

The Sky's The Limit: Travel Trends Among The Baby Boom Generation & Beyond

Wanting to See the World

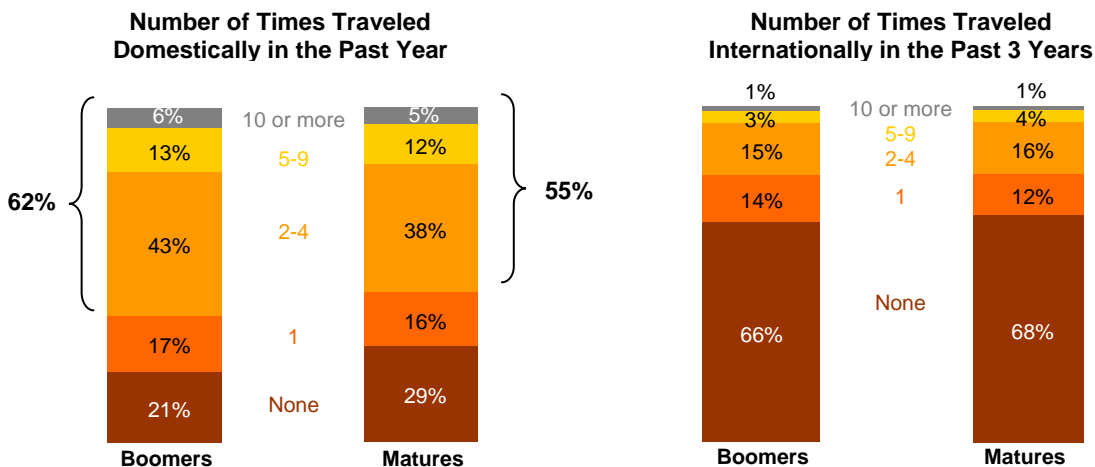
Travel, for pleasure or personal reasons, is an important part of the lives of Boomers and older generations. The 42+ population represents a significant market opportunity for the travel industry and its partners and cannot be overlooked. According to the U.S. Consumer Expenditure Survey, in 2005 older Americans spent over \$192 billion on travel.¹ Focalyst surveyed 30,000 respondents between the ages of 42 and 87, and gathered extensive information on the attitudes and behaviors of this group as it relates to travel, among many other topics. *The Focalyst View* provides the largest, most comprehensive view of Boomers and beyond.

In 2005, Americans 45+ spent \$192 billion on travel¹

When asked about life goals, about half of Baby Boomers (consumers born between 1946 and 1964) and one in three Matures (consumers born prior to 1946) expressed that they wish to travel and explore the world, and many are realizing this

dream. Travel is not only an ambition for the future, but also part of their present lives. The majority of the 42+ population has traveled domestically in the past year and to a lesser extent, internationally. As shown in Figure 1, Boomers and Matures are frequent travelers, with 62% of Boomers and 55% of Matures taking at least two domestic trips in the past year alone. They took a total of 340 million domestic trips in the last year and 110 million international trips in the past three years.

Figure 1 **Number of Domestic and International Trips Taken**



Source: *The Focalyst View '06*



The analysis, opinions and data presented in this report are based on the information available at the time of publication and are subject to change.

On average, consumers that travel are better educated and more affluent, but regardless of socioeconomic status, travel remains an integral part of the lives of most older consumers. In fact, a decline in the frequency of travel does not occur until people reach their late 70's and 80's. Approaches to travel and exploration may differ from how they are portrayed in the media, and depend on the life stage and household composition of the individual. As these consumers enter their retirement years, they also have more time in which to travel, and the length of their trips increases while the types of trips they take also change.

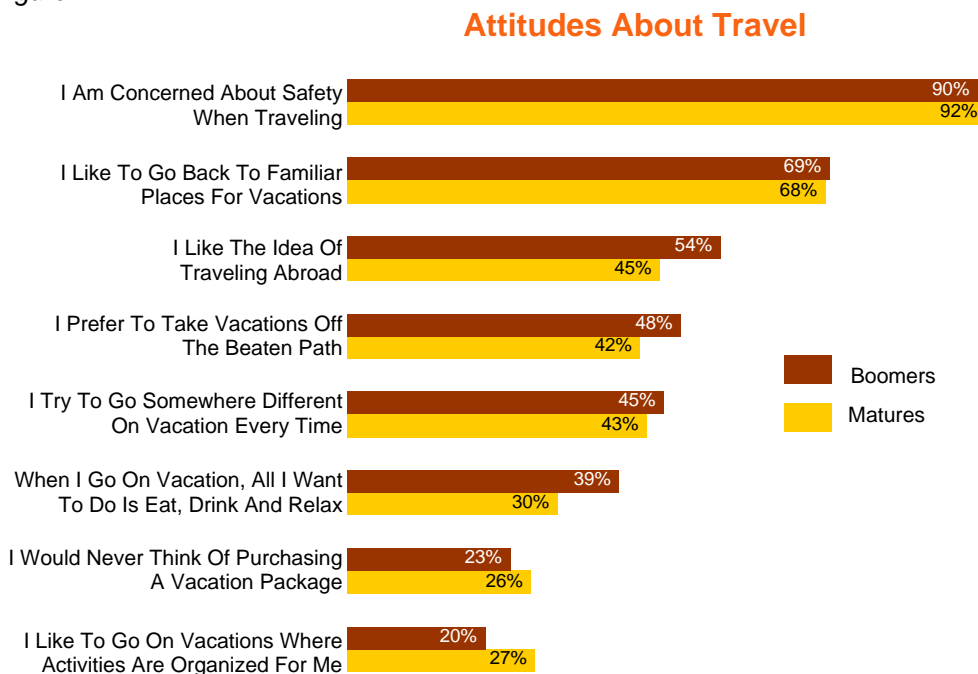
Over 90% of consumers 42+ are concerned about travel safety

The needs and preferences of these older generations are different from younger generations, and to adequately meet their needs, it will be crucial to understand their concerns, preferences and travel habits.

Travel Attitudes

While AARP research finds that Boomers consider themselves more adventurous travelers than their parents, there are some strong similarities between their attitudes and those of Matures, especially when it comes to safety. Over 90% of consumers 42+ are concerned about travel safety, and this attitude can have an effect on everything from where they decide to vacation to what mode of transportation they use to what companies they choose.

Figure 2



Source: The Focalyst View '06

Despite Boomers' adventurousness, they are looking for adventure within the context of safety, and many seek comfort and familiarity when vacationing. Two-thirds of Focalyst respondents, regardless of age, like to return to familiar vacation spots, while about half, 37 million consumers, like to always vacation at different destinations or go off the beaten path. One marked difference is how members of each generation view their time off. Boomers, who are mostly still working and may be juggling the demands of work and home, are more likely to perceive their vacation as a time to relax, while Matures view it as an experience, interested in perhaps the history or culture of a particular destination.

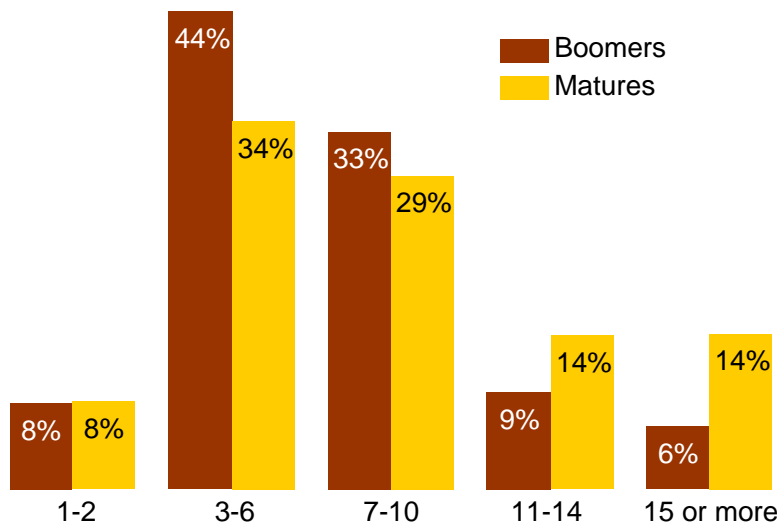
According to research by the AARP, a majority of Boomers consider themselves adventurous (55%) and nearly 8 in 10 Boomers (77%) consider their own travel experiences more adventurous than their parents³

Future Travel Plans

When discussing actual plans for the near future, 53 million Boomers and 28 million Matures intend to take a leisure trip in the next year and intend to spend approximately \$1,550 each on this trip, for a total of \$126 billion. But where are they going? Most are exploring the United States, with over half of Boomers and Matures, 58% and 52% respectively, planning to travel domestically in the next year and only one in ten planning an international trip.

Figure 3

Average Number of Days Planned for Next Trip



Source: The Focalyst View '06

The majority of travelers will allot 3 to 10 days for their trip, as shown in Figure 3. Matures are almost twice as likely to be away for 11 days or more (28% vs. 15%). This should



come as no surprise, however, as they tend to have more time to spare. And spare time does lend itself to longer vacations.

Road trips are quite popular among consumers 42+; half (49%) plan to travel primarily by car during their next trip, however higher gas prices may have an impact on their mode of transportation. A survey conducted by AARP in October 2005 found that 47% of 50+ consumers were limiting travel or vacations because of gasoline costs.² About one third (38%) plan to go by plane.

Other modes of travel such as cruises and recreational vehicles (RV's), provide a different type of travel experience and are more of a niche segment, but still a sizable market. About 5 million consumers over 42 are cruising, and 2.5 million are taking RV vacations. Cruises and trips by RV are often associated with older consumers, and Focalyst finds that retirees are much more likely to take these types of vacations.

Two-thirds of Boomers plan to stay in a hotel or motel. The likelihood of this decreases steadily with age, from 68% of those in their forties to 51% of those in their eighties, and is attributed to the likely increase of family visits as people age.

The popularity of organized tours rises with age. Although Boomers like to plan their own trips and have control of their own time, older travelers, especially those in their 70's and 80's, like the structure of a vacation where the planning of where to go and how to get there are already taken care of. While only one in five Boomers like vacations where activities are organized for them, three-quarters would consider purchasing a vacation package. We see a similar trend among Matures. Marketers might want to try offering vacation packages where organized activities are optional or provide a generous amount of "free time".

Travel Brand Habits

While neither Boomers nor Matures show much brand loyalty to one company when it comes to services such as airlines, hotels, and cruise lines, they do care, as shown in Figure 4. Both age groups are more likely to shop around among several trusted companies when in the market (Matures and females display slightly more loyalty across these categories). This may reflect location, routing or more likely a very competitive market.

Travel decisions, however, can be influenced by things like loyalty programs with one-third of this population saying that they tend to choose airlines and hotels where they are members of frequent flyer or loyalty programs. Keeping consumers engaged with a brand and rewarding them for their engagement will drive future interactions.

Figure 4

Travel Brand Habits

		Baby Boomers (Aged 42-59)	Matures (Aged 60+)
Airlines	I use one company all the time	12%	15%
	I tend to choose from several companies that I like	49%	46%
	Doesn't matter which company I use	39%	39%
Hotels/ Motels	I use one company all the time	5%	5%
	I tend to choose from several companies that I like	59%	58%
	Doesn't matter which company I use	36%	37%
Cruise Lines	I use one company all the time	13%	13%
	I tend to choose from several companies that I like	48%	54%
	Doesn't matter which company I use	39%	33%

Source: The Focalyst View '06

Where do they get their information about travel?

Boomers and Matures alike use numerous resources to obtain travel information. As shown in Figure 5, the most frequently used source, though, is recommendations from family and friends (96% of Boomers and 88% of Matures). It is also the resource they find most valuable (see Figure 6). Although people 42+ are accessing many different sources for vacation ideas, they are less likely to find these sources to be very valuable sources for vacation planning.

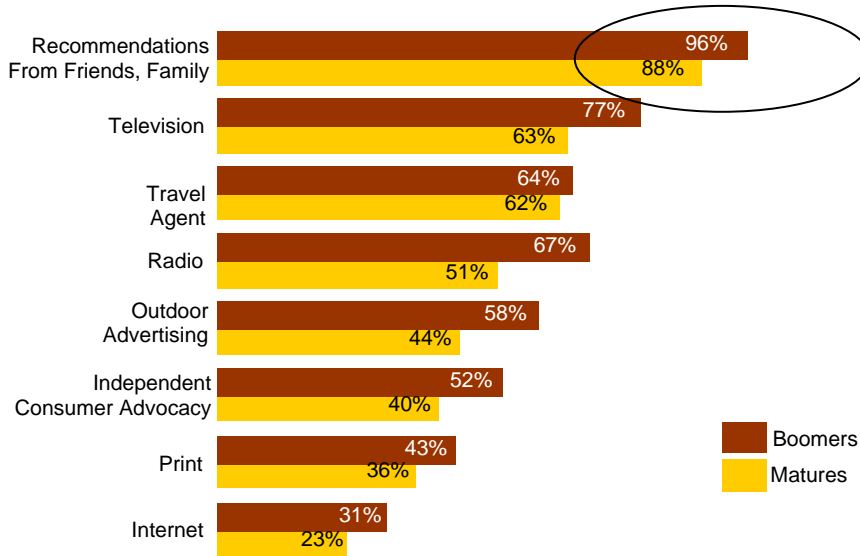
27.7 million Boomers and 9.8 million Matures use the Internet for travel planning and reservations

The most valued sources are word of mouth, catalogues and brochures, the Internet and travel agents. And while online travel booking is growing, with 35% of all leisure and unmanaged business travel was expected to be booked online last year according to Guideline,⁴ Boomers are more likely to find the Internet to be very valuable while Matures are more likely to value personal interaction.

Considering the effectiveness of word of mouth communication for travel purchasing with this group, and their affinity for rewards-based loyalty programs, offering an incentivized referral program may be an effective method of building loyalty amongst these consumers.

Figure 5

Sources of Travel Information Used

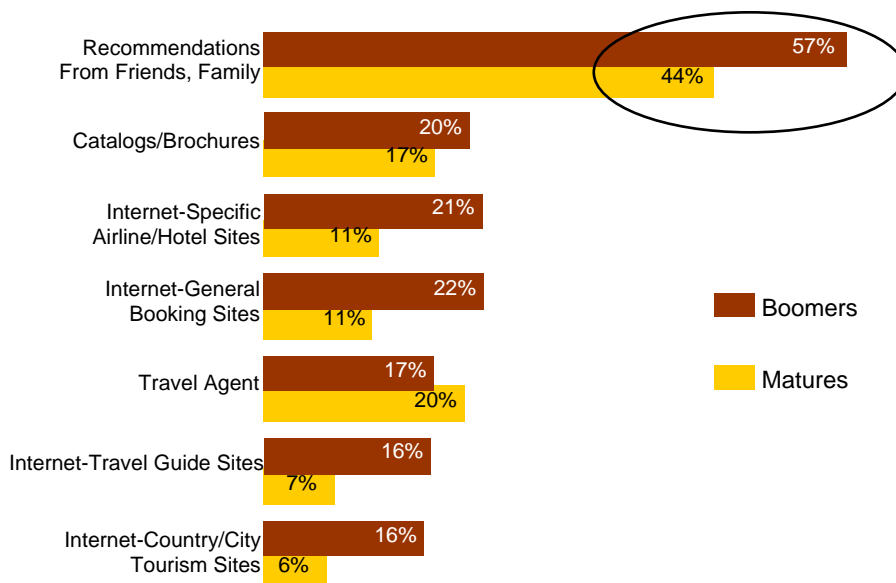


Source: The Focalyst View '06

57% of Boomers and 44% of Matures value recommendations from family and friends when making travel plans

Figure 6

Sources of Travel Information Valued



Source: The Focalyst View '06

It's Not Just Age, It's Life Stage

While we can look at age as a general indicator of travel habits, consumers behave very differently depending on their life stage, household composition and income. Factors such as working status, children in the home or wealth strongly influence vacation planning.

Travel preferences for 42+ consumers present a number of marketing opportunities for the travel industry, and understanding how retirees, families, singles and the affluent travel and their substantial differences from the total population (as indicated in Figure 7) are the keys to success.

Figure 7

Profiles of 42+ Travel Segments

	Total 42+ Population	Retirees	Singles	Families	High Income \$75,000+
Segment Population	81M	23M	25M	17M	32M
Segment Spend on Travel*	\$126B	\$34B	\$28B	\$32B	\$66B
Average Total Spend Per Day	\$233	\$202	\$176	\$296	\$289
Domestic Trips Last Year	2.9	2.7	2.2	3.2	3.9
Int'l Trips in Last 3 Years	1	.9	.8	1	1.5
Total # of People on Trip	2.9	2.5	2.4	3.8	3

*Intended spending on the next trip only, not all planned travel for the next 12 months. Total market size is actually larger.

Source: *The Focalyst View '06*

Retirees

Given the lack of time constraints, retirees travel plans are quite different than the rest of the population. With a population of 23 million consumers, retirees plan to spend a total of \$34 billion on travel in the next 12 months. Retired consumers are more likely to:

- Take long vacations of 2 weeks or more (16% vs. 5% working).
- Vacation by recreational vehicle (RV) (5% vs. 2%).
- Take a cruise (7% vs. 5%).
- Be on an organized tour (13% vs. 7%).
- Not perceive a vacation as just a time to relax; they want more out of their trip (only 30% say a vacation is just a time to relax vs. 39% of those working).

Singles



The analysis, opinions and data presented in this report are based on the information available at the time of publication and are subject to change.

Singles, however, appear to have the freedom of their own schedule, and a different approach to travel. There are 25 million singles aged 42+ that plan to travel next year, with a total projected spending of \$28 billion. It is important to recognize the growth in singles travel among women in particular, especially as women outlive men in later years. In fact, women 42+ are over twice as likely as men to take a vacation on their own (17% vs. 8%). Overall, singles are:

- More inclined to take "weekend trips" than married or partnered travelers, with 10% planning a trip of only 1-2 days.
- Much more likely to be traveling by themselves (28% vs. 6% married or partnered).
- Least likely to plan an international trip.
- Least likely to be staying in a hotel on their next trip (54% vs. 67%).
- Are much more interested in trips where the activities are planned and/or organized tours.
- Spend the least on their next trip, however, given that they are only paying for themselves, the amount they spend per day when compared on a per person basis may be proportionately larger.

Women 42+ are over twice as likely as men to take a vacation on their own (17% vs. 8%)

Families

The travel plans of families (married couples with children under 18 in the household) will also differ dramatically from plans of the total population. There are 17 million consumers that fall within the traveling family segment, with a total planned spend of \$32 billion in travel next year. On average, these families take trips in the largest groups, with an average of 3.8 people in the party altogether. While their spending per day is the highest among the segments, this amount may include spending for several individuals. Other notable travel trends for families:

- They like to return to familiar places for their vacations.
- More than a third look forward to vacations as a time to just eat, drink and relax.
- More than half are going on road trips rather than long distance vacations.
- More than 60% are traveling with 3 or more people.
- Overall, they steer clear of organized trips.

High Income

Boomer+ consumers in a higher income bracket (\$75,000+) have both a more adventurous travel philosophy as well as the means to partake. High income travelers represent the largest of the segments, with a population of 32 million and plan to spend \$66 billion on travel in the next year. Travel habits of this more affluent segment:

- 12% are planning to spend \$5,000 or more on their next vacation.
- Travel most frequently, an average of 3.9 domestic trips in the past year alone.
- More likely to take and enjoy international trips, with 48% traveling internationally in the past three years, and 62% saying they like the idea of traveling abroad.
- Prefer to utilize travel companies that have a loyalty program.

- Are often a source of travel advice to friends and family. Considering the value of word of mouth within the travel market (see Figure 6) with older consumers, getting this segment engaged with a brand can be a valuable source of referrals, plus a method of building brand equity and recognition.

Additionally, intergenerational travel is a growing trend, and Boomers are more likely to take their next trip with a number of people such as their family. In this case, marketers may want to entice this group with family packages such as multigenerational and reunion packages. Destination family reunions are fast becoming a trend. In fact, Disney Magical Gatherings already caters to family reunions by offering large group programs and easy-to-use online planning tools.

Conclusions

Boomers and older generations represent a sizable and attractive market for travel products. This group is definitely not home bound and they look forward to spending their later years exploring the world. In fact, 81 million consumers 42+ intend to take a vacation in the next year, and plan to spend over \$126 billion on their next trip alone. Marketers will need to target this group carefully as their needs and preferences are not homogenous and certainly not the same as those of younger generations.

Understanding that age is not the only difference in how older consumers make travel plans, but factoring in life stage and household composition are important when developing marketing plans for Boomers and beyond. Strategies to consider include singles only vacation packages, female friendly vacations, multigenerational programs and referral related marketing incentives, as recommendations from family and friends are their most valued source for travel ideas.

Boomers want to try new things and while they are adventurous, it is important to keep in mind that what "adventurous" means to a 25-year-old is not what it means to a 50-year-old. Safety when traveling is a huge concern among all older consumers, even 5+ years after the September 11th attacks. Overall, consumers 42+ have the means, the time and the desire for travel, presenting the travel industry with a considerable opportunity.

Key Findings on Marketing Travel to 42+ Consumers:

- Consumers aged 42+ are a desirable market for the leisure travel industry. Over 81 million older consumers are planning to travel in the next year, and plan to spend a total of \$126 billion on their next trip alone.
- Safety is a huge concern, regardless of age. While Boomers perceive themselves to be more adventurous than their elders, adventure should be within the context of safety.

- Word of mouth marketing is extremely effective in travel marketing. With almost all older consumers using word of mouth for travel ideas, marketers need to keep in mind the multiplier effect with satisfied customers.
- There is very little brand loyalty when it comes to travel planning. Older consumers are most likely to shop around among a few companies they like when choosing airlines, hotels and cruises, but over a third say it doesn't matter which company they choose.
- It is not just about age, it is about life stage. Life stage has a huge impact on travel attitudes and behaviors. Factors such as working status, household composition and wealth strongly influence vacation planning.
- Singles represent a strong and growing segment of the older population. As these consumers appear to spend proportionately more than other segments when compared on a per person basis, and the fact that these consumers like to travel with friends, the singles market is very desirable to travel companies. Single women in particular are important, especially as women outlive men in later years.

Focalyst (www.focalyst.com) is a leading source of information and insights about Baby Boomers and Mature consumers, offering a broad range of qualitative and quantitative custom research solutions. Focalyst pioneered the largest, most comprehensive study ever conducted about Boomers and Matures and has the unique expertise to help marketers better understand and connect with this important demographic. For more information call 212.548.7270 or email Heather.Stern@focalyst.com.

¹ Based on Focalyst calculations of data from the U.S. Bureau of Labor Statistics' 2005 Consumer Expenditure Survey.

² AARP, "The Effects of Gasoline Costs on US Residents 50+," October 2005.

³ AARP 2005 Travel & Adventure Report: A Snapshot of Boomers' Travel & Adventure Experiences, October 2005.

⁴ Guideline Survey on National Travel and Leisure Trends, 2006. Accessed at <http://www.prweb.com/releases/2006/7/prweb412984.htm>.