

MULTIGENERATIONAL TRAVEL

THE NEXT POWERFUL GROWTH OPPORTUNITY IN THE TRAVEL INDUSTRY

PART I: INTRODUCTION

One of the hottest trends in travel and hospitality is the sharp growth in multigenerational travel. It presents a significant opportunity for those who understand how the trend will shape the industry and then take action to leverage it.

The numbers are impressive. According to the research conducted by Preferred Hotel Group, 40% of all active leisure travelers have taken at least one multigenerational trip (defined as a trip of parties in three or more generations) during the previous 12 months. This represents more than 20.8 million household/travelers in the U.S. alone that have hit the road or the skies with their parents, grandparents or grandchildren in the previous 12 months. Of these 20.8 million households, 40% have taken a leisure trip outside the continental United States. Of that group, 33% visited Europe representing 2.75 million multigenerational travelers.

Multigenerational leisure travel has become a big market for several reasons.

- Families are living geographically farther from each other than at any time in history. A multigenerational trip is often the only option for today's modern and mobile family to gather in one place.
- The hyper-fast pace of life in the 21st century means evenings and weekends are no longer untouchable family time, creating a greater need for the escape that only travel can provide.
- Baby boomers are trading in their briefcases for a roller bag. Boomers now have the time, health and disposable income to make travel with their families a top priority.

This white paper will examine:

- The shifting demographics causing the multigenerational travel phenomenon.
- The habits, preferences and motivations of the multigenerational traveler.
- The opportunities this emerging travel segment presents to the travel and hospitality industry.

The research was based on interviews with 2,539 active U.S. leisure travelers, 1,026 of whom took a multigenerational trip in 12 month prior to the survey.

PART II: WHY MULTIGENERATIONAL TRAVEL IS GROWING

The multigenerational travel segment is growing because of both demographic shifts and changes in attitudes.

Extended family living farther apart

Gone are the days when the typical extended family all lived in the same neighborhood. Today, families are spread out across the country or the globe, making multigenerational travel the only option for family get-togethers. For millions of families, the Sunday dinner has been replaced by an annual reunion at a vacation destination. An AARP survey showed that only about 33% of grandparents live less than 25 miles away from their grandchildren. 75% of respondents said they wish they could see their grandchildren more often.

Our hyper-connected, lightning-paced world is putting a premium on escapes.

Technology from our work life has invaded our home life. For many, evenings and weekends are no longer the inviolable domain of family bonding. This pace of contemporary life has made “escapes” with family a paramount priority. In our study, “reconnecting with friends and family” remains the number one motivation for leisure travel. The recession and other worldly concerns have only affirmed the need for families to reconnect. Fully 84% of the multigenerational travel surveyed agreed that “these difficult times have helped me focus on the things that matter most in life.”

Here come the baby boomers

At the heart of this trend is the Baby Boom generation. Defined as those born between 1946 and 1964, four in 10 of all boomers are now grandparents. Today, grandparents make up 26% of all leisure travelers in America and a third took at least one leisure trip with grandchildren last year. Over the next 18 years, 77,000,000 in the U.S. alone will turn 65. As they head out on vacation, many will bring their kids and grandkids along.

Some notable characteristics about this historic population bubble:

- They value travel and have never been afraid to indulge their passions. They view travel as a “must have” rather than a luxury.
- They are healthier and wealthier. Boomers are not just living longer, but staying active later into life. They also have money, often the “financiers” of family vacations and reunions.

PART III: A PROFILE OF THE MULTIGENERATIONAL TRAVELER

So who are these multigenerational travelers and what do they care about?

To begin, the general demographic make-up of the survey group was:

- 55% women/45% men
- 74% married
- Mean age of 47 years old
- 67% hold a college degree or higher academic qualification
- 41% reported household income \$100,000 or higher

The Milestone Vacation

Almost eight out of ten (77%) multigenerational traveler planned and took a vacation around a “life event” last year. Most frequently cited celebrations were the “milestone birthday” (50%), “milestone anniversary” (40%), followed by family reunions (39%) and weddings (37%). Celebration trips around “retirement” and “a new job” were cited in the survey, but only scored in the single digits, (8%) and (6%) respectively.

Frequency of Travel

The typical multigenerational traveler takes more trips (4.4 per year) than the non-multigenerational control group (3.6 per year). Multigenerational travelers are also statistically more likely to take an international trip.

Where they’re going

33% of MGT who traveled internationally last year went to Europe. 60% of all MGT surveyed reported an interest in visiting Europe in the next two years.

INTEREST IN VISITING INTERNATIONAL DESTINATIONS — NEXT TWO YEARS (AIDED)		
	MULTIGENERATIONAL TRAVELERS	NON MULTIGENERATIONAL TRAVELERS
AREA/REGION*	%	%
Europe	60	56
Caribbean	56 †	53
Canada	43 †	36
Oceania (Australia and Pacific Islands, etc.)	35	31
Mexico	25	24
Latin America (Central America, South America)	23	23
Asia	23	23
Africa	15	13
Middle East	8 †	7
I'm not interested in international travel during the next two years	10	13

*Does not equal 100% due to multiple responses. † Denotes statistically significant differences between the subsets of interest at 95% confidence.

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Within Europe, the favorite destinations are:

EUROPEAN DESTINATIONS VISITED DURING THE PAST 12 MONTHS (AIDED)	
INTERNATIONAL MULTIGENERATIONAL TRAVELERS	
	%
Have visited Europe during the past 12 months	33
European Destinations visited*	
England	43
France	41
Italy	35
Germany	29
Spain	25
Ireland	18
Netherlands	15
Switzerland	14
Greece	12
Belgium	9

† Denotes statistically significant differences between the subsets of interest at 95% confidence.

* Asked among those who have visited Europe during the past 12 months. Does not equal 100% due to multiple responses.

Inside the United States, the survey found that multigenerational travelers are most interested in visiting California (53%), followed by Florida (50%) and Hawaii (45%).

What they're looking for

To the multigenerational traveler, the most important attributes in a destination are:

- Beautiful scenery (88%)
- A place I have never visited before (83%)
- A beach experience (71%)
- An opportunity to eat different and unusual cuisines (69%)

The outdoor activities most appealing:

- Hiking, biking or other outdoor adventure (49%)
- Snorkeling or scuba diving (42%)
- Water sports (waterskiing, surfing, wakeboarding, windsurfing, etc. (33%)
- White water rafting/ Kayaking (31%)

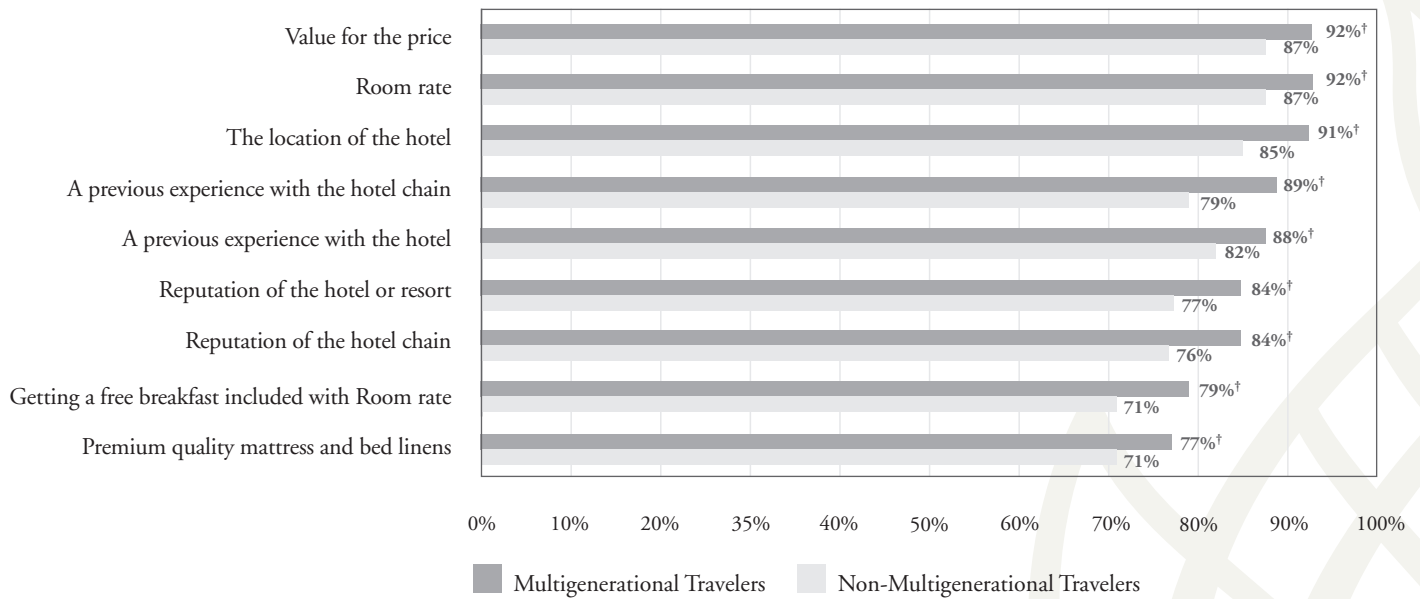
But scoring far better than all other physical activities listed above was having enough time to just relax and unwind. (88%)

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Decision Factors

The survey showed that multigenerational travelers care very much about value, ranking all criteria of value higher than did the non-MGT control group. “Value for the Price” and “Room Rate” ranked highest, both scoring 92% agreement.

HOTEL/RESORT SELECTION DECISION FACTORS*



[†] Denotes statistically significant differences between the subsets of interest at 95% confidence.

* Asked among those who have stayed in a hotel or motel on a leisure trip taken during the past 12 months.

Top two box score on a scale of one to five where one equals “non at all influential” and five equals “extremely influential”.

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Use of Traditional Travel Agents

19% of multigenerational travelers or nearly 4 million used a traditional travel agent for one or more trips in the 12 month period prior to the survey. This was slightly higher than non-multigenerational travelers. Among those multigenerational travelers who used traditional travel agents, 71% found travel agent recommendations on “vacation and package or tours” to be influential or extremely influential, which was significantly higher than non-multigenerational travelers.

UTILIZATION OF TRADITIONAL TRAVEL AGENTS		
	MULTIGENERATIONAL TRAVELERS	NON MULTIGENERATIONAL TRAVELERS
Used a Traditional Travel Agent during the Past 12 Months	%	%
One or more trips	19	17
Mean # of trips*	2.1	1.9
Traditional Travel Agent Influence**		
Vacation package or tours	71 †	58
Hotel or resort	67	62
Airline	66	59
Destination	63	57
Cruise line	60	45
Travel insurance	56	46
Car rental	37	31
Train	37	31

† Denotes statistically significant differences between the subsets of interest at 95% confidence.

* Among adults who have the service of a traditional travel agent on one or more leisure trips during the past 12 months.

** Top two box score on a scale of one to five where one equals “non at all influential” and five equals “extremely influential”.

Travel Booking Habits

The multigenerational traveler is very savvy with technology and social media. They don't just respond to electronic media, they act on it and contribute to it. All of the following measures scored higher than those for non-multigenerational travelers.

- 23% have purchased a travel service as a result of receiving an unsolicited email “flash sale.”
- 37% have visited an online community forum or travel blog to seek information about destinations or travel suppliers. TripAdvisor is visited most often (60%).
- 17% have authored and posted content on a travel blog or community forum.
- 13% have made a decision about a travel service provider as a result of content they have seen on social sites.
- Prefer to book travel services through online travel agencies (46%) and travel service suppliers’ own websites (43%).
- Multigenerational travelers look to friends and family (59%), television (55%), magazines (54%), newspapers (45%), destination websites (44%) and Internet search engines (44%) as sources of “ideas and inspiration” when planning travel.

PART IV: THE OPPORTUNITY

The travel and hospitality industry can take advantage of this growing dynamic by making it easier for multigenerational groups to travel together.

Programs and Packages

The travel and hospitality market still has not caught up with the needs of multigenerational travel. Since the multigenerational travel party is typically a larger group, its members are looking for easy, turn-key vacations where the fuss-work is taken out.

Special marketing programs could include:

- Group pricing
- Celebration event packaging
- Multi-room packages
- Family style dinners
- Family reunion activities
- Portrait photographers

Marketing

Message: Based on the research, attracting the multigenerational market is about emphasizing three key themes in all marketing communications:

Memories – Emphasize the time we spend with our loved ones is the most precious and far more valuable than material luxuries.

Convenience – Emphasize that both the arrangements and trip itself will be pre-organized and hassle free, allowing the traveler to focus on relaxation and reconnection.

Value – Emphasize that traveling in large groups has benefits in both price and privileges.

Medium: Since the multigenerational traveler is as savvy with new media as any other traveler, it's important for travel and hospitality industry marketers consider all online blogs, social media and related news services.

PART V: ABOUT THE SURVEY

The travel information presented in this report was obtained from interviews, in conjunction with Ypartnership, with 2,539 active leisure travelers conducted during February, 2011. Respondents were adults who reside in the United States and:

- Have an annual household income of \$50,000 or more;
- Have taken at least one leisure trip of 75 miles or more from home requiring overnight accommodations during the previous 12 months.

Respondents were selected randomly and participated in a 45-minute online survey. The sample was balanced by statistical weighting to ensure the data are representative of all active leisure travelers in America. All tests of statistical significance are made using a two population test at the 95% level of confidence.

For questions regarding Preferred Hotel Group's survey on multigenerational travel please contact Maria Gemskie at mgemskie@preferredhotelgroup.com

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