



MULTIGENERATIONAL TRAVEL

UPDATE: EMERGING MOTIVATIONS AND BOOKING BEHAVIOR OF THIS GROWING SEGMENT WITHIN THE LEISURE TRAVEL MARKET

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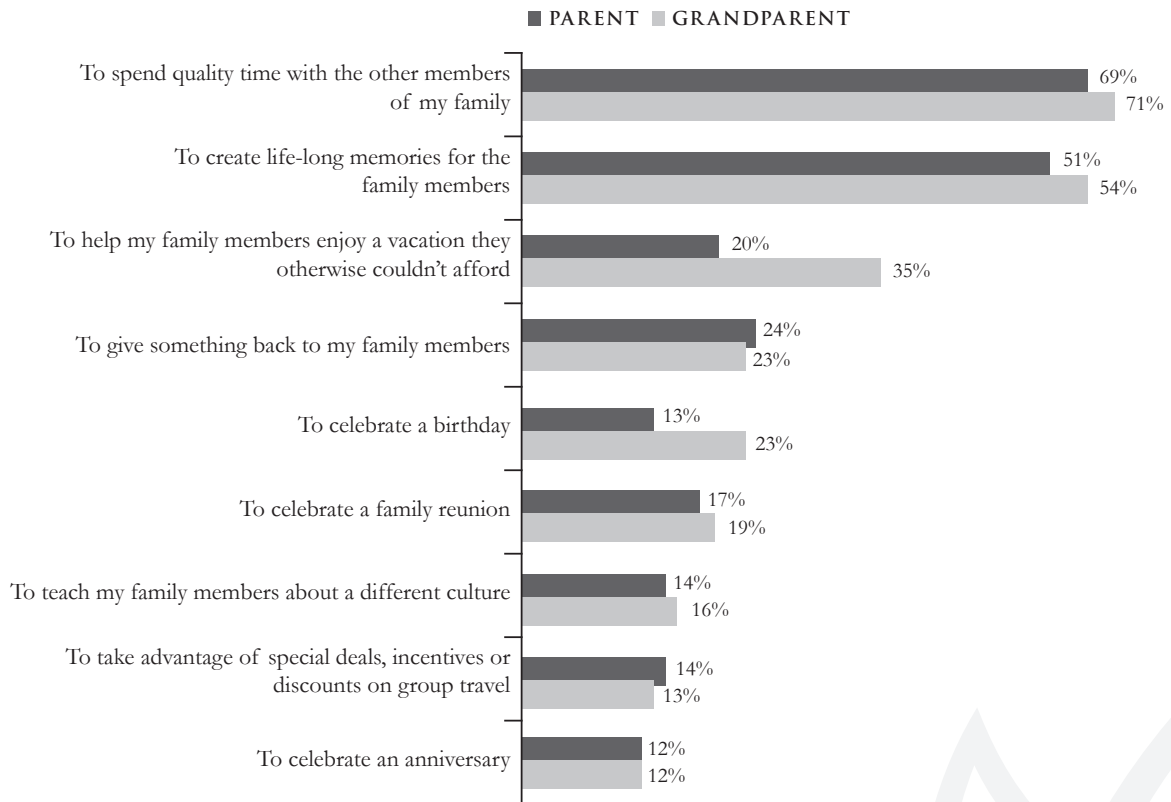
Fueled by grandparents' wallets and grandchildren's sense of wanderlust (with additional help from Facebook), multigenerational travel – defined as leisure trips that include three generations of participants – is poised for rapid and sustained growth according to a new, national (U.S.) survey released by Preferred Hotel Group. And these days, children are likely to be calling the shots about where to go and stay, and grandparents are more likely to fund the cost of the trip.

Encompassing an examination of the attitudes, behaviors, preferences, social values, lifestyles, and media habits of multigenerational travelers, the Preferred Hotel Group study confirmed a continued desire among these travelers to “spend more time with family on vacation” – a trend that first emerged as a primary motivation for leisure travel in the aftermath of the tragic events of 9/11. According to the study, this same motivation has been amplified by the frenetic pace of contemporary life and corresponding sense of guilt many parents - and grandparents - feel about not having enough time to spend with their children. As a result, travelers who have taken a multigenerational trip previously are “likely or very likely” to plan another domestic (86%) or international (48%) multigenerational vacation during the next two years.

What is driving the increased demand for multigenerational travel experiences? A very powerful motivation in an increasingly rushed, wired world: the desire to spend more time together as a family. Specifically, two-thirds (66%) of adults who have taken a multigenerational leisure trip during the past year agree that “going on vacation together brings me and my family closer together.” This sentiment is even more pronounced among affluent adults (annual household income >\$250,000), with 69% of adults in this demographic agreeing with the statement.

Clearly, this yearning for more “together time” in a world that is increasingly fractured by the demands of parents who reside in dual-income households, of kids whose parents advocate a relentless focus on achievement at school, and commitments to both extracurricular and charitable endeavors - not to mention 24/7 connectivity - is palpable. It is no wonder that those who find themselves caught in this vortex tend to view vacations differently, more as occasions to “reunite” their families and become reacquainted with their loved ones, as reflected in the sentiments expressed by both parents and grandparents below:

TABLE 1
REASONS FOR TAKING A MULTIGENERATIONAL TRIP



And among travelers who took a multigenerational vacation last year, 77% agreed that taking such a vacation “is something they try to do every year” – a sentiment that is particularly evident among Millennials (91%). This is presumably a reflection of their desire to provide more opportunities for their children to spend quality time with their grandparents (and with deference to the same sentiment expressed by the grandparents!).

An expanded definition of “family”

Multigenerational vacations now represent half of all vacations taken by both grandparents and parents. While these parties consisted of grandparents, parents, and children on 44% of all such trips last year, the makeup of the multigenerational travel group extended well beyond immediate family to include siblings (31%), nephews/nieces (20%), and non-relative friends (20%) on one or more of the multigenerational vacations taken by the other 56%.

Children actively participate in planning

Children increasingly have an influential say in where to go, what to do, and even where to stay on multigenerational vacations. Fully 40% of both grandparents and parents say their children/grandchildren “actively participate in or influence vacation planning,” specifically with respect to the daily activities (77%) and deciding which destinations to visit (62%). Almost half (49%) of all multigenerational travelers agree their grandchildren influence the selection of the hotel or resort.

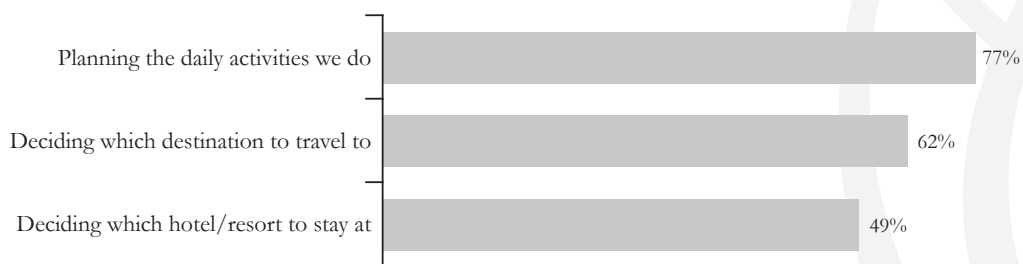
Travel far and wide, with traditional “family” destinations most popular

Multigenerational travelers’ sense of wanderlust is not restricted to “domestic” destinations. Although 86% expect to visit a domestic destination on such a trip during the next two years, 48% plan to travel internationally. This sentiment is pronounced among Millennials, fully 65% of whom intend to take an international multigenerational trip during the next two years.

Their destination preferences align with their preferred types of vacations: beach (35%) and theme park vacations (28%) are the most popular types of multigenerational vacations. Multigenerational travelers also display great loyalty to the destinations they visit, with 35% intending to visit the same destination on their next multigenerational trip.

The Caribbean (29%) and Western Europe (28%) top the list of their international dream destinations, while Orlando and the Hawaiian Islands dominate their list of domestic destinations, as revealed below.

TABLE 2
INFLUENCE OF CHILDREN ON TRIP PLANNING



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TABLE 3
DESTINATION PREFERENCES OF MULTIGENERATIONAL TRAVELERS

| INTEREST IN VISITING THE U.S. DESTINATION ON MULTIGENERATIONAL VACATIONS | MULTIGENERATIONAL TRAVELERS % |
|--|-------------------------------|
| Orlando, FL | 25 |
| National parks (such as Grand Canyon, Yellowstone, etc.) | 17 |
| Honolulu, HI | 16 |
| Hawaiian Neighbor Islands (that is, Maui, Kauai, etc.) | 16 |
| San Diego, CA | 15 |
| Las Vegas, NV | 14 |
| The Florida Keys/Key West | 14 |
| San Francisco, CA | 13 |
| New York City, NY | 13 |
| Washington, DC | 12 |

| INTEREST IN VISITING DESTINATIONS OUTSIDE U.S./NEXT 2 YEARS | MULTIGENERATIONAL TRAVELERS % |
|---|-------------------------------|
| The Caribbean | 29 |
| Europe | 28 |
| Canada | 21 |
| Mexico | 19 |
| South America | 14 |
| Central America | 12 |
| Oceania | 11 |
| Asia or Middle East | 10 |
| Russia | 6 |
| Africa | 5 |

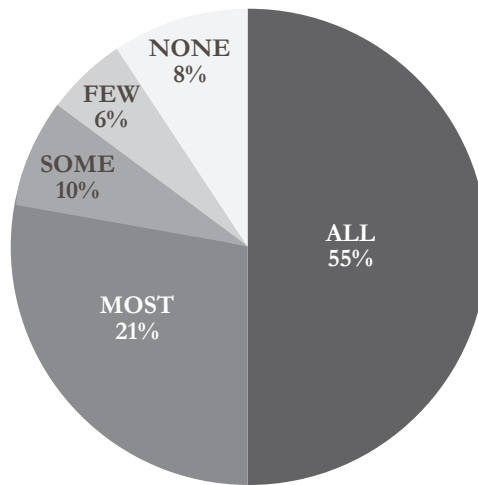
Grandparents pay to play

Not surprisingly, multigenerational vacations are quite expensive given the total number of people traveling in the party. In fact, one-third (33%) of adults who participated in such a vacation last year spent over \$10,000 on these vacations, with 18% spending over \$15,000. Given the constraints typically imposed on discretionary expenditures in Millennial and Xer households, it therefore comes as no surprise that grandparents are more inclined than parents (35% vs. 25%) to pay for multigenerational trips to “help family members enjoy a vacation they otherwise could not afford.”

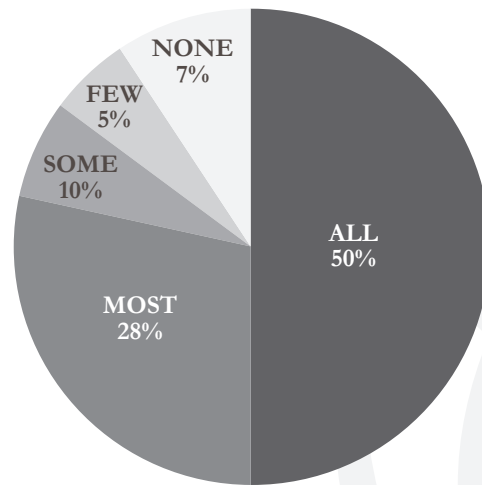
Trip planning/booking

Online sources dominate multigenerational travelers’ vacation planning/booking behavior, with 76% consulting these sources to obtain information and/or prices about possible destinations and travel service suppliers on most/all such trips and 78% saying they use online sources to make reservations on most/all such trips.

TABLE 4
SOURCES OF INFORMATION USED TO PLAN/BOOK
MULTIGENERATIONAL VACATIONS



On how many of your multigenerational vacations did you use the internet to obtain travel information?



On how many of your multigenerational vacations did you use the internet to make travel reservation of any kind?

Multigenerational travelers also use the services of traditional travel agents much more often than other leisure travelers. During the past year, 38% used the services of a traditional travel agent to plan a multigenerational vacation, and 41% plan to do so during the next two years. Both are twice as high as the incidence of traditional travel agent usage observed among leisure travelers generally (18% and 21% respectively). This is presumably because of their desire to ensure the complexities of planning/booking multigenerational trips are handled by a travel professional, as well as their desire to do so at the most

attractive fares and rates. Perhaps surprisingly, Millennials were most likely to use the services of a traditional travel agent when planning/booking a multigenerational trip, and have the highest intention of doing so again during the next two years.

Going social

Multigenerational travelers (adults) are active users of social media, with 73% acknowledging they have a personal page on Facebook, 36% having posted on LinkedIn, and another 31% acknowledging active usage of Twitter. More than half (54%) have posted pictures or videos on social sites, and just more than one-third (36%) have authored and posted content on travel community, forum or blog sites. Further, the contents of social media exert considerable influence on these travelers' vacation decisions, with fully 25% acknowledging they have selected a vacation destination based primarily on the information they discover on social sites.

**TABLE 5
ENGAGEMENT WITH SOCIAL MEDIA**

| INFLUENCE OF SOCIAL MEDIA | MULTIGENERATIONAL TRAVELERS % |
|--|-------------------------------|
| Have ever selected a travel destination based at least partially on the information, photos, or videos you viewed on social media website* | 40 |
| Have ever selected a travel destination based primarily on the information, photos, or videos you viewed on social media website | 25 |
| Have written, commented or posted travel-related content to social media community, travel forum or blog during the past 12 months | 36 |
| Have posted picture or videos to a travel related online community, travel forum or blog during the past 12 month | 54 |

A growth market

As the number of grandparents continues to increase — this demographic segment is growing at twice the overall population growth rate — multigenerational travel will also continue to grow in size and influence. According to the U.S. Census, there will be 80 million grandparents by 2020, accounting for nearly one-in-three adults. In addition, these grandparents will be the beneficiaries of the greatest transfer of wealth in the history of our society, are widely expected to work longer, and will spend more on discretionary products and services than their predecessors.

This demographic shift is also reflected in the composition of active U.S. travelers. Specifically, the number of American travelers who have reached the life stage of “grandparent” (25%) has also risen to the highest level recorded in contemporary travel marketing research. Within this demographic group, 35% took at least one vacation with their grandchildren during the previous year (41% for affluent grandparents living in households with an annual income over \$250,000). Clearly, this market segment, and the related market development opportunity, is destined to grow in the years ahead.

Study Methodology

The Preferred Hotel Group study was developed from a national probability survey of 937 U.S. adults who took at least one multigenerational (overnight) trip primarily for leisure purposes during the previous 12 months. Conducted during June/July 2014, the survey was designed and implemented by MMGY Global, a leading marketing company serving travel, leisure and entertainment-industry clients.

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