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THE CONNECTED VISITOR ECONOMY BULLETIN

The changing of the (generational) Guard:

Why Asia Pacific tourism must prepare for a seismic shift

April 2017

INTRODUCTION

In recent years we have noticed that the terms 'millennial' and 'youth traveller' have increasingly been used interchangeably. Indeed, they are now seen as synonymous for both marketing and product planning.

This is not unique to the youth sector but is in fact true for all generations. Gen Xers/80s children are seen as the 'family market'.

But we are going to need to rethink these heuristics (shorthand definitions). Over the next five years we will witness a definitive changing of the guard as the tectonic plates of generational cohorts and life stages grind against one another.

Generations vs. Life stages

It is important to define what we mean by them. Confusion lies at the heart of the challenge.

The concept of a **life stage** is relatively easy to understand. All individuals pass through different life stages from babies, to young children, adolescents and young adults, through to middle age, old age and so on. We can also define these by issues through having a family at home, young families vs. older families, empty nesters etc. So life stages are common to individuals whenever and wherever they are born. So my need for family-friendly attractions and experiences is going to relate very clearly to my life stage. If I am an empty nester (someone whose children have grown up and left home) then, unless I am travelling with grandchildren, my holiday choice may be very much around avoiding children. In contrast, a young mother with children is very much going to be looking hard to find the family friendly experience.

Generational cohorts (or generations) relate to a very specific timeframe in history. It is based on a theory that life experiences, particularly changed shifts in culture or technology, influence our choices and behaviour in later life. Precise dates are often hard to pin down, so generally our advice is to look on average at behaviour and aspirations rather than worry

The tradition of looking at generations in this way has mostly been seen through the center of mature (mostly Western) economies. In these markets, a typical breakdown of the key generations would be like that in the chart below[1] .

[1] Barclays UK, sourced from http://somethingbig.co.uk/marketing-to-generation-z/)

An overview of the working generations

Characteristics	Maturists (pre-1945)	Baby Boomers (1945-1960)	Generation X (1961-1980)	Generation Y (1981-1995)	Generation Z (Born after 1995)
Formative experiences	Second World War Rationing Fixed-gender roles Rock 'n' Roll Nuclear families Defined gender roles — particularly for women	Cold War Post-War boom "Swinging Sixties" Apollo Moon landings Youth culture Woodstock Family-orientated Rise of the teenager	End of Cold War Fall of Berlin Wall Reagan / Gorbachev Thatcherism Live Aid Introduction of first PC Early mobile technology Latch-key kids; rising levels of divorce	9/11 terrorist attacks PlayStation Social media Invasion of Iraq Reality TV Google Earth Glastonbury	Economic downturn Global warming Global focus Mobile devices Energy crisis Arab Spring Produce own media Cloud computing Wiki-leaks
Percentage in U.K. workforce*	3%	33%	35%	29%	Currently employed in either part-time jobs or new apprenticeships
Aspiration	Home ownership	Job security	Work-life balance	Freedom and flexibility	Security and stability
Attitude toward technology	Largely disengaged	Early information technology (IT) adaptors	Digital Immigrants	Digital Natives	"Technoholics" – entirely dependent on IT; limited grasp of alternatives
Attitude toward career	Jobs are for life	Organisational — careers are defined by employers	Early "portfolio" careers — loyal to profession, not necessarily to employer	Digital entrepreneurs — work "with" organisations not "for"	Career multitaskers — will move seamlessly between organisations and "pop-up" businesses
Signature product	Automobile	Television	Personal Computer	Tablet/Smart Phone	Google glass, graphene, nano-computing, 3-D printing, driverless cars
Communication media	Formal letter	Telephone	E-mail and text message	Text or social media	Hand-held (or integrated into clothing) communication devices
Communication preference	Face-to-face	Face-to-face ideally, but telephone or e-mail if required	Text messaging or e-mail	Online and mobile (text messaging)	Facetime
Preference when making financial decisions	Face-to-face meetings	Face-to-face ideally, but increasingly will go online	Online — would prefer face-to-face if time permitting	Face-to-face	Solutions will be digitally crowd-sourced

Percentages are approximate at the time for publication

Confusingly, there are often alternative names for these generations.

Name used above	Alternate names
Maturists	The Silent Generation, The Greatest Generation, The Lucky Generation, Traditionalists
Generation Y	Millennials
Generation Z	Centennials

However, the concept is increasingly widely used in emerging or fast expanding markets (such as in Asia or Latin America) like this breakdown for China[2] as fast changing economies and technology changes like the internet impact upon these markets at the same rate as in the West.

[2] Jens Thraenhart, Managing Director, Dragon Trail article published by UNWTO and WYSE Travel Confederation report, *The Power of Youth Travel*

CHARACTERISTICS OF CHINESE YOUNG ADULTS			
	China's Eldest Child: '70s	**China's Middle Child: '80s**	**China's Youngest Child: '90s**
Key Focus in Life	Responsibility & Happiness	Fun	Excitement
Core Values	Family	Friends	Self
Internet Value	Time Saver	Social Arena	Extension of Self
Outlook on Trends	Follow Trends	Choose Trends	Create Trends
Online Content	Collecting Information	Sharing Information	Creating Information
Communications Strategy	Nothing overwhelming	Accessible and trendy	High level of interaction
Engagement Strategy	Information	Peer involvement	Self expression
Friends	Make friends with those that have power and influence	Make friends with those that share the same interests	Make friends with those that have tattoos
Money	Have Savings	Have Debt	Have Daddies
Financial Pressure	Demands from children, spouses and parents	Ignoring pressure and live in the now	Pampered by parents and grand parents
Discussion Topics	Topics that relate to everyday life: • Seasonal fashion • Property prices	Topics that make one get ahead: • Career • Trends	Exciting topics to be shared: • Sensations • Gossip

Source: Dragon Trails/UNWTO/WYSE

It is often assumed that the differences are very wide between Western and emerging market generational cohorts. Tamara J Erickson, one of the world's leading thinkers on inter-generational management practices, conducted a multi-country analysis of this in 2011[3] . (Note that at the time of writing Generation Z was not prominent). She noted two areas of confluence which we have also observed in looking at travellers.

- Those who lived through World War II or the rebuilding of its immediate aftermath
- That for new generational cohorts there is much greater convergence in needs, aspirations and desires. Young Chinese travellers share as much in common with their Western counterparts as they do with their parents' needs in travelling

This confluence can be seen in her summary of the generations below and in her whitepaper[4]

[3] https://hbr.org/2011/04/generations-around-the-globe-1/
[4] *Generations and Geography Understanding the Diversity of Generations around the Globe* by Tamara J. Erickson

KEY CHARACTERISTIC OF EACH GENERATION IN EIGHT MAJOR COUNTRIES

	Born: 1928 to 1945 Traditionalists	Born: 1946 to 1960 Boomers	Born: 1961 to 1979 Generation X	Born: 1980 to 1995 Generation Y
Brazil	• Modest • Respectful • Risk-averse	• Materialistic consumers • Politically cautious • Idealistic	• Self-reliant • Wary • Family-centric	• Immediate • Optimistic • Digital natives • Financially driven
China	• Hard-working • Idealistic re: communism • Relationship-oriented	• Rigid and authoritarian • Loyal to the Party • Viewing work as service to country	• Educated • Sacrificing for the common good • Committed to their children	• Immediate • High self-esteem • Digital natives • Materialistic
Germany	• Disoriented and disillusioned • Disinterested in politics • Hard-working	• Competitive • Psychologically responsible for relieving guilt • Activists	• Career-oriented • Focused on self and family • Cautious about national identity	• Immediate • Financially pressured • Digital natives • Green
India	• Respectful of tradition • Relationship-oriented • Conservative	• Committed to education • Tied to family and tradition • Dissatisfied with leadership	• Career-oriented • Cynical regarding politicians • Eager consumers, excited about opportunities	• Immediate • Seeking to have an impact • Digital natives • Steeped in democracy
Russia	• Fatalistic and enduring • Hard-working • Respectful of authority	• Competitive • Patriotic • Educated men and possessive mothers	• Self-reliant • Hyper-responsible for parents and children • Short-term	• Immediate • Proud of country • Digital natives • Driven for financial success
Saudi Arabia	• Tied to tribal customs • Loyal to family • Work to provide for family	• Proud of the country's progress • Grateful to leaders • Unsettled by oil money/religion dichotomy	• Disillusioned • National identity • Conflicted by tradition/ modernity	• Conservative • National identity • Mistrustful of institutions • Digital natives
United Kingdom	• Loyal joiners • Respectful • Frugal	• Competitive • Anti-authoritarian • Idealistic	• Self-reliant • Mistrustful • Dedicated parents	• Immediate • Optimistic • Digital natives • Family-centric
United States	• Loyal joiners • Respectful • Fiscally conservative	• Competitive • Anti-authoritarian • Idealistic	• Self-reliant • Mistrustful • Dedicated parents	• Immediate • Optimistic • Digital natives • Family-centric

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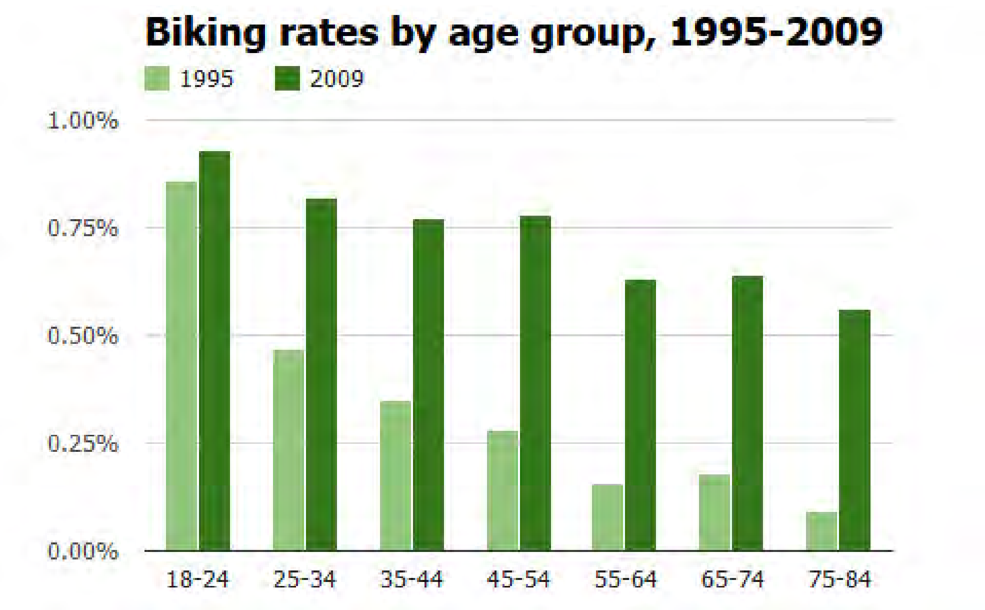
The seismic shift – Generation meets Life stage

There is a significant shift underway that is affecting the life stage in which each generational cohort sits. This is probably the first time so many generational cohorts have shifted to a new life stage in such close proximity to one another. It creates both opportunities and challenges for tourism businesses, especially those who have targeted specific generations: do they change with their audience or do they focus on the next generation?

One opportunity is the size of the travel market right now. Currently, there are five generational cohorts of travellers to target – this is unprecedented.

At the upper end, those born before World War II are continuing to travel into their 80s. Many of these travellers are now more likely to taking organised tours. But we should not assume that this age group is solely about trading down.

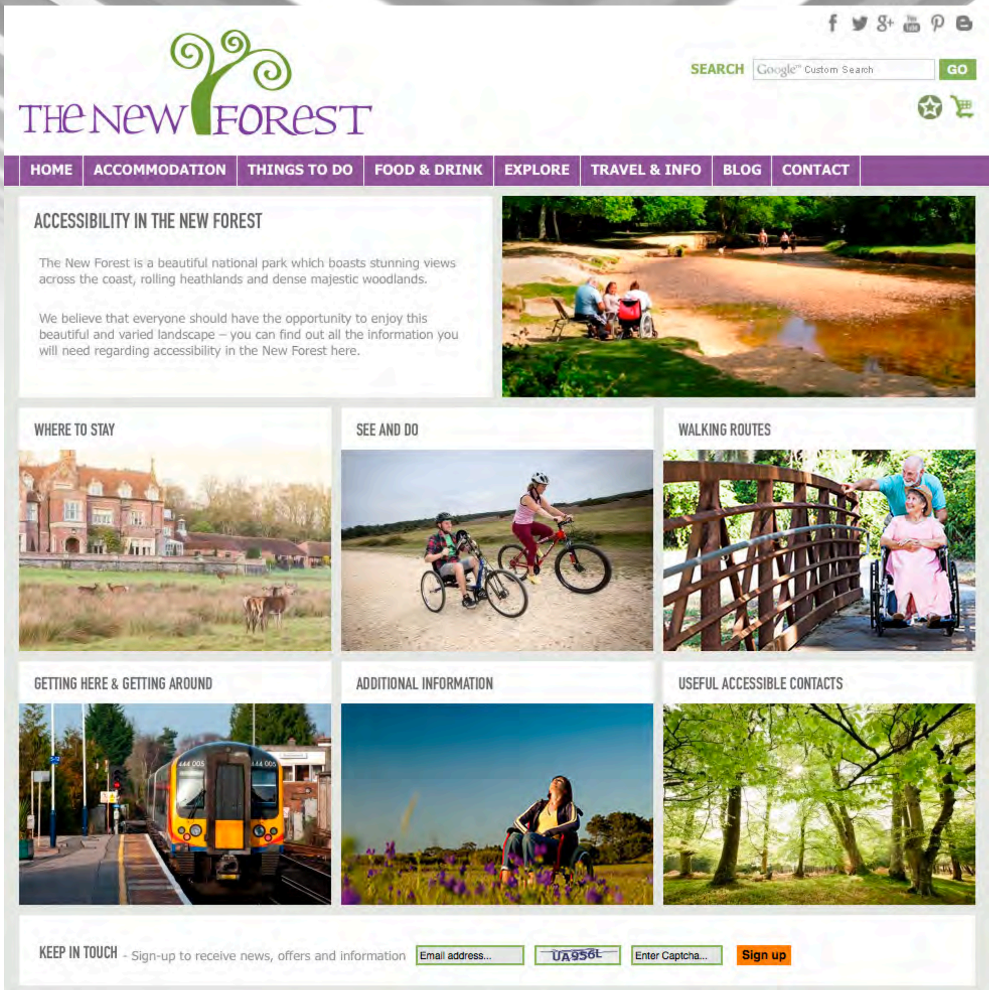
Peopleforbikes.org[5] quotes the US Household Travel Survey which shows that growth rates and incidence of recreational cycling are growing amongst the over 70s. Indeed, this group has the fastest rate of growth in such recreational cycling.



Source: US Household Travel Survey

This desire for activity and adventure applies even where there are physical limitations. This trend, and the entry of the Baby Boomer cohort into their 70s, is also driving a global drive for more inclusive (accessible) tourism. This is increasingly less about compliance (such as wheelchair accessible bathrooms) and more about experiences and activities. As the generation which changed so much else, Baby Boomers are continuing to drive this trend towards truly inclusive experiences. In Australia, for example, a simple matting is being added to many beaches which means that wheelchair users can directly enter the sea: enjoying one of the country's most iconic experiences[6] whilst in the UK, destinations are specifically targeting this audience as the website for the New Forest[7] below shows.

[5] http://www.peopleforbikes.org/blog/entry/bike-use-is-rising-among-the-young-but-it-is-skyrocketing-among-the-old
[6] Example quoted by The Hon John Ajaka MLC, Minister for Ageing, Disability Services and Multiculturalism at the LGA NSW Conference 2017
[7] http://www.thenewforest.co.uk/information/accessible-new-forest.aspx



The upper end of the Baby Boomer is also significant because it offers a combination that should entice all destination and tourism marketers: it is large, affluent and time rich. They will continue to expect the world to change around them and embrace it when it does. What they will not put up with is stereotyping or out of date images.

They will want to see themselves as they feel, not as we see them (as shown below [8]). Marketers who fail to appreciate this will be punished.

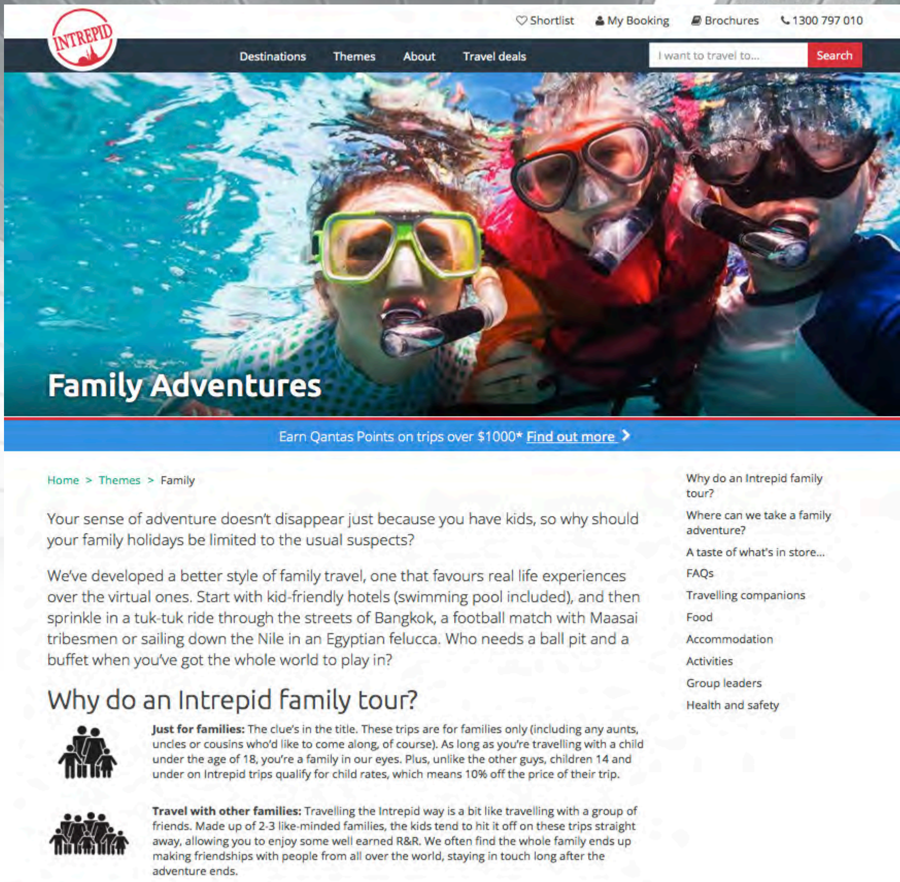
[8] Bronwyn White, Accessible Travel A World of Opportunity, LGA NSW Conference 2017

We have also seen a split in this cohort with the emergence of a group known as Generation Jones[9]. This is where the expectations and optimistic outlook of the Baby Boomers meet the commercial realities and shift to Generation X. These two groups are increasingly the Empty Nesters or the parents of older children. But they face a challenge known as the ‘sandwich’ generation. With fewer children owning their own homes and their parents age, they will have responsibilities in both directions. This is one of many factors driving the growth in multi-generational travel alongside greater female workforce participation and another feature of the generational cohorts - a greater desire to spend time with their family at all ages.

Millennials (China’s 80s kids) are also making one of life’s most important shifts. This generational cohort (almost as large as the Baby Boomers globally) is now entering its 30s. Millennials are no longer youths. They are becoming parents in ever increasing numbers. The debate is running hot as to whether they will change or whether they will focus upon authenticity, authorship and autonomy[10]. There are signs that they are adapting[11] where necessary, but only on the things they care less about. For example, they have always been more inclined to eat out regularly and the evidence is that this is continuing. This is fuelling a rise in restaurants that cater to their desire for authentic and healthy food but that may also be with families[12].

As travel is one of their key aspirations, they will continue to travel – and they will be looking for the industry to develop family travel experiences to meet their needs. Travel companies and the hospitality sector are responding. For example, small group tour company Intrepid has a dedicated suite of family holidays[13] which captures this mindset.

[9] Identified by Johnathan Pontell, http://www.generationjones.com/
[10] Millennials and the Future of Tourism. The Futures Company/Visit Florida Presentation to the 2015 Travel and Tourism Research Association International Conference
[11] See for example http://time.com/4070021/millennial-parents-raising-kids-poll/ or http://www.forbes.com/sites/onmarketing/2013/11/11/millennials-as-parents-five-myths-and-one-simple-truth/#124d5e3a42ef
[12] http://www.millennialmarketing.com/2015/06/three-steps-to-increase-appeal-to-millennials-and-their-kids-when-dining-out/
[13] http://www.intrepidtravel.com/au/theme/family



Similarly, Mr and Mrs Smith now have a dedicated page for luxury hotel experiences for families.

And finally, our new kids on the block: Generation Z/90s kids. This generation will increasingly form our Youth Market. Whilst they share some characteristics with their Millennial predecessors, they are also very different. This group literally cannot remember a time without the smartphone. Their expectation is that all interactions both online and offline will be smooth, quick and easy. Their attention span is for Snapchat. Whereas Millennials sought constant feedback, they seek constant dialogue. Think Instant Messaging (WeChat, WhatsApp, Facebook Messenger and Kik).

Even more than Millennials they feel a sense of responsibility for the planet and a strong sense of ethics. They will expect to understand what you stand for and how you do things. Growing up for many will not mean leaving home because they will be sharing ideas for holidays with their parents as well as their peers.

This change affects us as managers, not just marketers

So far we have considered the impact of the changing of the generational guard as a marketing and product challenge. But of course, these different attitudes will change the way staff are recruited and managed.

In many economies we are seeing an aging population but one where skills and capacities are greater than before (the average mental capacity of today's 70 year olds matches that of 50 year olds in the 1980s.). So we need to adapt our understanding of the roles of older workers.

We also need to rethink how career paths in our industry will change when we have to manage both for the growth in older workers reporting to younger managers and for generations that have grown up with the idea of the portfolio career (if not the portfolio life).

We also have to manage appraisal and reward systems for the habits of Millennial managers. Many large corporations outside travel are dropping the annual or quarterly performance review in favour of shorter, more frequent reviews. This reflects the 'hyper parenting' world in which Millennials grew up.

The rise of the Ageless Millennial

Another key change to understand is the blurring of the boundaries between generations. The recognition that generational cohorts may not be 100percentage predictive of holiday choice has been growing for a long time. Many destinations now look at their target audiences through a psychographic or needs-based profiling rather than by demographics. Destination Canada's EQ™ profiles are a well-established trademark.

Hotels in particular are recognising the growth of the Ageless Millennial: travellers that share the tastes and preferences of Millennials regardless of age[14]. New, more individualistic hotels (art hotels, brands such as Moxy or Indigo) are examples of products targeted at this mindset.

Unsettling, yet exciting times

Such a seismic shift is likely to present challenges for many in travel and tourism. However, the size of the overall opportunity and diversity of audiences it creates is also a profoundly exciting one. By understanding and preparing for these changes, we may be resilient and thrive.

[14] http://www.traveller.com.au/the-wow-factor-how-hotels-are-wooing-guests-in-the-age-of-airbnb-gqde5k

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About MyTravelResearch.com

MyTravelResearch.com is a tourism research and marketing agency that makes your (business) life easy headed by global tourism researchers and strategists Bronwyn White and Carolyn Childs. They started the company because they saw that tourism businesses and destinations were often confused or overwhelmed by research and struggled to apply it to their businesses.

MyTravelResearch.com provides custom research, strategy and marketing consulting – andpeople love it. But through the pioneering trends reporting membership approach andcrowd-sourced Insights to Action products like the Visiting Friends and Relatives Research,they provide cost effective, 'always on' insight and marketing advice to support your business.

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