EMBARK BEYOND

TRAVEL TRENDS *FROM THE FRONTLINE* Q2, 2025:

Staying Relevant Through Transformation

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2025 Second Quarter Trends Report:

Staying Relevant Through Transformation

By the time you read this, we will have launched this Q2 trends report at our very first invitation-only Embark Luxury Salon, a conversation between C-level luxury brands (art, fashion, travel, food, and more), which we hosted with our longtime partner Frette at the Fifth Avenue Hotel in NYC.

Why have we focused on these luxury brand relationships since the beginning? We firmly believe travel is one piece of our client's personal life, and to truly connect with our mutual clients, we should talk with them holistically and all learn from each other.

And before we get into it—last quarter's word was uncertainty—that's still the case. It's a roller coaster that we can't get off. Tariffs have plagued international trade and thrown globalism into disarray. For Embark, business was virtually frozen for 3 weeks before leaping into the stratosphere, as if a dam broke just as the market started to bounce back. While exciting, it is an important admonishment of how fragile we all are.

Soooo… bottom line, is luxury really in decline? Yes; well, kind of. The premium space—that aspirational, mid-tier luxury—certainly is. The ultra-high-net-worth is certainly more cautious but generally not affected. The softening continues to create demand for value—or an articulation of the value proposition for most anything. It has exacerbated a high/low buying mix, especially when it comes to fashion and art, and travel is more important than ever. For travel, it means those deluxe and standard rooms are suffering while suites continue to deliver. For other retail, it's the aspirational "gateway drug" first-floor merchandise—the cuff, the scarf, the $80 lip gloss, the bags, and the shoes—that are suffering more than the ready-to-wear or couture. And while we all flaunt how fabulous that suite client is, we all still need that strong base.

Our Q2 trends report looks at the broader luxury space for a reason. What happens in other verticals happens to us. We are all working with the same customer, and hospitality is, after all, at the crossroads of it all.

And our word for this quarter, maybe even the year - RELEVANCE.

As always, please let me know what's on your mind and what you're seeing—and if you're interested in attending a future Embark Salon.

Jack S. Ezon

Highlights of This Report

- **10 Critical Factors Affecting Luxury**, including cultural leadership, deeper brand collaborations, the changing face of retail, and overexposure and the loss of exclusivity.
- **Top 10 Market Observations** affecting luxury and travel, including the Great Wealth Migration and the Future of SEO.
- **Top 5 Consumer Trends** , from the Ozempic Effect to the Loneliness Plague, affecting the luxury and hospitality business.

The State of Luxury:

Luxury in Decline – What's up, what's down? Why?

According to Bank of America Global Research, luxury companies lost €50 billion of market value in 2024. The U.S. consumer, which makes up around 21% of the global luxury sector, has been significantly squeezed by inflation. Luxury brands, heavily reliant on the Chinese and American markets, face declines from both markets. What started with more ostentatious brands like Gucci (down 12%) soon trickled to strongholds like Louis Vuitton. Trade wars have only exacerbated things. LVMH, the world's largest luxury group, reported a 5% sales drop for its all-important fashion and leather-goods division, while sales at Kering-owned Gucci dropped by 25% for Q1 of 2025. Donald Trump's tariffs pose another very real threat, with brands needing to reconfigure their supply chains and potentially raise prices that are already inflated.

But it's not all bad news. While Kering's Q1 revenue dropped 14% YoY, Prada Group reported a 13% increase, fueled by Miu Miu's continued momentum, with sales up 60%. Meanwhile, though LVMH (as a company) posted a 3% decline in revenue, while Hermès registered a 9% rise at current exchange rates and briefly overtook the luxury giant in market cap. Also important to note, for LVMH, the downturn was primarily attributed to weakened demand in key markets, notably a 3% drop in the United States and an 11% decrease in Asia (excluding Japan).

Entry Level Products and Aspirational Brands suffering most**:** A closer look also reveals that much of the decline comes from the aspirational buyer and less the "VIC" UHNW client. Brands positioned between high luxury and premium segments are facing the squeeze most, since prices have soared up to 200% since the pandemic, causing a slump primarily in some of the most profitable entry-level categories such as beauty, fragrance, and leather goods. Consumers are either gravitating toward ultra-luxury items as status symbols or opting for lower-cost goods that offer better value, leaving mid-tier luxury brands struggling to define their market position. Brands like Superdry, Hugo Boss, Michael Kors, and Macy's are encountering significant challenges with a client base most affected by inflation.

High Jewelry**:** In fact, in Q1 2025, high-margin luxury categories like jewelry, watches, and private aviation remain strong, driven by investment appeal and ultra-high-net-worth demand. High jewelry seems to be soaring, and it is very much in line with the UHNW client accelerating while the aspirational client is suffering. Houses like Cartier and Van Cleef rose an average of 14% versus entry-level cuffs or bracelets at Tiffany and Chanel, which are down on average 11%. Tiffany high jewelry, on the other hand, grew to almost a billion dollars in the last four years. Meanwhile, Cartier parent Richemont generated $5.78 billion for the last three months of its fiscal year ended March 31, 2025. This was 7% higher than in the prior-year period at constant exchange rates.

Steady Brands for the Win**:** Handbags and shoes (entry-level luxury goods) showed more of a decline than ready-to-wear and couture, which typically cater to ultra-high-net-worth clients. Though sales are down in Q1, Hermès led the luxury market in 2024 with a 15% revenue increase to €15.2 billion ($15.9 billion), outperforming analyst expectations due to strong demand in Japan and European tourism. Smaller brands like Moncler (up 7%), Miu Miu (up 93%), and Brunello Cucinelli (up 13%) saw significant growth. Brands focusing on exclusivity, personalization, and sustainability are best positioned for success.

Cars and watches: Like fashion, luxury autos are experiencing a decline in upper-premium tiers, but ultra-luxury bespoke models remain resilient. Meanwhile, the watch sector is stabilizing after speculative highs; it remains a strong alternative investment. Wine and spirit categories across the board are down for reasons explained more below, which includes weight loss drugs and a renewed focus on wellness.

Art: interestingly, art, which is experiencing a significant decline in sales is seeing a someone opposite trend. The art market is experiencing a strategic rebalancing, with a noticeable shift from high-end sales to more accessible price points. The market for artworks priced below $5,000 saw growth, with sales increasing by 7% in value and 13% in volume in 2024. We fathom this is due to clear investment value in art –as a business – versus a leisure lifestyle spend.

Also of note, according to Art Basel, dealers reported that 44% of their buyers were new in 2024, indicating a broadening collector base and increased market accessibility. Art sales by revenue declined 12% to an estimated $57.5 billion. However, the number of transactions grew by 3% to 40.5 million, underscoring continued interest, particularly in more affordable artworks. United States maintained its position as the leading art market, accounting for 43% of global sales by value in 2024, despite a 9% year-over-year decline in sales. Like with fashion, China experienced the most significant downturn, with sales dropping 31% to $8.4 billion in 2024. For Q1, 2025 the global art market experienced a modest rebound, with total sales increasing by 4% to an estimated $67.8 billion, following a 12% decline in 2024. According to Barrons, sales of artworks priced over $10 million declined by 45% in 2024, reflecting a continued softening at the top end of the market.

Wine & Spirits**:** Across the board, wine and spirits are facing the most serious turmoil. LVMH's wine and spirits division saw a 35.7% profit drop in 2024, and saw a 17% drop in sales in Q1 of 2025, with cognac, champagne, and wine sales all falling due to weakened demand in China and the U.S. Diageo saw overall volume fall 5% in 2024 with a similar trend in 2025, seeing the biggest decline in consumers under 50, with a 60% slump in consumers under 25 according to the *Financial Times*. Similarly in hospitality, average room rates on entry-level, "run of house" rooms have suffered the most price resistance, with average daily rates slumping up to 22% in key markets, while rates and occupancy on top-tier suites remain steady or growing by single digits.

It seems daunting, but with every crisis there is opportunity. Market disruptors like Jacquemus (our brand crush of the moment) and Loewe continue to accelerate, while low-key, discreet brands like Loro Piana and Brunello Cucinelli also thrive. We think the future of luxury belongs to brands that prioritize authenticity, creativity, and emotional connection—not just branding or scaling. The economic environment and steep price inflation over the past four years are causing customers to reassess the value of luxury purchases. They now demand true craftsmanship, emotional resonance, and best-in-class quality. "Band-aid strategies," like heavy reliance on branding and recycling archival designs, are losing effectiveness. Ultimately, it all boils down to age-old basics—it is the value fused with the emotional connection consumers have to a brand and their personal relationship contact that will fuel growth.

Why it matters**:** Regardless of what segment we service, the ability to show value—through craftsmanship or brand storytelling—is an integral part of success for any luxury brand. Price resistance is real at every level, especially in a tumultuous marketplace. Value articulation is the one key to justifying spend and splurge across every luxury vertical.

Amidst market decline, shifts in buying habits, an overabundance of media exposure, and the acceleration of Artificial Intelligence, it seems everyone seems to be wondering how to stay ***relevant*** – relevant to their customer today and relevant as an industry in the future. It's no longer just about beating the competition, its about staying relevant and surviving as an industry.

Softening demand, new market disruptors, and changing priorities with respect to value proposition, alcohol consumption, and food consumption, are forcing companies to revisit their entire offering. Customers are reassessing the value of luxury purchases. They now demand true craftsmanship, emotional resonance, and best-in-class quality. They continue to value experiences and personal relationships over products, while traditional forms of communication and entertainment are becoming relics of the past.

The remarkable acceleration of AI functionality affects everyone from designers to coders, stylists, and anyone in the process or service business. It especially affects the travel advisor business which will quickly become obsolete if it doesn't shift its core service to infusing emotional intelligence over artificial intelligence and leveraging relationships to make a client feel special. It is all about customer specialization instead of product specialization. We believe the future of luxury belongs to brands that prioritize authenticity, creativity, and emotional connection, not just branding or scaling. Only visionary, bold leaders will navigate this new landscape successfully.

10 Critical Factors Affecting Luxury

1. **Quest for the Top:** As a result of a weakened luxury client, more brands are focusing on the very top—the super, ultra-high end "whales"—a market that keeps narrowing. It is certainly the most lucrative, but an intense focus on this sliver can be precarious in the long run when looking for client acquisition. Even as business declines, UHNW customers continue to flourish. That is why brands are doubling down on more over-the-top VIC (Very Important Client) experiences and privileges. Look for more private retail experiences—by-invitation-only showrooms and secret shopping opportunities —like Casa Cucinelli or the Chanel Private Boutique. Luxury auto brands are offering concierge-led purchases and white-glove delivery services. Whiskey and wine brands are offering private cask programs and invite-only tastings. Making VICs feel special and valued as they dive deeper into a brand is integral to driving loyalty and spend. ***Why it matters*:** In every segment of the travel space, we are still seeing a flooding of "points" driven loyalty, geared towards the masses and not enough elite, VIC focus on truly valuable clients. Few companies, like Four Seasons and Aman, are truly capturing this level with esoteric loyalty programs that focus on a guest rather than a points schedule.

2. **Brand Collaborations Go Deep:** Most brands are looking for deeper tentacles over wider nets. They are looking at smaller, more impactful communities around meaningful passions rather than going larger marketplaces. Niche luxury brand collaborations are becoming a powerful tool for attracting new audiences while maintaining authenticity and heritage, fostering deeper engagement and loyalty. These carefully curated partnerships elevate luxury by blending craftsmanship, culture, and personal connection, reinforcing the idea that true luxury is about making people feel seen, valued, inspired, and, well, just special. ***Why it matters:*** Hospitality brands tend to go wide in their marketing initiatives. Learning from even mega-luxury brands on how to go deep into lucrative niche markets can prove lucrative for long-term client acquisition and engagement.

3. **Resort Core & Collabs of the Future:** Luxury brand collaborations with hospitality companies have been exceptionally successful. That's because they become more personal and focus on a vetted, exclusive audience, as opposed to a mass audience that comes with digital marketing. As Colin Nagy points out in an April 2025 Skift article, "physical hospitality … require[s] invitations (exclusivity) and demand effort to attend (customer commitment). There's more surface area for brands to create an emotional connection." Yes, we are over the branded beach clubs but the brilliance is in the evolution; today it is all about the branded café. Saint Laurent's partnership with Sushi Park and Prada's with Mi Shang are notable examples, while Tiffany partnered with Daniel Boulud for its Blue Box cafés and LV with Steven Stark for its Café LV in NY. The most notable is the FRAME + Ritz Paris partnership, which has made the heritage Ritz Paris brand relevant to a whole new generation, while traditional Gen Xers have been exposed to—and become obsessed with—FRAME. Their capsule collections are among the most coveted (and expensive) in the world. As of May 2025, there is even a new outpost of Ritz Paris Le Comptoir on the Left Bank across from Le Bon Marché. A legendary Right Bank palace is keeping its edge in the chicest way. Eden Rock St. Barts has led the way with experimental collaborations, with its Goyard collab selling out in 3 weeks and Rimowa collab in 2 weeks. Meanwhile, its sister hotels have embraced Sporty & Rich + Oetker. Late Checkout's collaboration with Ritz-Carlton infused new life into the brand and created a new line of sought-after apparel for purchase. Singita's partnership with Thebe Magugu highlights African heritage through fashion. Tableware collaborations—like Zoë de Givenchy's Z.d.G collection for the Pulitzer Amsterdam or The Largo's hand-blown glassware—bring artful storytelling to fine dining. Even hotel windows at Le Grand Mazarin in Paris serve as rotating art exhibits for emerging talent. ***Why it matters*:** Hospitality is at the crossroads for everything. There are tremendous opportunities for

hospitality brands to leverage their captured audience with luxury brands looking to engage. The halo effect helps everyone.

4. **Cultural Leadership:** Luxury brands are increasingly positioning themselves as cultural leaders through a variety of initiatives that blend creativity, storytelling, and immersive activations. The goal? To become fervently ingrained in a consumer's mindset as a cultural icon. Successful initiatives go beyond traditional marketing — they create emotional connections and lasting memories, turning activations into expressions of the brand itself. Iconic examples include the Tiffany Blue Box Café and Louis Vuitton's partnerships with major cultural events like Formula One and the Paris Olympics. Experiential storytelling is key, with brands like Hermès crafting immersive environments and Gucci investing in museums and art restorations to reinforce cultural relevance. Ginori hired Jake Gyllenhaal to tell the story of their brand in a fresh new way. To thrive, these collaborations must be authentic, resonate with niche communities, and evoke deep emotional connections —ensuring consumers don't just remember the product, but how it made them feel.

   In addition to physical events and activations, brands are diving head-on into creative entertainment. Hermès has showcased imaginative spectacles, such as "On the Wings of Hermès" in Miami and the elegant equestrian event "Saut Hermès" at the Grand Palais, infusing luxury with meaning and creativity. Miu Miu builds on its successful Literary Club initiative in Milan with a fresh collaboration featuring tennis sensation Coco Gauff and New Balance, injecting playfulness and nostalgia into fashion storytelling. These moves emphasize deeper, sensory-driven connections. Meanwhile, Saint Laurent ventured boldly into filmmaking by launching its own production company, achieving notable success with "Emilia Pérez," which secured four Golden Globes in 2023. Similarly, LVMH introduced "22 Montaigne Entertainment" to explore storytelling possibilities across its numerous brands. For its Cruise 2025/26 collection, LVMH selected the cinematic backdrop of Lake Como's iconic Villa d'Este, highlighted by Sofia Coppola's evocative short film starring model Ida Heiner. The presentation, attended by figures like Keira Knightley and Lupita Nyong'o, captured the allure and elegance of leisurely Italian sophistication—a luxury particularly cherished in today's fast-paced world. Entertainment even extends into playful activations, from the proliferation of luxury branded photo-booths to playful vending machines, floral marketing and branded food products, brands are trying to engage all consumer senses in a chic but unexpected way. By engaging in strategic partnerships with artists, designers, and institutions, luxury brands ensure their legacy remains dynamic and influential well beyond a product. ***Why it matters:*** aligning what you sell with cultural movements helps you transcend your product or service beyond its use. It elevates it into a cultural lexicon, attracts new audiences and solidifies it in nostalgia.

5. **Art Scene:** Art continues to be a key gateway to luxury, offering brands a way to demonstrate cultural depth with affluent consumers. The UK continues to lead the way with blockbuster fashion and jewelry exhibits that bring both aspirational and actual customers to the exhibits. (Try getting a ticket to the Cartier exhibit this summer at the V&A.) Some institutions, such as the Tate Modern, are struggling (with a 25% decline in visitors since 2019)—but they should look at this as an opportunity to reimagine collaboration and exhibits that are not only Instagram-ready but culturally significant. [Add in Celine + Sotheby's… other art engagements, Fondation LV and Prada — make this a subset of Culture]
   ***Why it matters*:** Art has become one of the biggest drivers for travel. And while having great art in your hotel is nice, are we programming enough content with art? Are our marketing initiatives aligned with local art festivals, galleries, traveling artists, and related parties that will bring you into this growing passion of the right client?

6. **The Changing Face of Retail:** *The Future of the Department Store***?:** Department stores are losing their edge—which there is their ***"edit"*** . Instead, they are becoming de facto landlords, leasing space to luxury brands. As more brands open their own retail locations, department stores are becoming irrelevant. Pioneers like Le Bon Marché in Paris set the standard for such establishments. Over time, these stores

became cultural landmarks, influencing fashion trends and consumer behaviors. However, the rise of e-commerce and changing consumer preferences have challenged traditional department store models. In response, some, like Printemps and Samaritaine, are reimagining their spaces to offer curated, immersive experiences, blending luxury retail with cultural elements to attract modern shoppers–and buzzy food and restaurants.

To make things worse for department stores, luxury brands are continuing to cut out third parties and selling directly to high-net-worth individuals via private digital showrooms and live shopping events (like Gucci Vault or LVMH's online exclusives). Luxury auto brands are offering direct ordering and VIP test drive experiences. High-end spirits are launching direct-to-consumer (DTC) online platforms for rare bottle sales. This gives them more control of their client relationship and higher margins. Further, the rise of luxury resale platforms like The RealReal has provided consumers with alternative avenues to purchase high-end goods, often at lower prices, impacting primary sales for traditional luxury retailers. ***Why this matters:*** Consider luxury travel advisors the department store of luxury travel. To survive they must truly understand their client and edit what they present, helping them navigate the sea of information inundating them on the daily. They also need to be a great partner with their suppliers in sharing relevant client information and work together to drive more business and deeper relationships.

7. **Clienteling with AI:** Artificial Intelligence (AI) and Web3 technologies are reshaping the luxury retail landscape. Brands are leveraging AI for hyper-personalized shopping, virtual try-ons, and chat-based concierge services. This even extends into home shopping–with the right prompts, AI can present a mood board or full interior design for your home with links to products. Web3 is also influencing luxury, with NFTs offering VIP access to exclusive collections or memberships. In auto, brands like Rolls-Royce and Bentley offer bespoke customization powered by AI insights, such as interpreting customer data like color preference and lifestyle habits to suggest personalized design features. For alcohol, brands like Macallan and Dom Pérignon are using AI to recommend spirits based on taste profiles. ***Why it matters***: if you are not enhancing your offering and client connection with AI you are already behind. Clients want more control and the ability to "DIY" many things themselves using AI knowing they have a reliable support system with guidance behind them.

8. **Membership Clubs:** Memberships seem to be exploding, signaling a continued thirst for vetted communities. Many of our clients have memberships to four or five clubs with annual dues in the six figures. With so many hotels now using membership to finance buildings, we see people traveling in a whole new way, seeking community or access. The hotel members club trend (see: Casa Cipriani in New York and Milan, Fasano Fifth Avenue, and the wellness club Surenne at The Emory in London) isn't letting up. The appeal is clear: an audience of permanent locals can be a steadier revenue stream than transient, short-term travelers. The Natirar Club at the new Pendry Hotel is bucolic, while the Beach Club at The Boca Raton is already driving local business as a solid base for the hotel. London import The Twenty Two will have a members club at its Manhattan outpost, with options to join both locations, while 5 Hertford Street's New York outpost, Maxime's, is already one of the most coveted memberships—and Château Margaux the hottest night out in New York, no matter who you are. Six Senses will launch Six Senses Place, its social and wellness club concept, at its new hotels in London and Bangkok. And looking ahead to 2027, when humanitarian chef José Andrés launches his first hotel, The Bazaar House in Georgetown, not only will it have outstanding room service (obviously), but also a members club. Taking it a step further, luxury is also shifting toward exclusivity with a great expansion of private resorts (think Discovery Land, Yellowstone Club), clubs, invitation-only experiences, and secret dining concepts. Examples include Soho House–style retreats, private members-only jets, and secret Michelin-star dining events. ***Why it matters*:** Clearly, UHNW consumers want to be part of a vetted community; they want to socialize and be "with their people," with bragging rights that they, too, "qualify" to be part of the same club. They want to network and build relationships with the right people, and they are looking at hospitality platforms to

bring them together. It shows how brands can move beyond one-off transactions and cultivate a lifestyle ecosystem.

9. **Overexposure and Loss of Exclusivity:** Rapid expansion and mass production have diluted the exclusivity of certain luxury brands, leading to consumer fatigue. This overexposure has weakened the perceived value of luxury offerings. And so while the proliferation of social media and influencers are great for mass-luxury, they fail to connect with UHNW consumers. In fact, it is the antithesis of exclusivity; you see, when everyone sees the same content, the mystique evaporates. One opportunity? The rise of indie luxury brands. Business of Fashion reports that luxury brand fatigue is playing a role in the rise of indie brands when it comes to handbags, with customers seeking out high quality, one-of-a-kind designs that no one else has and that influencers on Instagram haven't been paid to promote. When luxury becomes ubiquitous, its value erodes. Name brands must protect scarcity and maintain their perceived value. Why it matters: Indie brands are the lifeline of multi-brand stores and will be the lifeline of travel advisors. Independent hotels can thrive in the world of exclusivity, offering an experience that people crave.

10. **Discretion:** Wealthy buyers are shifting toward stealth wealth, choosing understated, high-quality materials over flashy logos. The trend toward "quiet luxury," characterized by understated and logo-free designs, has diminished consumer interest in brands known for conspicuous branding. This shift affects labels that heavily rely on prominent logos and flashy aesthetics. Brands like Loro Piana, The Row, Brunello Cucinelli, and Bottega Veneta are defining this movement in fashion. The auto industry is responding with muted, minimalist interiors and timeless silhouettes. In alcohol, premium brands are focusing on heritage storytelling over mass marketing. Status is subtle rather than flashy. ***Why it matters:*** While Jet-set destinations like St. Tropez and Sardinia continue to thrive, there is a great opportunity to more 'low key' destinations where 'in the know' people all show up–think places like Comporta, Portugal—an unpolished, bohemian coastal village just south of Lisbon—or Tangier, Morocco, a shopping and design haven.

Key Lessons From Luxury Trends:

These are just some lessons we've learned from luxury, but across the board relate to travel and hospitality. From "broken" luxury comes big opportunity.

1. **Over-saturation and accessibility:** Luxury brands are becoming more widely available, diluting the perception of exclusivity and prestige that is central to the luxury experience.
2. **Price increases without value proposition:** Consumers are questioning the justification for high prices, especially when quality or craftsmanship doesn't seem to match the price tag.
3. **Shifting consumer priorities:** Younger generations are increasingly prioritizing sustainability and ethical practices, which many luxury brands haven't fully addressed.
4. **Digital disruption:** The online marketplace has made it easier for consumers to compare prices and question the authenticity of luxury goods.
5. **Lack of innovation:** Some brands have been criticized lately for relying on established designs and failing to adapt to evolving trends and consumer desires.
6. **Image issues:** Controversies related to labor practices, environmental impact, and marketing strategies can negatively impact a luxury brand's image.

10 General Market Observations

Top 10 Observations Affecting the Luxury and Travel Marketplace

1. **Climate Change**: The planet has moved a major step closer to warming more than 1.5°C (34.7°F). The European Copernicus Climate Service, one of the main global data providers, disclosed that 2024 was the first calendar year to pass the symbolic threshold, as well as the world's hottest on record. ***Why it matters:*** Climate change is having a significant impact on travel and travel patterns. Intense summer heat has shifted our most lucrative summer Mediterranean business and wreaked havoc on our once-lucrative ski business, while also driving consumers to cooler regions.

    - **Ski Resorts Are Unpredictable**: The absence of a normal winter in many locations has been evident in the mountains, with the lack of snow not only affecting winter sports but also the crucial reservoirs of water where melting snowpack feeds rivers and streams throughout spring. We predict ski resorts will no longer be relevant in a decade, with 'winter resorts' being the to survive the season.
    - **Shoulder Season Is the New Peak Season**: Overheating (compounded with overcrowding and overpricing) has made what was typically shoulder season the new peak season. June and September are the new July and August. November is now the hottest growth month in cosmopolitan cities. This means we are seeing longer seasons in many resort towns—from Paris to Amalfi, St. Tropez to Lake Como—but also shorter seasons for would-be ski resorts, with shorter winter and even summer seasons.
    - **Cool-cations:** We are seeing clients going north or south, chasing cooler climates. We've seen a huge increase in demands for trips to the Arctic, Canada, Iceland, and Scandinavia

2. **Economic Uncertainty and Consumer Sentiment:** Global economic fluctuations have tempered consumer confidence, leading to reduced spending on luxury items. For instance, Hugo Boss reported subdued consumer sentiment and lower store traffic, impacting their performance in key markets. Similar trends are playing out across the industry, with LVMH seeing softer demand, and Kering reporting revenue declines at least partly due to weaker demand in both China and the U.S. Burberry has also flagged slower growth for aspirational customers. All of this points to a broader pullback in luxury spending due to persistent economic uncertainty.

3. **Fake News?:** With the dawn of AI and proliferation of generative AI from questionable sources and a flooding of user-generated social media it has become harder to discern what is real news versus fake news. That's why we still believe in mainstream media brands. Their brand integrity will flourish in a sea of disinformation. Brands like WSJ and T+L will survive only on the credibility of their brand, which people will pay for, so they get reliable information. Journalism will continue to be relevant if it focuses on predictive trends, uncovering truths, delivering unique opinions and perspectives and exploring untold stories.

4. **Are Tariffs a Boon for Travel?:** Unpredictable trade policies and tariffs, especially between major economies, have disrupted supply chains and increased operational costs for luxury brands. The fashion industry, in particular, has been affected by these trade tensions, prompting brands to reassess their strategies. But we see shopping trips up for the same reason they flew to Europe to see–prices are lower for certain luxury products they want to buy–and this is what we call market hacking.

    - *Market Hacking*: In a homogenizing world, clients are capitalizing on market disparities more strategically than ever. We saw this trend explode in 2024 with clients traveling to places like

Paris or Warsaw for Taylor Swift concerts, scoring VIP seats for less than domestic nosebleeds—and using the savings to fund the trip itself. International concerts and events are becoming a leading driver of client travel. Taylor Swift started a trend of "why see it here when we can see it there." Indeed, "Market Hacking" is nothing new but it has never been more relevant with the tempestuous threat of tariffs. Embark has seen over 45% growth in international shopping requests – ranging from fashion to cars to jewelry. Couple this with already lower prices on high fashion items, a 12-15% VAT refund, and tariffs looming in the USA, traveling to hack market prices is now a real thing We have also seen a movement of multi-million dollar celebrations to other countries to avoid unpredictable alcohol and food bills ($300 Veuve bottle after tariffs?). Even outside of the US Market, we see China leading the way of Market Hacking in Asia, flocking to Japan to buy luxury goods at substantial discounts.

5. **Inflation**: Despite a historical resilience to economic fluctuations, the luxury sector is experiencing notable shifts due to persistent inflationary trends. While overall luxury spending has seen a 15% increase compared to the previous year, this growth is primarily driven by ultra-high-net-worth individuals. The global luxury market is anticipated to face challenges in 2025, with projections indicating a potential contraction—the first since the Great Recession. Factors contributing to this outlook include persistent inflation, economic uncertainties, and evolving consumer preferences. The big issue is that as demand falls it is much harder to reduce prices when costs are still 30-40% higher. There are also few markets outside the Middle East, Russia and the Americas that are willing to spend the exorbitantly high rates, especially in travel, making it much harder to destinations and properties to diversify their client base – putting them all in a very vulnerable position.

6. **The Great Wealth Migration**: This growing mobility of wealth is reshaping global luxury markets, with cities and countries competing for affluent individuals through economic policies, tax benefits, and lifestyle offerings. The global migration of high-net-worth individuals (HNWIs) reached record levels in 2024, with 128,000 millionaires relocating and 135,000 expected to move in 2025, according to the Henley Report. The U.S. remains the largest hub for HNWIs, with 21.95 million wealthy individuals concentrated in cities like New York, San Francisco, and Los Angeles. However, migration within the U.S. shows a shift toward Florida, Texas, and the South. Globally, China experienced the highest HNWI outflow, with 15,200 millionaires leaving in 2024, primarily moving to Singapore, Canada, Japan, and the U.S. The UK also saw a sharp increase in millionaire departures, doubling to 9,500 in 2024, driven by rising taxes, the removal of "non-domicile" status for those living and working in the UK, and economic uncertainty post-Brexit. Russia's millionaire exodus has slowed, with 1,000 HNWIs leaving in 2024, down from 8,500 in 2022. On the other hand, the UAE emerged as the world's top wealth magnet, attracting 6,700 HNWIs, drawn to luxury real estate, tax incentives, and investment-based residency programs. The U.S. followed as the second top destination, gaining 3,800 millionaires, while Singapore ranked third with a net inflow of 3,500. Other top destinations included Canada (3,200), Australia (2,500), Italy (2,200), and Switzerland (1,500).

7. **Political Impact:** Political whiplash feels like it's an all-time high with the U.S. and unpredictable decisions, the geopolitical impact in the Middle East, unstable European governments, further instability in China and SE Asia, India, and more. What else to say except buckle up and try to enjoy–and find opportunity in–the ride?

8. **Big Data / AI**: Anticipatory marketing is also transforming consumer experiences, with AI algorithms predicting desires before users even search for them. This next-generation approach is seen in platforms like Mindtrip, an AI-powered travel planning tool that tailors recommendations based on behavior and preferences. As AI refines predictive capabilities, brands must integrate technology that intuitively understands consumer intent, making personalized discovery seamless and emotionally engaging. In the travel space, AI is actually booking trips, with remarkable applications like ChatGPT's new Operator – and we are still in the dark ages of AI. According to SimilarWeb, a digital market intelligence company, ChatGPT drove 3.3M referrals to travel sites in 2024, a 2,650% surge from just 120K referrals in 2023,

signaling a massive shift in how consumers plan and book trips. Travelers are ditching the DIY chaos and turning to AI for smarter, faster, and much less stressful planning. Airbnb dominated travel-related responses on ChatGPT, included in 28.7% of responses, while traditional hotel giants Marriott (7.1%) and Hilton (6.8%) lagged behind.

9. **The Future of SEO**: The future of SEO is shifting toward AI-powered discovery, meaning brands must optimize their website content not just for traditional search engines but for AI-driven platforms that surface results based on context, emotion, and intent. Companies need to ask: Does your website align with your brand values? Does it evoke emotion? Structuring content in a way that AI can interpret, understand, and enhance emotional engagement will be key to visibility.

10. **Back to Office:** Work-from-home brought about endless freedoms and, for the luxury travel business, meant people could virtually travel any time and work from anywhere. With pressure to go back to the office people will be more limited in how often they can travel and how long they can stay. It also means people will be dressing up more and spending more in local restaurants and merchants, revitalizing the cities they are working in–at least, we hope so.

5 General Consumer Trends

We've already covered these general consumer trends in our previous report, but here's a primer/reminder on what is driving travel right now.

1. **The Ozempic Effect**

   - **Toning Trips** We see intense fitness trips fading in popularity, and wellness retreats will adapt to more toning trips—toning muscle that is lost when on the shot. Think more Pilates, personal training, and heavy weight lifting seeing a resurgence. Less intense calorie restriction.
   - **What Will Happen to Food?** The joy of food disappears, and it's something that is welcome at first as the pounds melt off. But then you miss it and want to eat things you love, just in smaller portions. Think tapas-style pasta portions, one scoop of ice cream, small cookies. You still want healthy food—but also to indulge again in your favorite foods. This will forever change the way hotels and restaurants offer food. Fifteen-course tasting menus were already on the way out—how will restaurants reimagine their offerings?
   - **Shopping Bonanza** As noted above, Embark has already seen a 44% rise in shopping requests. This will continue to grow, and you'll want to be connected with personal shoppers in Paris, New York, Bal Harbour, and beyond. Many people need entirely new wardrobes, which brings us to point number four.
   - **Tailor, On Request** Hotels that offer tailors on request will be playing into the newest trend—you have clothes you love, but need them taken in. Can this be done in a 24-hour turnaround? We're calling it: fabulous tailors on request will be all the rage.

2. **Sobriety:** Alcohol consumption is rapidly declining, significantly impacting the luxury market, particularly restaurants, banqueting, and wine tourism. People are not drinking alcohol the way they did even three years ago, mainly because (1) Weight loss drugs affects people's desire to drink, (2) the anti-alcohol movement in the U.S. and the UK is strengthening, and (3) younger kids are either vaping, microdosing, or foregoing mental manipulation altogether. LVMH's wine and spirits division saw a 35.7% profit drop in 2024, with cognac, champagne, and wine sales all falling due to weakened demand in China and the U.S. Tequila and other agave spirits continue their ascent in popularity. In 2023, tequila overtook whiskey to become the second-most consumed spirit by value in the U.S., and in 2024, it outsold vodka in American bars. Mezcal is also experiencing significant growth, with production increasing by over 50% between 2021 and 2023. Dry January had its strongest year yet, fueling the rise of mocktails, zero-proof spirits, and protein-infused cocktails. The threat of 200% U.S. import tariffs and global retaliatory duties could further disrupt the industry. Napa Valley and other wine-focused tourism destinations are struggling and repositioning as outdoor, activity-driven destinations. Meanwhile, female-led alcohol brands like Beyoncé's SirDavis Whisky and Cate Blanchett's Toku Sake are reshaping the luxury spirits market, but overall demand remains in decline.

3. **Loneliness Plague:** Twenty-five percent of all U.S. households live alone, the highest number in history (according to the census). Work from home and digital connectivity makes new friendships as an adult harder than ever.

   - Because travel takes people out of their routine, they can focus on connecting—a huge antidote to loneliness (look at the small group travel boom!).
   - Brands and companies can build community, which is why many hotels are looking at ways to bring people together and reduce loneliness, especially for business travelers.
   - This is also why we see the rise in private clubs and other communities, as written about above. Clubs make a comeback because it's a vetted community—like-minded people—but it's also subtle.

4. **Spending with Discretion** Luxury travelers are spending from a bucket, not a faucet, making deliberate choices and allocating their money where the experience delivers clear personal value. It's not about hunting for discounts, but seeking value and meaning in every purchase, whether a handbag, a car, or a trip.

5. **Joy without Guilt:** While the world continues to pursue havoc, from ongoing wars to market fluctuations, global political quagmire and trade wars, people still just want to have fun. We especially see this in the way people travel, often opting for socially festive locales over isolated, nature-focused or cultural locales. We see this in the way people are eating – with "festive" restaurant requests now trumping Michelin star restaurants in iconic European cities. Yes, people want to explore, disconnect and relax when they travel, yes they want to pursue passions, but right now, people just want to have unabashed fun.

About Embark Beyond: Launched in 2019, Embark Beyond is the fastest-growing company in the luxury travel business, consisting of nearly 300 colleagues across the globe, with offices in New York and São Paulo. Known for innovative thinking rooted in traditional hospitality and a focus on relationships and fun, Embark is responsible for more than $300 million+ in leisure travel sales and $150 million+ in annual event sales. Embark Beyond is built on the Power of Partnership, collaborating with not only leading travel industry leaders but also fashion, home, and lifestyle brands–and investing heavily in training, marketing, and technology.

About Jack Ezon: Jack S. Ezon is Founder and Managing Partner at Embark, a luxury lifestyle partnership specializing in bespoke travel experiences. In his role Jack oversees the company's direction, expansion plans, strategic partnerships, PR, and customer journey mapping while inspiring talent and business development.

Ezon is one of the most well connected and influential travel advisors in the world, known as a true innovator and outspoken leader in the global luxury travel business. His deep and broad relationships coupled with his global black book of clients and local purveyors had him dubbed the "*Olivia Pope of travel*" by Bloomberg in 2018. Lauded for his ability to deliver luxury travel experiences tailored to the next generation of travelers, he has attracted a core group of UHNW Generation-X and Millennial clients and built one of the America's largest luxury social destination event businesses, partnering with an elite group of celebrity event planners to orchestrate incredible destination weddings, birthdays, and other celebrations around the world.