and tourism sector, offering insights into its diverse components. The analysis is structured into eight key sections: industry composition, market performance, popular destinations, regulatory frameworks, the industry's impact on the hotel sector, and the significant challenges it faces in today's globalized world. Each section will explore the interconnectedness of these elements and how they contribute to the industry's overall growth and resilience. By the end of this report, readers will have a comprehensive understanding of the current state of travel and tourism and its essential role in driving global economic and cultural development.

## Key Players

---

The travel industry is a highly consolidated industry that relies on a few companies. American, Delta, United, and Southwest make up 65% of all fliers in the United States. Additionally, Marriot, Airbnb, Hilton, and Wyndham makeup more than 30% of the whole market share for lodging in the United States. ([Euromonitor](#)

[International, 2024](#)). Travel and tourist booking companies also seem to be quite consolidated, as of 2023 Booking Holdings holds 150.63 billion USD in gross sales, and Expedia Group with 104.08 billion USD in gross sales. A third competitor, American Express, only saw 28.2 billion USD in gross sales for 2023. ([Statista, 2023](#)). However, firms that service tourist attractions do seem to be fragmented due to their relationship to localized monuments.

## Market Performance

---

The travel and tourism industry has been impacted very heavily by volatility in market performance. This impact has increased the level of volatility within the industry dramatically. The worst of this impact was felt in March 2020, when the travel industry market reached a peak of -54.02% market return of all time. Fast forwarding today the travel industry has seen a resurgence where it enjoys a 92.52% market return all time. Meanwhile, the YTD return sits at 18.70%. The industry today is still considered highly volatile, but that volatility has begun to decrease in comparison to its 2020 counterpart. ([Yahoo Finance, 2024](#)).

## Popular Destinations

---

As the travel and tourism industry recovers from the COVID-19 pandemic, global tourism rates have not returned to the rates it once received. Asia and the Pacific sustained the largest depletion of tourists. In 2019 Asia and the Pacific encountered 362.67 million tourists, compared to 2023 where it only received around 237 million tourists. While Europe welcomed 707.44 million tourists in 2023, the Americas combined only received 200.06 million tourists. The most popular countries within the Americas are the United States with 66.5 million tourists, Mexico with 42 million, and Canada with 18.3 million. ([Statista, 2023](#)). These rates have still not returned to 2019 levels, in which Europe received 742.4 million tourists, while the Americas took in 219.3 million tourists. ([Statista, 2024](#)). The United States' struggle to reignite its tourism industry is evidenced by the fact that the country currently ranks 17 out of a total of 18 destinations among pollees This is made clear by the fact that, in 2024, the United States welcomed only 84% of the number of 2019 tourists. ([Business Traveler, 2024](#)).

## Regulations

---

The travel and tourism industry operates under a wide range of policies and regulations designed to ensure that both the destination and the travelers are

protected. According to the International Trade Administration, the Tourism Policy Council (TPC), led by the Secretary of Commerce, coordinates national policies related to tourism and federal agencies. In November 2021, Secretary Gina Raimondo directed the TPC to create a new National Travel and Tourism

Strategy, released in June 2022, which is currently being implemented. This demonstrates how the industry continuously adapts to meet emerging demands. Common policies include hygiene standards for travelers and safety regulations to ensure that visitors experience secure environments at their destinations. Furthermore, economic policies are in place to maintain fairness for both the host country and the tourists. The evolving nature of these policies shows the industry's need to respond to new challenges, whether they involve health, safety, or economic considerations.

# Impacts On The Hotel Industry

---

With a peak of \$1076.57 billion market size in 2019, the industry took a massive hit in 2020 falling down to just \$451.56 billion. Since then the market has begun recovering as it currently sits at \$934.17 billion as of 2023. Over time, the hotel industry is expected to recover, and ultimately exceed, the market size of pre-pandemic levels. ([EMIS, 2024](#)).

Hotel alternatives have additionally contributed to the shrink in market size traditional lodging companies previously captured. The most popular alternatives to traditional lodging include AirBnB, Vrbo, Vacasa, and Hipcamp. The North American market for alternative lodging held a 37% market share in 2023. The HVS (hospitality consulting service) has estimated that hotels have lost \$450 million in revenues to hotel alternatives like AirBnB per year. ([GlobalEdge, 2024](#)). Traditional hotels have begun investing in lodging alternatives as well, in 2022 Marriott International launched their “Apartments by Marriott Bonvoy,” campaign, attempting to enter the alternative lodging market.

# Challenges

---

The travel and tourism industry operates under a wide range of policies and regulations designed to ensure that both the destination and the travelers are protected. According to the International Trade Administration, the Tourism Policy

Council (TPC), led by the Secretary of Commerce, coordinates national policies related to tourism and federal agencies. In November 2021, Secretary Gina Raimondo directed the TPC to create a new National Travel and Tourism

Strategy, released in June 2022, which is currently being implemented. This demonstrates how the industry continuously adapts to meet emerging demands. Common policies include hygiene standards for travelers and safety regulations to ensure that visitors experience secure environments at their destinations. Furthermore, economic policies are in place to maintain fairness for both the host country and the tourists. The evolving nature of these policies shows the industry's need to respond to new challenges, whether they involve health, safety, or economic considerations.

## Conclusion

---

In conclusion, the travel and tourism industry plays an essential role in global economic growth, cultural exchange, and international cooperation, making it a vital sector for many countries worldwide. Despite facing significant disruptions, especially during the COVID-19 pandemic and in regions affected by geopolitical instability, the industry has demonstrated remarkable resilience. While it has yet to fully return to pre-pandemic levels, particularly in popular destinations like Asia and the Pacific, the industry's recovery is well underway. Key players, particularly in the airline, lodging, and booking sectors, continue to consolidate, which may have lasting impacts on pricing and competition. As the industry moves forward, it will need to navigate ongoing challenges, including economic volatility, labor shortages, and global conflicts, while adhering to evolving regulatory frameworks designed to ensure health, safety, and fairness for travelers and host countries alike. Ultimately, the future of travel and tourism will depend on its ability to adapt to these challenges while capitalizing on its critical role in fostering global connectivity and cultural understanding.

## References

---

Mayfield, C. (2023, October 17). Middle East tension stays high, travel remains slow. *Travel Weekly*. <https://www.travelweekly.com/Travel-News/Tour-Operators/Middle-East-tension-stays-high-travel-slow>

Behsudi, A. (2020, December). The impact of the pandemic on tourism. *Finance & Development*. International Monetary Fund.

<https://www.imf.org/en/Publications/fandd/issues/2020/12/impact-of-the-pandemic-on-tourism-behsudi>

Skift. (2023, November 13). Ask Skift: How do wars affect tourism? *Skift*.  
<https://skift.com/2023/11/13/ask-skift-how-do-wars-affect-tourism/>

EMIS. (2024). *Hotel market report*.

<https://www-emis-com/v2/documents/report/831635096?keyword=Hotel>

International Trade Administration. (n.d.). *Travel and tourism policy and strategy*.  
<https://www.trade.gov/travel-and-tourism-policy-and-strategy>

Good Tourism Institute. (n.d.). *Ensure customer health and safety*.

<https://goodtourisminstitute.com/library/ensure-customer-health-safety/>

Statista. (n.d.). *International tourist arrivals worldwide by region since 2010*.  
<https://wwwstatista.com.proxy2.library.illinois.edu/statistics/186743/international-tourist-arrivals-worldwide-by-region-since-2010/>

Business Traveler USA. (2023). *U.S. travel industry falling behind*.

<https://businesstravelerusa.com/news/us-travel-industry-falling-behind/>

Euromonitor International. (2024). *Airline and hotel acquisitions threaten to increase U.S. travel prices in 2024*.

<https://www.euromonitor.com/article/airline-and-hotel-acquisitions-threaten-to-increase-us-travel-prices-in-2024#:~:text=The%20US%20travel%20industry%20is,including%20domestic%20and%20international%20flights.>

Statista. (n.d.). *Leading travel agencies worldwide by sales revenue*.

<https://www-statista-com/statistics/939658/leading-travel-agencies-worldwide-by-sales-revenue/>

Business Traveler USA. (n.d.). *US travel industry falling behind*.

<https://businesstravelerusa.com/news/us-travel-industry-falling-behind/>

Global Edge. (2023, March 14). *How Airbnb disrupts the hotel industry*.

<https://globaledge.msu.edu/blog/post/57383/how-airbnb-disrupts-the-hotel-industry>

# For questions and concerns, reach out to us!

info@cambridgeintl.advisory.com  
415.574.0263

