The State of the American Traveler™

GENERATIONS EDITION

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Destination Analysts

The Generations Edition

THIS SUMMER EDITION of The State of the American Traveler™ explores issues related to differences in how the generations travel. We begin with a look at how American travelers are feeling about the near-term future, and show how much of the existing optimism is driven by the high-spirited Millennial generation. The report also examines the psychographic make-up of the generations, as well as their use of technology in travel planning.

OUT OF THIS RESEARCH was also born our Top 10 Tips for Marketing to the Generations, which highlights ways in which these insights can shape your strategies and make your travel marketing more effective. Please enjoy this edition. As always, if you have questions or ideas for future survey topics, we welcome you to message us.

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or **@DA_Research.**

Methodology

THE STATE OF THE AMERICAN TRAVELER SURVEY is conducted quarterly by Destination Analysts, Inc, a San Francisco-based tourism industry research company. The survey is conducted online amongst a nationally representative sample of adult Americans. From June 30th to July 7th, 2016, surveys were collected from a group of respondents who were then screened by their leisure travel behavior. Only those respondents who had traveled at least once in the past 12 months for purely leisure or personal reasons were interviewed. This travel must have been of at least 50 miles one-way — the standard distance threshold used in the tourism industry to signify that a “trip” has been taken.

In total, 2,007 leisure travelers completed the survey. With this sample size, the top line data presented here can be considered to have a reliability of +/- 2.2%. This information is provided “as is” and intended for informational purposes only. It should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice.

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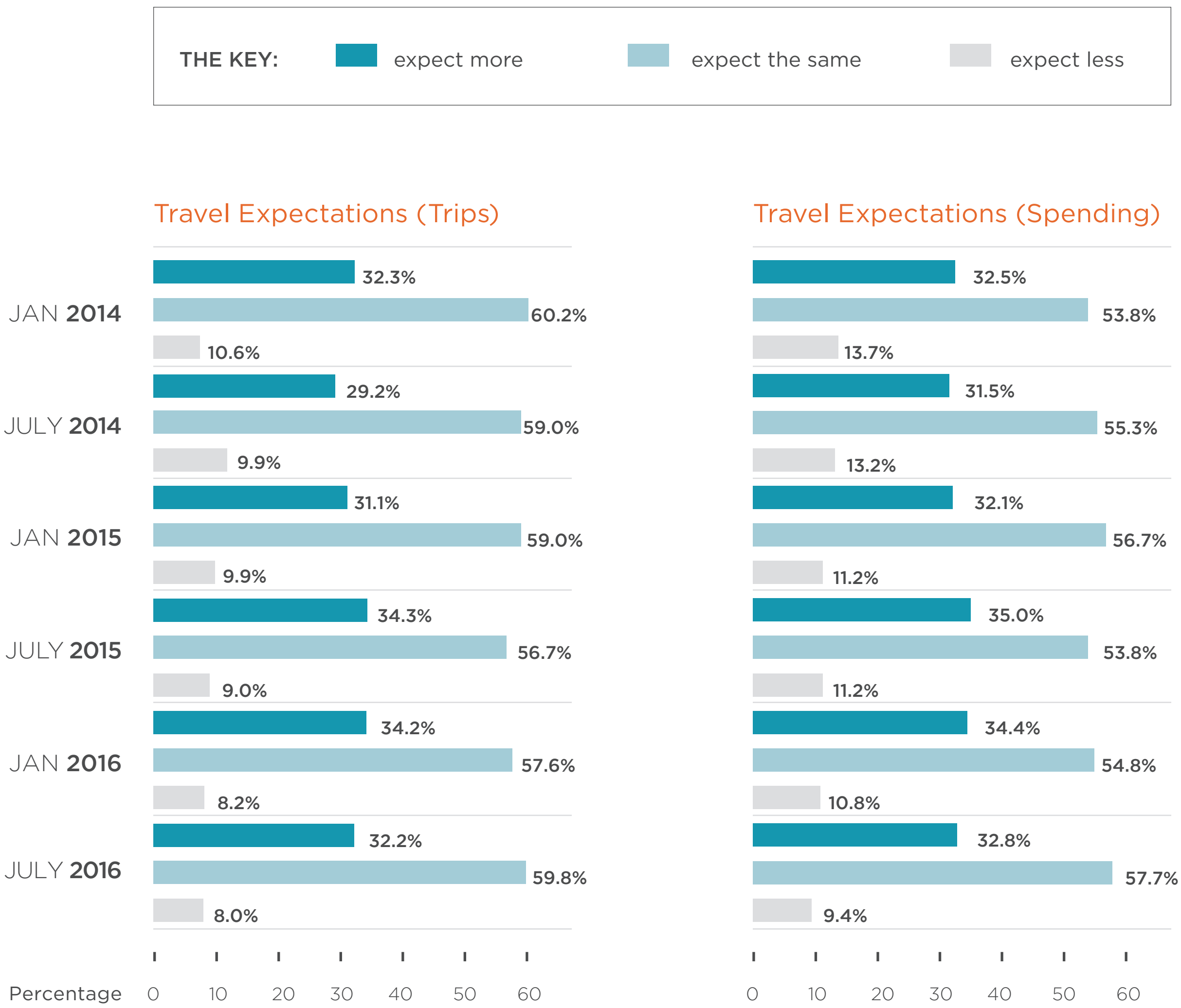
1.1 # Travel Expectations & Travel Spending Expectations

OVERALL, AMERICAN LEISURE TRAVEL EXPECTATIONS continue the stable path seen in recent years. While July results from our national survey show optimism about upcoming leisure travel has dipped slightly from a record high last summer (34.3% of American travelers said they would travel more in the coming year in July '15 compared to 32.2% now), it remains in firmly positive territory. In fact, when considering the combined percent of leisure travelers expecting to travel more or the same in the upcoming year (compared to the previous year), this is actually up slightly to 92 percent from 91 percent last year. Similarly, leisure travel spending expectations remain high, signaling that prospects for a continued leisure travel performance are solid.



Q : In the next 12 months, do you expect to travel more or less for leisure than you did in the most recent 12 month period?

Q: In the next 12 months, do you expect to spend more or less for leisure travel than you did in the most recent 12 month period?

92%

of leisure travelers expect to travel as much or more this year as last

Although Not at Peak, Americans Remain Solidly Optimistic about Leisure Travel.

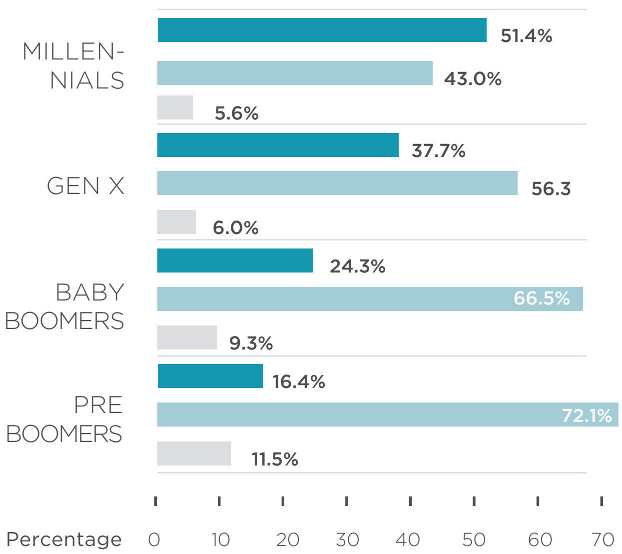
1.2

The Generational Perspective: Youthful Enthusiasm

TRAVEL OPTIMISM IS DRIVEN in a major way by younger travelers. The charts below show the proportion of each of the four main generations that expect to travel more and spend more in the upcoming year. Major differences exist between the generations, with Millennials showing by far the most desire to increase their travel and spending. More than half of the Millennial generation expects to increase their travel and spending in the upcoming year, compared to only about one quarter of Baby Boomers.

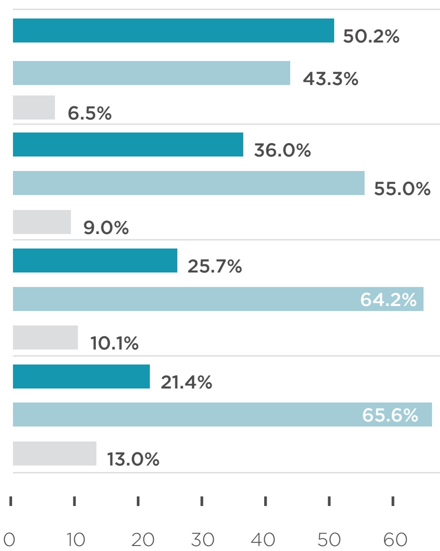
THE KEY: expect more | expect the same | expect less

Travel Expectations (Trips)



Q : In the next 12 months, do you expect to travel more or less for leisure than you did in the most recent 12 month period?

Travel Expectations (Spending)



Q: In the next 12 months, do you expect to spend more or less for leisure travel than you did in the most recent 12 month period?

2

Psychographic Profile: The Generations

HOW THEIR TRAVEL STYLES DIFFER

Destination Analysts' proprietary Traveler Psychographic Intensity Indices™ use a series of related seven-point scale questions to measure the strength intensity in a traveler's feelings about aspects of leisure travel.

For each psychographic category, every survey respondent is given a score of 1-100, with high scores indicating high levels of intensity or importance.

MILLENNIALS

Prefer active vacations

ACTIVITY SEEKERS

Want to engage in arts and cultural assets

CULTURAL INTERESTS

Like food & cuisine driven travels

CULINARY INTEREST

Stay connected during leisure travel & its planning

CONNECTIVITY

Want real destination vs. commercial tourism

AUTHENTICITY

Destination Analysts' Psychographic Index Value

M= MILLENIALS X= GENERATION X B= BABY BOOMERS

WHILE DIFFERENCES BETWEEN the generations are often exaggerated, they do exist and an understanding of them can help the savvy destination marketer gain a larger share of each. Destination Analysts' Traveler Psychographic Intensity Indices™ were designed to paint an accurate picture of how travelers in different age groups think about, approach and plan leisure trips. The infographic below tells the story that, in the simplest form, Millennials are highly connected travelers with a strong desire for urban experiences, culture and cuisine.

As we get older, interest in these trip characteristics wane somewhat. Baby Boomers are more interested in less active, outdoor experiences that yield a sense of exploration. Generation X sits sandwiched in the middle between these two larger groups, as does its travel preferences across nearly all categories.

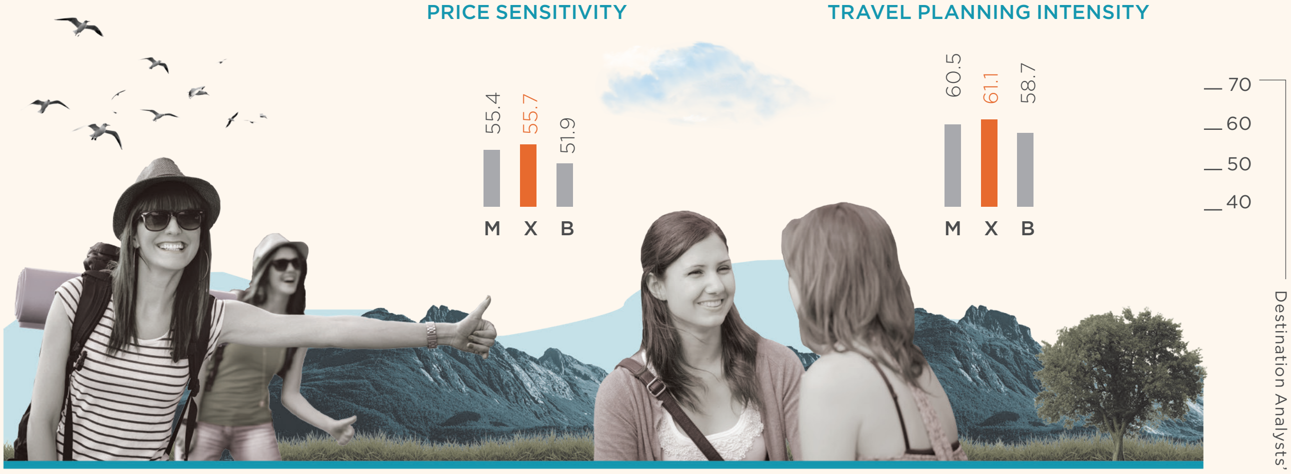
GENERATION X

Is concerned about pricing

PRICE SENSITIVITY

Intensively plan leisure travel

TRAVEL PLANNING INTENSITY



Destination Analysts' Psychographic Index Value

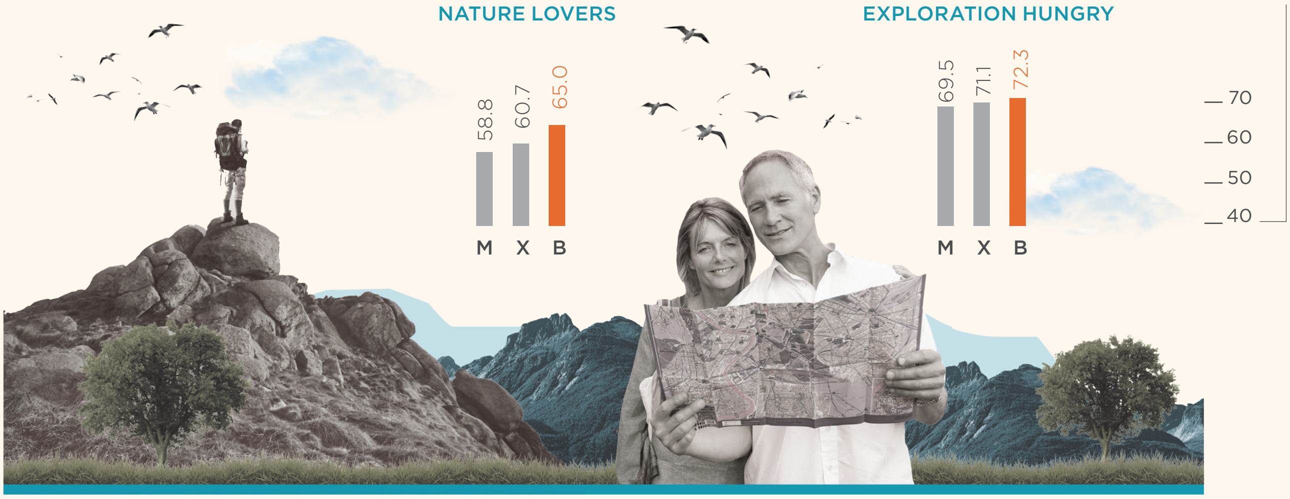
BABY BOOMERS

Desire rural travel experiences

NATURE LOVERS

Gain pleasure from exploration

EXPLORATION HUNGRY



M= MILLENIALS X= GENERATION X B= BABY BOOMERS

3 Top 10 Tips for Marketing to the Generations

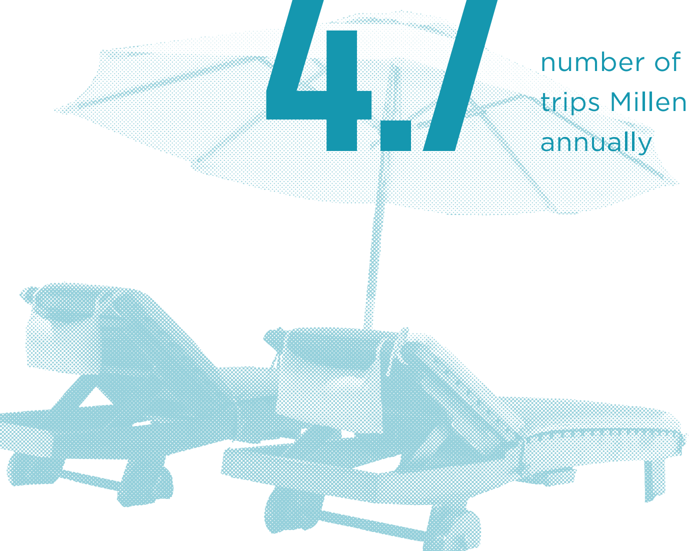
LET'S TAKE A BREAK FROM the over-used and often erroneous stereotypes attached to the generations, and look at some actionable differences between them.

3.1 MARKETING TO MILLENNIALS

Take advantage of their enthusiasm

Millennials travel more for leisure than other generations; taking 4.7 leisure trips annually, compared to only 4.4 for others. They are by far the most likely generation to expect to increase their travels in the upcoming year. Baby Boomers appear to have their travel patterns set more firmly in stone, signaling a lower openness to non-traditional seasonal travel or shorter notice getaways. Ad hoc campaigns to fill gaps might be best targeted to a younger traveling set.

4.7 number of leisure trips Millennials take annually



Put connectivity front and center

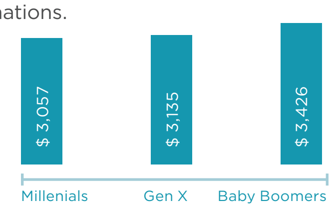
83% of Millennials use mobile devices to plan trips

Millennials need for connectivity is paramount. Ignore it at your peril. Fully 83% use mobile devices to plan trips, compared to only 33% of Baby Boomers. On the bleeding edge, one fifth of Millennials use apps while traveling to receive real-time, personalized content from vendors—eight times the rate of Baby Boomers. Millennials are also five times as likely as their older counterparts to say they feel a need to check their emails/texts six or more times a day while on vacation. 50% say they would feel "very uncomfortable" without access to these services while traveling. Connectivity must influence our thinking about marketing to this generation, from influencing pre-trip decisions to in-market messaging.

Be Sensitive to Resource Scarcity

Millennials think they lack time and money. They rate high psychographically for "price sensitivity," and have less disposable income. The most likely generation to say "personal financial reasons" have kept them from traveling in the past year, 60% will "actively look for travel discounts and bargains" in the upcoming year. Time also constrains Millennials, who are twice as likely as Boomers to say being "too busy at work" keeps them from traveling. With these limitations, marketers are wise to promote affordability and easy access to their destinations.

Maximum Annual Travel Budget



Generate Buzz

65% of Millennials say their personal network is a "highly trusted source of travel advice"

Buzz matters to Millennials. 65% agree that friends and relatives are a "highly trusted source of travel advice," compared to half of Baby Boomers. Opinions from outside their personal networks matter more, too. 46% say that having "many fans/followers" makes them more likely to trust a travel company—only 14% of Baby Boomers agree. Creative ways to get people talking about your destinations are vital to effectively reaching the younger audience.

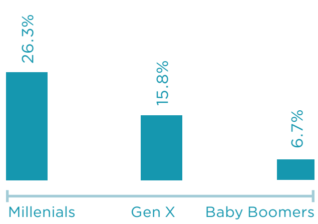
46% trust travel companies with more fans & followers

Exploit their openness to new ways of traveling

Millennials are more open to new ways of experiencing destinations. The emergent demand for peer-to-peer travel services (like Uber and AirBnB) has been driven by Millennials. Peer-to-peer lodging services already have 26% of Millennial travelers onboard as users, compared to only 7% for Baby Boomers--and Millennials are also 8 times more likely to use ride sharing services.

The possibilities for the destination marketer are many. Encouraging visitors to explore beyond traditional tourist neighborhoods, and to visit when city-wide events may have gobbled up traditional lodging opportunities are more feasible with these new options.

Peer-to-Peer Lodging Use



Use culture and cuisine as selling points

62% find unique culinary expereinces to be an important part of leisure travel

Despite their youth, Millennials are sophisticated travelers. They index high in psychographic attraction to culture and cuisine. More than half (50.7%) say they won't visit a destination that doesn't have good restaurants. 62% agree that unique, special or interesting culinary travel experiences are "very important" to them. Their interest in culture also surpasses older travelers. 68% say they are generally likely to visit art, cultural, natural history or science-related museums while traveling. 63% attend theater, performing arts or live music shows. Don't count out younger travelers when selling culture and food related experiences—they may well be a mainstay of your success.

3.2

MARKETING TO BABY BOOMERS

Give them the real deal

Baby Boomers index high on the desire for travel that includes nature, authenticity and exploration. We don't recommend talking to them about their bucket lists as they're still young at heart, but their travel aspirations demand a degree of meaning. While not averse to urban travel, 60% agree that experiencing nature (away from urban areas) is usually an important part of their leisure travel. Only 22% prefer visiting large cities to more nature-oriented travel experiences, half the rate of Millennials. When selling to this group, showing your destination as an authentic one close to the natural world is likely to appeal.

60% agree experiencing nature is an important part of their leisure travels

Be careful with mobile only strategies

Your travel-related content is probably not reaching many older travelers via mobile devices. 84% of Millennials use their mobile phones to plan their trips, only 33% of Baby Boomers do so. Be sure not to let your mobile-only strategy lead you to neglect your traditional web presence and diminish your ability to influence Baby Boomers.

33% of Baby Boomers use mobile devices to plan trips

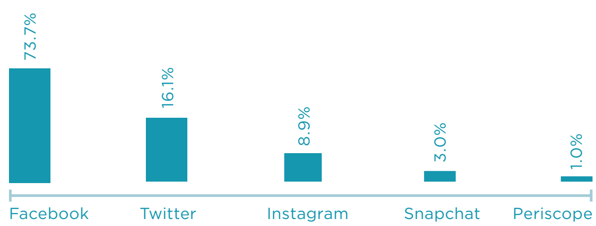
Deliver value

81% of Baby Boomers say lowest price is very imporatant

Baby Boomers have money, but they are still careful consumers. They control over 70% of the nation's disposable income, and they're set to inherit $13 trillion over the next 20 years. While they have far less interest in sticking to tight travel budgets, 81% say getting the lowest possible prices while traveling is important to them. Providing this generation with value is critical, despite their current reign over the nation's travel purse strings.

Focus on mature social media channels

Social Media Channels "Used Regularly"



While social media marketing can be an abundant ROI generator for DMOs, reaching the Boomer audience can be a challenge. 70% of Millennials report having used social media to plan their travels in the past year, but only 31% of Baby Boomers have done so. If you're looking to influence older travelers, it would be wise to use the more traditional channel of Facebook, over other less used ones.

4 Younger Travelers: Heavy Content Consumers + Still Driving Tech Adoption

TWO INTERESTING GENERATIONAL findings emerged from this year's study. First, it's clear that Millennials are the heaviest content consumers, using more types and more variety of travel planning content than their older counterparts. Second, Millennials are driving the adoption of new technology in travel planning, with little change being seen in how older travelers plan. For example, in the past 12 months, no change has been seen in how Baby Boomers plan their leisure travels. Adoption of new technology by older travelers has not budged, leaving newer methods of collecting travel information (mobile devices, social media, etc.) still largely the realm of the Millennial. The infographic below tells the story, with younger travelers driving the resource adoption and growth in resource usage overall.

The use of travel resources by different generations in the last 12 months

Adoption of new technology by older travelers has not budged, leaving newer methods of collecting travel information still largely the realm of the Millennial.