

## Trends in Global Millennial Travel

An insight into the key trends, behaviours and issues of millennial travellers

*GDTT0136MI*

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# Snapshot

## Millennial definition

Millennials (Generation Y) are defined as the demographic group born between 1981 and 1999.

## Why are millennials important?

Millennials are tech-savvy, innovative thinkers and influential buyers<sup>1</sup>. They are the most lucrative segment for businesses in the travel and tourism market. People born in this era will reach their peak earning and spending power in the next decade. Their earning potential is likely to be a strong driver for the tourism sector. According to the Millennial Travel Survey<sup>2</sup> 2017, 86% of millennial travelers preferred to pay more for the expediency of flight schedule, irrespective of flight cost. Also, in 2017, 80% of millennial travelers<sup>3</sup> preferred to explore international locations over domestic destinations, according to Skyscanner's on-site survey.

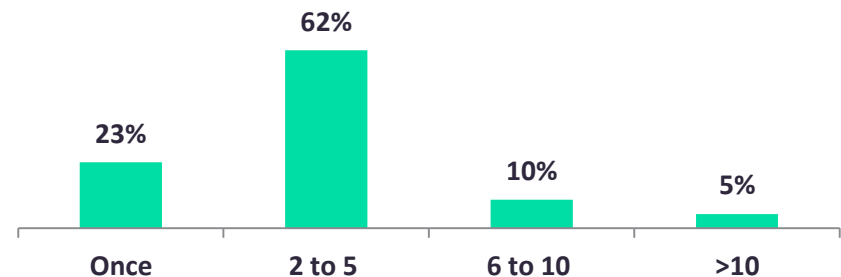
Millennial business travelers are keen to extend their business trips in the interests of a leisure trip, to spend the extra time with their loved ones.

Travel companies need to adapt swiftly by understanding the preferences of millennials. For instance, millennials are more likely to explore exotic or unfamiliar locations than any other demographic cohort while planning their holidays. 'Leica' is capitalizing on this opportunity by launching its own holiday packages<sup>4</sup> for millennial enthusiasts seeking photography at exotic locations.



Source: innQuest

Global : Number of times millennials travel per year (2017)



Source: Skyscanner

# Key Market Trends



Digital Nomads

## Millennial travellers are digital nomads

Millennials are digital nomads, and technology profoundly influences them. According to Travel Professional News<sup>5</sup> in 2017, 87% of millennials looked to social media for inspiration for their next travel experience. Millennials prefer to live in a connected world filled with digital media<sup>6</sup> as it is convenient, secure, user-friendly and informative.

It offers an opportunity for tourism boards and travel intermediaries to pitch their product offerings online to attract millennial travelers. Travel operators can develop special packages in collaboration with cultural sites to overcome challenges such as low inflow of tourists during off-seasons. Tourism players can also design innovative programs for these millennial travelers to get access to information and best deals on the cultural sites they visit through smartphone or tablet applications, that travelers can download or leverage integrated technologies such as augmented reality (AR) and virtual reality (VR).



Authentic & Experiential Travel

## Millennial travelers look for authentic and experiential travel experiences

Authentic and experiential travel experience has become a significant travel trend<sup>7</sup> for millennial travelers, which allows them to experience activity-based travel such as cultural/educational, culinary, voluntourism, and adventure tourism, and also to get connected with people around them.

This offers an excellent opportunity for the tourism industry to capitalize on this segment by partnering with other tourism players at various destinations such as local tourist guides, hotels and resorts, who can offer special packages tailored to authentic travel experiences. It is expected that authentic & experiential tourism will gain more popularity among millennials with the increase in travel blogging/vlogging on digital or social media platforms, that influences other travelers.

# Key Market Trends

## Bleisure trips continue to drive millennials

Bleisure trips have become popular among millennial travelers who extend their business trip in the interests of a leisure trip. According to Expedia, in 2017, approximately 60% of business trips were extended to leisure trips both in the US and globally, an increase of 40% since 2016. Millennials look to learn new things from travel, and they expect this even when on a business trip. According to Accor Hotels.com, every third passenger was a millennial flying for a business trip in 2018.

According to Expedia, nearly 70% of millennial travelers are likely to extend their business trips to leisure trips. In wake of this, tourism players can take the opportunity to cater to this segment by offering suitable packages that include sightseeing and city touring. Furthermore, they can offer deals on food or restaurants to millennial travelers.



**Bleisure Trips**

## Adventure tourism is trending among millennial travelers

Adventure or active travel is a significant trend<sup>8</sup> among millennial travelers as it offers a range of exciting activities compared to regular trips. Adventure travel allows millennials to engage in various activities and ensures that they are fully engaged throughout the day.

Tourism players are capitalizing on millennial travelers seeking adventure travel by offering packages with activities. Players are curating their offerings to offer personalized holiday packages for millennials, keeping in view the interests and enthusiasm of travelers. However, pricing can be a barrier for growth as these activities are usually located in exotic/unexplored locations. As such, opportunities for active and adventure travel in more affordable locations exist, however, comfort and safety remains a concern of paramount importance.



**Volunteer Tourism**



# Key Market Trends



Home Rental Services

## Millennial travellers increasingly look for home rental services

Millennials are more likely to book peer to peer accommodation than any other demographic cohort and look for home rental services. There is a wide range of accommodation types for the travelers to choose from, many of which differ greatly from a standard hotel. Airbnb allows guests to mingle with other travelers and members of the local community as they often stay in shared homes or second properties. Treehouses, boats and yurts are just a few of the accommodation types available on the Airbnb platform<sup>9</sup> and these appeal greatly to millennials, thanks in part to their “Instagrammability”. Staying in a novel accommodation type such as this turns accommodation from a service into an experience. In 2016, the number of millennials who booked Airbnb had grown more than 120% from the previous year<sup>10</sup>.



## Key Source Markets



# US Millennial Travelers

## *Millennial families continue to drive growth in the US travel industry*

According to the Portrait of American Travelers survey<sup>11</sup>, millennial families in the US plan to spend 15% more on travel in 2018 than the previous year. According to the Future of US Millennial Travel report<sup>12</sup>, 44% of millennial families took their vacations with kids in 2017, which creates a significant opportunity for tourism players to boost their business through providing customized and personalized special holiday packages. One-fourth of US millennial family vacations were to international destinations in 2017.

## *US millennials are major contributors to US tourism industry*

According to the Future of US Millennial Travel report<sup>13</sup>, US millennials are a major contributor to the US travel and tourism industry in terms of revenue. Unlike other generations, US millennials do not view traveling as a luxury and see it as a medium to improve their lifestyle. This is an opportunity for tourism players to capitalize on this segment by understanding the habits and preferences of these millennials and provide holiday packages catering to their choices.

## *US Millennial travelers are attracted more to dining and learning new things while on vacation*

While on vacations, dining and learning new things create more interest in US millennial travelers than other activities such as sightseeing. According to the Future of US Millennial Travel report, US millennial travelers consider the quality and number of restaurants at a location as a significant factor while on vacation. To leverage this, restaurants can partner with travel operators and offer great deals on traditional food with an emphasis on authenticity and quality.



Source: Business Insider



Source: TravelAge West

# Chinese Millennial Travelers

## *Chinese millennials' travel expenditure continues to increase*

Chinese millennial travelers are continuing to increase their travel expenditure, an increase<sup>14</sup> of 80% in 2017 as compared to the previous year. Chinese millennial travelers seek an authentic travel experience and are mostly influenced by social media posts. When it comes to spending, Chinese millennials are more likely to spend on tasting exotic local delicacies and authentic local foods as compared to shopping for luxury items. Local restaurants can leverage this trend and gear-up to capitalize on this segment.

## *Chinese millennial travelers continue to use both traditional and online sources of information*

Chinese millennial travelers are increasingly using online sources for travel information when it comes to planning their travel. However, friends or family recommendations are considered to be the most reliable conventional sources of information, whereas Online Travel Agents (OTAs) and other online sources<sup>15</sup> such as Ctrip, Mafengwo and Qyer are considered the most convenient and up-to-date source of information for Chinese Millennial Travelers.

## *Chinese millennial travelers prefer long-haul destinations*

According to Hotels.com, 62% of Chinese millennials prefer to choose international destinations in Europe, the Middle East and Africa for their frills and thrills in 2017, away from Asian destinations. Overall, the outlook for long-haul destinations is positive among Chinese travelers. It is expected that more than half of Chinese travelers would like to travel to international destinations in the next 12 months. Tourism players need to capitalize on this segment by providing customized packages to these travelers. For instance, hotels and restaurants can accept AliPay and WeChat wallets to make payments convenient for Chinese travelers.



Source: Travel Daily Media



Source: The Beijinger



# Indian Millennial Travelers

## **Indian millennial travelers opt for cheaper accommodation and spend more on food and flights**

Indian millennial travelers are the second-largest spenders amongst Asian millennials. They usually opt for less expensive accommodation but spend more on food and flights. It is forecast that they are more likely to visit long-haul destinations accompanied by families.

## **Celebrity endorsements by tourism boards attract Indian millennials**

In 2017, Switzerland Tourism signed Bollywood celebrity Ranveer Singh as its brand ambassador<sup>16</sup>, who has over 13.3 million followers on Instagram and 9.5 million on Facebook, to attract Indian travelers. Switzerland is a aspirational and romantic destination for a large number of Indians, especially for millennial couples. It is an excellent opportunity for Switzerland Tourism to highlight unexplored destinations in the country along with offering adventure activities in the mountains.

## **Online travel agencies (OTA) is the preferred booking channel among Indian millennial travelers**

According to Expedia's Millennial Survey 2017<sup>17</sup>, 62% of Indian millennial travelers prefer to make their travel bookings through an online travel agency (OTA), compared to 19% who look to book through hotels or airline websites directly. Furthermore, 56% of Indian millennial travelers registered with an OTA to access discounts, whereas 47% of millennials registered to get personalized or customized deals. They often rely on travel agents looking for cheap travel packages. This costs hotels commissions so major chains are running campaigns to encourage direct bookings and the likes of Marriott are attempting to negotiate commission rates down with the likes of Expedia and Booking.com.



Source: Switzerland Tourism



Source: Backpackerguide

# What is the Way Forward?



## Airlines:

- Adopt long-term strategic plans for millennial travelers as they drive high value bookings
- Provide ancillary services, such as non-alcoholic beverages, Wi-Fi, and charging stations in flights
- Introduce loyalty programs such as providing discounts on return/future trips, air miles, etc. that offer benefits to millennial travelers



## Hotels and Resorts:

- Provide services where millennial travelers can experience the unique, authentic cultural traditions of the destination while on vacation
- Follow millennial travelers' preferences through social media, as they have a high tendency to use this platform to post their opinions and reviews, and develop hotel service offerings accordingly
- Assist millennial travelers in their tour itinerary and provide necessary transport facilities to reduce the stress of managing time while on vacation



## Travel and Tourism Industry:

- Continue to focus on 'bleisure' trips to boost the travel and tourism industry
- Provide safety assurance to millennial travelers through promotional events/ campaigns
- Promote special services such as price discounts/deals to attract millennial travelers



## Tour Operators:

- Focus on key market trends and understand the needs and preferences of millennial travelers, thereby offering them customized or personalized packages
- Develop new and novel packages by improving accessibility and connections with unexplored locations
- Create and build brand awareness among millennial travelers, because they are more loyal to online travel agencies compared to older generations

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# Terminology and Definitions

TERMINOLOGY	DEFINITION
Millennial	Millennials (Generation Y) is the demographic group who were born between 1981 and 1999.
Generation X	Generation X is the demographic group born between 1966 and 1980
Baby Boomers	Baby boomer is the demographic group who were born between 1946 and 1965.
Silent Generation	The Silent Generation refers to people who were born between 1925 and 1945.
Ancillary Service in Tourism	Ancillary services in travel and tourism are services that are provided which make the entire travel experience very comfortable, safe, secure and enjoyable.
Online Travel Agency (OTA)	An Online Travel Agency (OTA) is an agency engaged in selling and arranging accommodations, tours, transportation and trips for travelers on an online platform.
Customize Package	To make or change packages according to the buyer's or user's needs.
Digital Technologies	Digital technologies are electronic tools, systems, devices and resources that generate, store or process data. These includes social media, online games and applications, multimedia, productivity applications, cloud computing, interoperable systems and mobile devices.
Search Engine Optimization (SEO)	The process of maximizing the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine.
Cultural Authenticity	Cultural Authenticity is the perception of beliefs and values and finding the accurate details of everyday life and language of a specific cultural group.
Affluent Millennials	Among millennials, the top 25% by household income in a given market are defined as affluent millennials

# GlobalData at a glance

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## Our Value Proposition



We empower clients to decode uncertainties

they face by providing:

- Unique data
- Expert analysis
- Innovative solutions
- One platform

## Our Solutions



GlobalData provides a range of ways that clients can access our data & insights to meet their individual business needs:

- Intelligence Center
- Consulting Services
- Reports

## Our Industry Coverage



Our services cover **six primary industries** :

- Consumer
- Retail
- Technology
- Healthcare
- Financial Services
- Professional Services

## Our Expertise



- Market Insights
  - Competitive Intelligence
  - Consumer Insights
- Innovation & New Product Development
- Strategy & Planning
- Technology Management
- Marketing Communications
- Channel and Sales Management

## Our clients:





## Ask the Analyst

If you have any questions regarding our research or would like more information on our service offering, please contact us.



[clientservices.consumer@globaldata.com](mailto:clientservices.consumer@globaldata.com)



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