



MARKETING FUNCTION EXCELLENCE

Five Ways to Boost Marketing ROI for Travel and Tourism

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In an industry that relies on customer inspiration, travel and tourism marketers have always faced a unique set of pressures. In the US alone, they deploy an annual budget of around \$25 billion to drive incremental revenue and return on investment (ROI) from their marketing initiatives. But calculating the incremental revenue resulting directly from ad spend has always been more complex in travel than in other sectors.

Consumers might make their travel plans months after seeing an ad, and prices change daily in the intervening months. For this reason, highly-customized advanced analytics and AI applications that help measure marketing incrementality in the travel sector's unique, revenue-managed environment are critical.

Now that AI is further transforming nearly every aspect of the marketing landscape, the need to invest in sector-specific growth capabilities is greater than ever. Chief commercial and marketing officers in the travel industry who are investing to break through are reaping the rewards. We are seeing industry winners reach new altitudes: improvements in efficiency of 10% to 20% and increases in incremental ROI of 20% or more.

Three Major Challenges Ahead

In late 2025 BCG surveyed 40 travel marketing and finance leaders to assess growth capabilities and outlook for the year ahead. Our findings show that travel leaders are confronting three clear challenges:

1. Budgets are under pressure. Consumer demand across travel subsectors has now grown beyond the levels seen in the years immediately before the COVID pandemic put the brakes on travel. Yet marketing investment levels are still lower than they were in 2019; down 7% for airlines, 2% for cruise lines, and as much as 20% for lodging. As postpandemic travel began to resume in 2022 and 2023, travel marketing teams were under pressure to create campaigns that would produce short-term results. But to continue generating demand, marketers now need to identify growth tactics that will deliver high returns on investment over the medium- and long-term too.

“ During the pandemic the budget was basically zero. Coming out of it, everything became hyper-tactical—just special offers, no upper funnel. The shift was driven by survival mode and pressure to prove quick returns.

-A marketing leader with a hotel/resort company

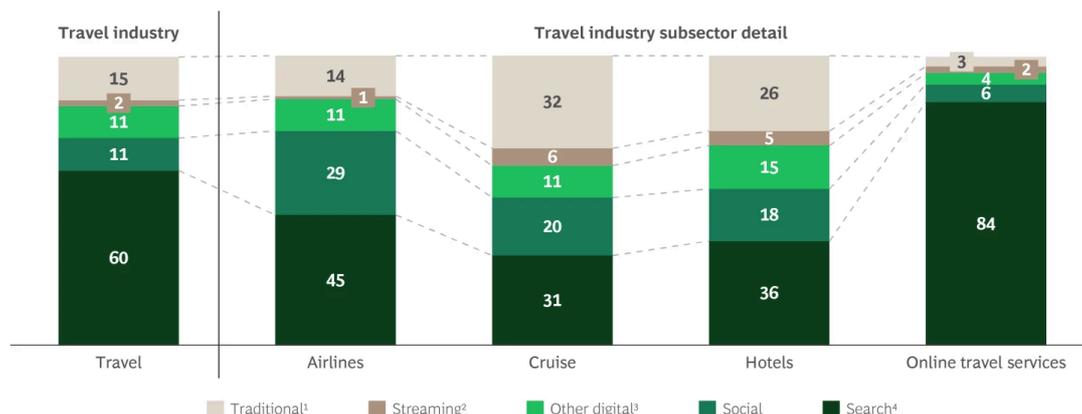
2. Lower-funnel competition is heating up. Travel marketers have always competed with one another to win direct bookings. Today, however, they are skewing their budgets far more than most

consumer businesses do toward the “lower funnel” channels that tend to reach customers right as they are ready to book their travel. (See Exhibits 1 and 2.)

EXHIBIT 1

Travel Marketing Spend Skews Toward Search, Typically a Lower-Funnel Channel

2024 US advertising market channel mix (% of spend)

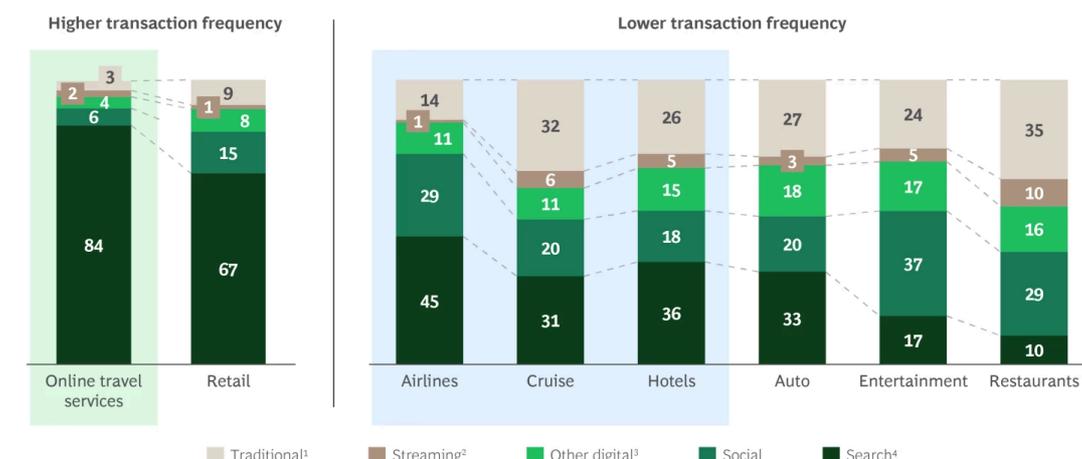


Sources: MAGNA; travel marketer expert interviews; BCG analysis & experience.
Notes: Only includes airlines, cruise, hotel, and online travel services subsectors of MAGNA report; “other travel” category not shown as companies within this category are unknown.
¹Traditional includes out of home, radio, print, and national and local TV.
²Streaming includes long-form streaming services (e.g., Hulu, Peacock).
³Other digital includes short-form video (e.g., YouTube, Twitch) and digital audio (e.g., Spotify, Pandora).
⁴Search includes metasearch. Detailed breakout not available in MAGNA data set.

EXHIBIT 2

Travel Marketing Spends More on Search Than Other Consumer Industries Do

2024 US advertising market channel mix (% of spend)



Sources: MAGNA; travel marketer expert interviews; BCG analysis & experience.
Notes: Only includes airlines, cruise, hotel, and online travel services subsectors of MAGNA report; “other travel” category not shown as companies within this category are unknown.
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⁴Search includes metasearch. Detailed breakout not available in MAGNA data set. Based on BCG experience, approximately 10%–20% of travel company search spend is on metasearch.

Winning smartly on the search results page remains crucial. But now more than ever, travel marketers also need to ensure that their search investments do not come at the expense of winning consumer preference earlier in the booking journey. Travel marketers need to balance the lower funnel with building brand preference, investing in mid-funnel channels with consumers who plan to travel but aren't yet booking, and optimizing the GenAI search experience.

“ Search is a battle and there is no choice but trying to win it...You fight against your competitors but also your own partners and agencies.

-A marketing leader with a cruise company

3. Incremental ROI measurement still eludes many travel businesses. More advanced marketing organizations understand that last-click attributed ROI, which credits the sale to the customer's final touchpoint, is not the same as incremental ROI that they can attribute to an ad. Top marketers in the travel industry use some form of controlled testing or modeling to assess true incremental ROI, rather than relying on return on ad spend. But measuring incremental ROI in travel is challenging compared with many other industries. A customer may see an ad but book a reservation months later. Inventory that has been subject to dynamic pricing complicates the question: Is the incremental revenue a result of changes in marketing or of changes in price?

What It Takes to Win

Travel marketing leaders are breaking through these challenges to generate significant business impact and “future-proof” their functions by taking the following five actions:

1. Balance the load. *Build ROI measurement tools and metrics tailored to the context of a revenue-managed business.* Winning travel marketers are using custom analytics and incrementality testing tools to scan their budgets for low ROI expenditures and actively redeploying that money to high ROI vehicles.

Rather than relying on standard metrics or tools, which are often ill-suited to the nuances of revenue-managed travel businesses, these marketers build customized experimentation tools that

separate the incremental impact of marketing from that of revenue management. Building this capability in partnership with finance is key. In our survey of travel marketers, those who were working closely with their finance teams in marketing measurement reported 20% higher confidence in their ability to measure incrementality, and showed ROI gains of 20% or more.

“ One of the biggest challenges is marketers often don't speak the same language as the [revenue management] team. If you want to drive real impact, your metrics need to translate. Without that shared language, you're not in the same conversation.

-A marketing leader with a hotel/resort company

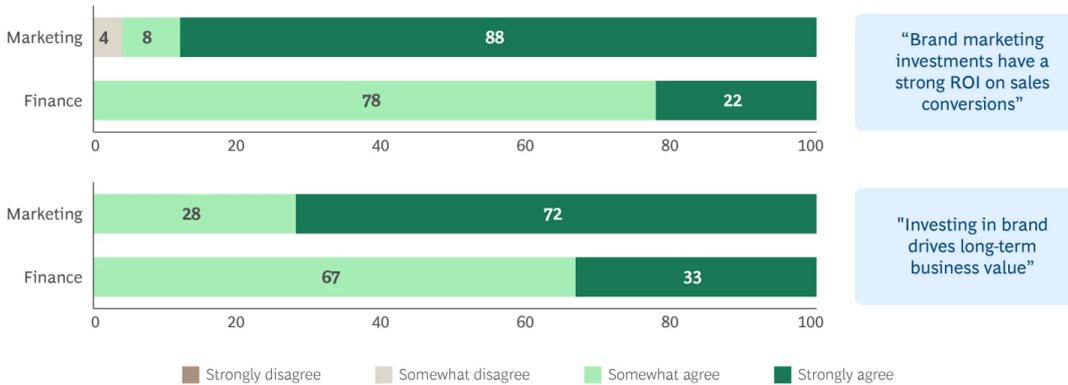
2. Prepare for takeoff. *Run tests to identify the right full-funnel mix, with a deep understanding of consumer journeys.* Full-funnel measurement, from brand awareness through to conversion, tightly aligned with finance and revenue management, is the most sure-fire way to gain the C-suite's full confidence in marketing practices. It's also harder than it sounds. Travel companies are not alone in mid- and upper-funnel measurement challenges, but the travel industry has a unique situation in which only 10% of all executives outside the chief marketing or chief commercial officer role have prior marketing experience, compared with 40% in other consumer industries.

Our survey found that travel marketing executives tend to place far more value on brand marketing than do the financial executives in their organizations. (See Exhibit 3.) As a result, travel marketing executives need to gain conviction in their investment strategies by bringing their chief financial officer into the conversation. They need to have two-way discussions about how they are measuring upper- and mid-funnel marketing's contributions to the bottom line and aligning those investments with the channels that consumers consult during their purchase journey.

EXHIBIT 3

Travel Finance and Marketing Leaders Show Different Views on the Value of Brand Investing

Finance vs. marketing respondents' level of agreement (%) with the following survey statements¹:



Sources: 2025 BCG Travel Marketer Survey (N=35); BCG analysis.

¹Survey question: To what extent do you agree with the following statements as they pertain to the travel company you worked at in the past 2 years?

The rise of GenAI search and agentic commerce that uses AI agents to interact with customers, has introduced a new, critical set of channels for travel marketers to shape in the full-funnel journey. Leading marketing executives have already begun launching continuous test-and-learn improvements in the generative experience. To guide the process, they use a focused prompt strategy across agents they own—such as AI-assisted trip planning—along with external agents such as ChatGPT.

3. Optimize the route. *Make marketing hyper-responsive to business need, assisted by AI agents and in close collaboration with the revenue management team.* Marketers who have been able to grow their media investments overwhelmingly reported that they regularly collaborate with revenue management on marketing strategy. Those who were “neutral” on the same statement about collaboration, on the other hand, were more likely to have seen reductions in their budgets.

Working in partnership with revenue managers to build incrementality measurement that separates the marketing impact on demand from the price impact is an important start. But now, winning marketing teams are going much further, using AI agents to tighten the connection between marketing and revenue management beyond what was previously possible. Their AI agents are identifying distressed inventory and automatically recommending campaigns. The use of GenAI in creating such targeted, dynamic strategies is paving the way to a new, hyper-responsive future for delivering marketing returns in a revenue-managed context.

4. Beat the headwinds. *Proactively embrace GenAI workflows to deliver more and faster.* Travel marketers are becoming well acquainted with the ways AI can revolutionize their workflows in such areas as insights and forecasting, planning, content, and measurement. But many have not yet truly used AI to transform the way they work. Winning marketers are picking a few high-value workflows to revolutionize with custom AI tools, such as hyper-localization of content. They are proving their capabilities quickly, with visible in-market wins, before expanding into new areas.

5. Make the connection. *Invest to maximize the value of first-party data.* In the early 2000s, travel marketers were on the cutting edge of what were then innovative first-party data activation models, such as loyalty programs and co-brand credit cards. Since then, however, many travel companies have fallen behind the retailers and digital natives that have become leaders in the newest wave of first-party data activation. One newer model is the use of AI-activated, personalized next-best-action marketing to dynamically recommend special offers and services. Another—commerce media—uses first-party data to create targeted, performance-driven advertising experiences on a company’s website, app, or retail space. Such measures are driving significant bottom-line impact in other sectors. Leading travel marketing executives are taking note and investing in their own equivalent capabilities.

The year ahead will be a pivotal time as AI transforms how consumers make travel decisions and how marketers themselves work. These industry-targeted actions will position travel marketers for a future in which demonstrating results will be more critical than ever.

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