

The travel industry is a small player in digital ad spending, but it is growing the fastest

Article

The travel industry will spend nearly \$6.8 billion on digital advertising this year, but it will only account for 2.6% of total US digital ad spending. Among the 10 industries we track, travel is

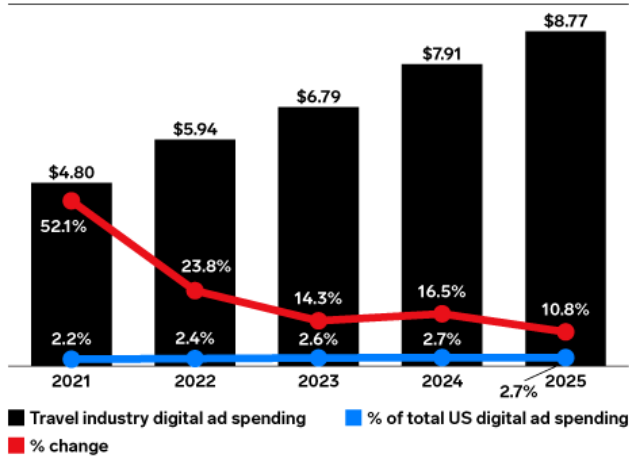
by far the smallest, but it's set to lead the pack in growth for the third year in a row.

Travel's ad spending collapse in 2020 opened the door for a massive rebound that's still ongoing.

- **Consumers continue to lean into experiences over goods, and marketers continue to respond.** Despite the high cost of travel in 2023 and jittery economic sentiments, US consumers are in line to spend on travel at record levels this year. Travel service providers have responded to this demand by upping their ad spending more quickly than any other industry. We project a slight acceleration in ad spending next year as well.

US Travel Industry Digital Ad Spending, 2021-2025

billions, % change, and % of total US digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices on all formats mentioned
Source: Insider Intelligence | eMarketer, Aug 2023

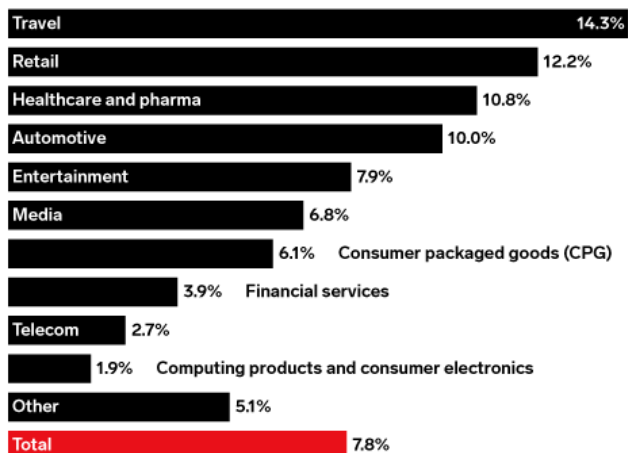
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- **Pent-up demand and pandemic-era savings are driving the boom, and those dollars are cycling back into the ad ecosystem.** A return to profitability in the travel sector has allowed airlines, hotels, cruise lines, etc., to reinvest in advertising and brand messaging around promotions, loyalty programs, and lower-funnel targeted keyword search ads.
- **Travel stands out from other industries in its sustained spending growth.** Travel will lead **all industries** in growth this year, but more noteworthy is its extended run of outsized increases. Nearly every industry produced a substantial ad spending boom in 2021 or 2022 (or both), but most others have now trailed off.

US Digital Ad Spending Growth, by Industry, 2023

% change



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: Insider Intelligence | eMarketer, Aug 2023

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- **Travel’s multiyear surge will still leave it in a distant last place.** The industry is set to lead the country in digital ad spending growth every year from 2021 to 2024, and this year its dollar figure will finally exceed its 2019 outlay. But the long slog to recovery from 2020’s 50.0% spending contraction has left the industry a far less relevant player. In 2019, travel’s ad spending was only a little more than \$1 billion behind other smaller industries like media and entertainment. This year, the gap between travel and media—the next closest industry—will be almost \$8 billion.
- **Display advertising is dominant in the US, but not for travel.** Only travel and the healthcare and pharma industries **favor search ads over display ads**. Travel advertisers in the US will spend \$3.92 billion of their collective \$6.79 billion total on search this year. As with the healthcare industry, travel-related businesses tend to find more value in waiting for a consumer to express specific interest before serving them ads.

Report by Ethan Cramer-Flood Oct 13, 2023

US Digital Travel Forecast Overview 2023

