

# Keeping up with the Millennials

How this generation's coming-of-age is  
important for tourism in Northern Ireland

Intelligent Vision Series



northernireland  
tourist board

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Our report on the Ageing Visitor Opportunity looked at how the eyes of the travel world are honing in on the Baby Boom generation. The lure is obvious – now that they're beginning to retire, Baby Boomers present a golden opportunity given their increased likelihood to have more time, money and intent to travel than the average consumer. But, within the space of the next five to ten years, it is said that a pretender to the throne will arise – the Millennial generation – who may become equally important, if not more important, to the global tourism industry.

Millennials – also known as Generation Y – were born between 1980 and 1999 (current age group 15-34) and are the offspring of Baby Boomers. Their preferences and habits will be key drivers of change in the consumer world over the next decade and beyond. For many industries including tourism, they are like a crystal ball into future trends. The purpose of this report, therefore, is to better understand the travel preferences of this generation in order to be able to address and anticipate the future of the tourism industry in Northern Ireland.

## Who are the Millennials?

In terms of size, the Millennial generation is almost as large as that of their Baby Boomer parents. And with a generation that spans 20 years, we have to be cautious about generalising – of course there are nuances aplenty. What we can say, however, is that this generation is commonly bound by their reliance on and use of technology. It's what makes them unique.

### Millennials are connected

Millennials are the social media generation. It has fundamentally transformed the way they socially interact. Through social media, Millennials are used to having instant and around-the-clock access to their network of peers and friends like never before. They are accustomed to sharing opinions with their peers, and even without asking, are influenced by their friends' opinions via status updates, tweets or similar.

### Millennials are marketing-savvy

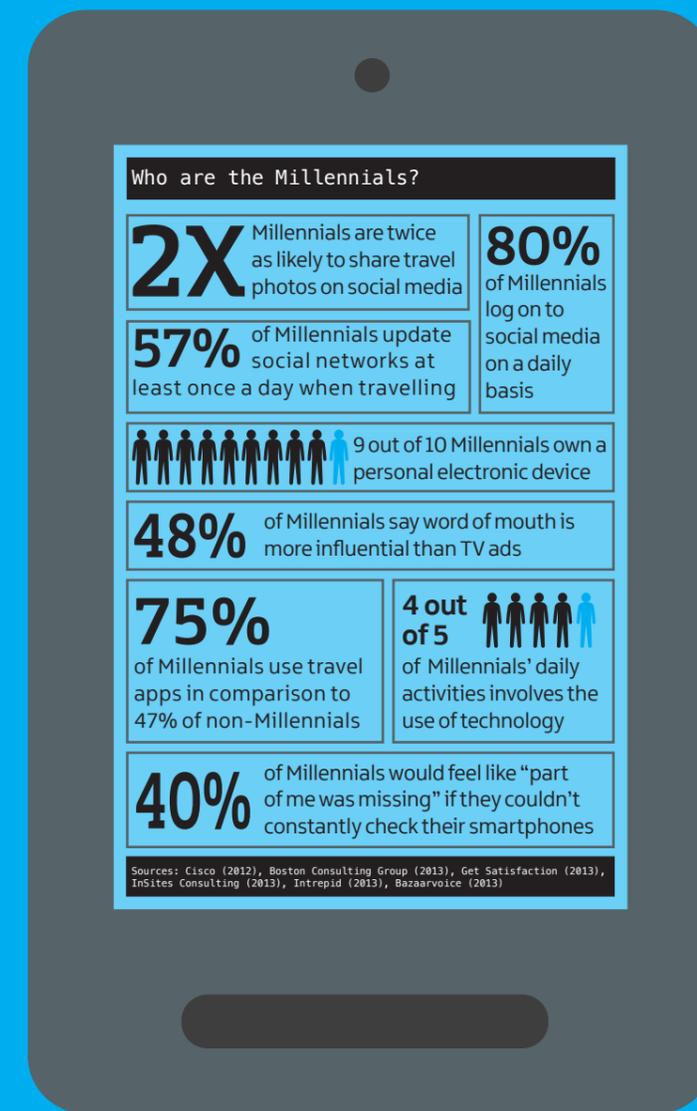
Millennials have been exposed to marketing more than any generation in history. While previous generations only had traditional media to contend with, Millennials have had considerable additional exposure to always-on digital media. Commentators argue that this has given Millennials the ability to cut through advertising clutter, which represents a marketing challenge in building brand loyalty amongst this cohort.

### Millennials are revolutionaries

Our report, *Tourism in the Midst of a Mobile Revolution*, described how advances in mobile technology would revolutionise the entire travel cycle in the next decade. Well, Millennials instigated the revolution – it was they who pioneered social media, they who started using smartphones like they were always there, and they who continue to drive cutting edge innovation. The relationship between travel and technology will only continue to intertwine as Millennials come of age.

#### The Generation Game

- The Silent Generation (1925-1945)
- Baby Boomers (1946-1964)
- Generation X (1965-1979)
- Millennials (1980-1999)
- Digital Natives (2000 - present)



## Why are they important?

The Millennials of today are an important market sector, albeit not quite as lucrative as Baby Boomers – yet. Many Millennials currently have limited discretionary income meaning that extensive travel often falls behind buying a car or taking a first step on the property ladder (or living with the consequences of having done so before the bubble burst).

Younger Millennials – sometimes referred to as the Boomerang generation given their dependency on their parents – are finding it particularly tough with many entering a stagnant job market with ever increasing levels of student debt.

However, industry commentators believe that this picture will tell a different story in as little as four years for the following reasons:

- **Older Millennials are expected to reach their peak spending years by 2017 (source – American Express).**
- **Millennials will drive trends in business travel as they climb the career ladder.**
- **More and more Millennials will enter parenthood and drive the family market.**

For these reasons, forward thinking businesses in the global tourism industry are already planning ahead to earn the business and loyalty of the Millennial generation.

## 1/ Millennials are influenced by 'peer power'

Because social media is an everyday way of life to this generation, Millennials are influenced by the opinions and experiences of their peers (including family, friends and other outside influencers) in their purchase decisions. To some extent, this means that traditional advertising channels are limited in their effect – good for brand awareness but lacking personalisation. To a greater extent, it also makes the ability to influence and engage with an individual's social network, the holy grail of marketing to Millennials. And given that this generation still has decades of purchase decisions ahead of them, businesses will have to keep up to remain competitive.

In the same way, online travel review sites are also increasingly important in the world of tourism given their widespread use by Millennials in the travel planning process. **A study by Expedia found that 90% of Millennials in the UK admit that travel reviews are important for leisure travel, compared to just 73% of non-Millennials.**

Another way in which peer power is making a big footprint on the tourism industry is via the upsurge in peer-to-peer travel start-ups offering everything from car rentals to tour guides. Airbnb kickstarted the trend by pioneering the concept of regular people opening their homes to tourists to rent. And while this particular model cannot be replicated in Northern Ireland due to legislative certification requirements for tourist accommodation providers, its huge success and popularity amongst Millennials should be noted as an indication of what they want from a travel experience and how they like to book it.

### Quick tips

#### Eat, Sleep, Rave reviews

Monitor social media and review sites as Millennials constantly peruse for peer opinion before booking.

#### Make customers' opinions the hero

Let your visitors know that you want their opinions, and proactively display them everywhere in the purchase cycle. Millennials want to know what their peers think.

**69%**  
of UK consumers use travel review sites to plan their holiday  
(TripBarometer, 2013)

**84%**  
of Millennials report that user generated content on company websites influences what they buy  
(Bazaarvoice, 2013)

**52%**  
of UK consumers trust online reviews to be an accurate reflection  
(BDRC, 2013)



**4 million**  
guests worldwide had travelled on Airbnb by the end of 2012 - a 400% increase in just one year

## 2/ Millennials have high expectations

Millennials are on-the-go by nature. They generally make quicker travel decisions with a shorter planning cycle. Their smartphones and tablets in their pockets give them finger tappingly quick access to any amount of information, anywhere, anytime.

But Millennials expect information providers (i.e. hotels, restaurants, attractions) to be able to keep up their mobile addiction. To them, there is no excuse for failure. They want instant, up-to-date and personally relevant information as a minimum standard. If they don't get it, Millennials will either turn to Google to find the answers on another platform (e.g. travel review sites) or will simply move on to eat, sleep or visit elsewhere (i.e. at a competing destination, hotel, restaurant etc). Neither alternative is as good as the original source being able to provide the information for themselves.

Millennials also expect hoteliers, restaurants and attractions to have mobile optimised versions of their websites. They expect their web experience to be smooth, simple and hassle-free. Anything that falls short of this will only turn them off. They also expect round-the-clock wireless connectivity on their travels. As such, it is encouraging that many of Northern Ireland's towns and villages – such as Portrush, Downpatrick and Newcastle – have recognised this need and are promoting free wireless networks to visitors.

So that's what they expect. But what do they offer in return? Their data – their trail of 'digital breadcrumbs' which they are much happier to leave behind than generations before them. According to Expedia, 61% of UK Millennials save data (such as passport details, credit card information and contact details) online to streamline the travel process, compared to just 38% of non-Millennials. Add this tendency to the forecast that digital currency will begin to replace cash transactions and you soon have a lot of data on the 'who', 'where' and 'when' of consumers. In the next decade, it will increasingly be the imperative of travel businesses to collect and make sense of this data to add value and personalisation to their marketing communications. It is this added value that will drive brand loyalty amongst Millennials.

### Quick tips

#### Use it or lose it

Collect data on your visitors to feed into your own customer database. Use it to segment and to offer personalised offers or rewards.

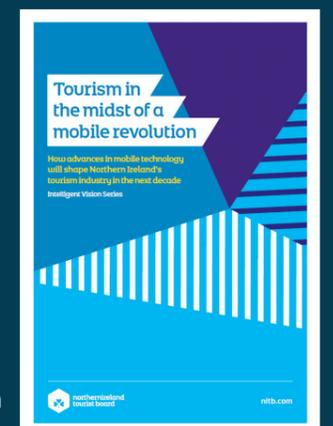
#### Mobile matters

Investing in a mobile optimised version of your website will encourage Millennials to explore it fully, which will increase the likelihood of them being inspired by your offering, which in turn will encourage more bookings.

### Further reading

Our report, 'Tourism in the midst of a mobile revolution', goes hand-in-hand with this trend and describes how mobile technology will shape every aspect of the travel experience in the next decade and beyond.

Download at [nitb.com/vision](http://nitb.com/vision)



## 3/ Millennials are impacting business travel

Another trend that will become apparent over the next decade is the growing integration and influence of Millennials in the workforce. Right now, many Millennials are only at the early stages of their careers and the bulk of the influencing power clearly resides with Generation X-ers and Baby Boomers, many of the latter are slowing down in anticipation of retirement. But by 2020, the whole Millennial generation will be fully fledged in the workforce, the oldest of whom will be amongst the key influencers and decision-makers.

Research by Boston Consulting Group on the US business travel market paints a picture of how this will impact business travel generally. As laid out in the table below, the study finds that Millennial spending on business travel will grow sharply, reaching nearly 50% of total spending on business flights by 2020, and will remain strong up to 2035. By comparison, as Baby Boomers age, their spending will drop to just 16% of total business flights by 2020 and 11% by 2025.

### Spending on business flights (%)

	2013	2020	2025
Silent Generation	2%	1%	-
Baby Boomers	25%	16%	4%
Generation X	38%	34%	23%
Millennials	35%	46%	49%

Source: Boston Consulting Group (2013)  
Note: Research relates to the US business market only but is used for indicative purposes

Certainly one trend that this demographic shift will feed is the blurring of lines between business and leisure travel. Millennials generally are said to place a higher value on work/life balance and are more savvy about how to travel efficiently. What this means is that more and more business travellers are likely to take time out for themselves at either side of a business trip to explore the destination more fully. According to research commissioned by American Express, two thirds of business travellers have extended a business trip for the purposes of leisure travel. This is expected to grow even further as employers increasingly allow a mix of business and pleasure.

According to NISRA statistics, 281,000 business travellers visited Northern Ireland in 2012 – a number that will surely increase in the years to come given the investment in conference facilities such as the Waterfront Hall. Encouraging more of this market to extend their stay is therefore a sound opportunity for growth. Hotels, in particular, can play a key role as the business traveller's hub and first point of contact. In doing so, they will need to be active in recommending activities and itineraries as well as offer promotions such as extending special delegate rates. However, timing is crucial with the emphasis on targeting business travellers before they book their flights. Ways of doing this include working closely with event / conference organisers and promoting activities through airlines' websites and other media aimed at a B2B audience.

## Summary

By way of summary, the illustration below maps out and attempts to forecast the paths of the key generations of travellers in the next decade–Baby Boomers, Generation X-ers and Millennials.



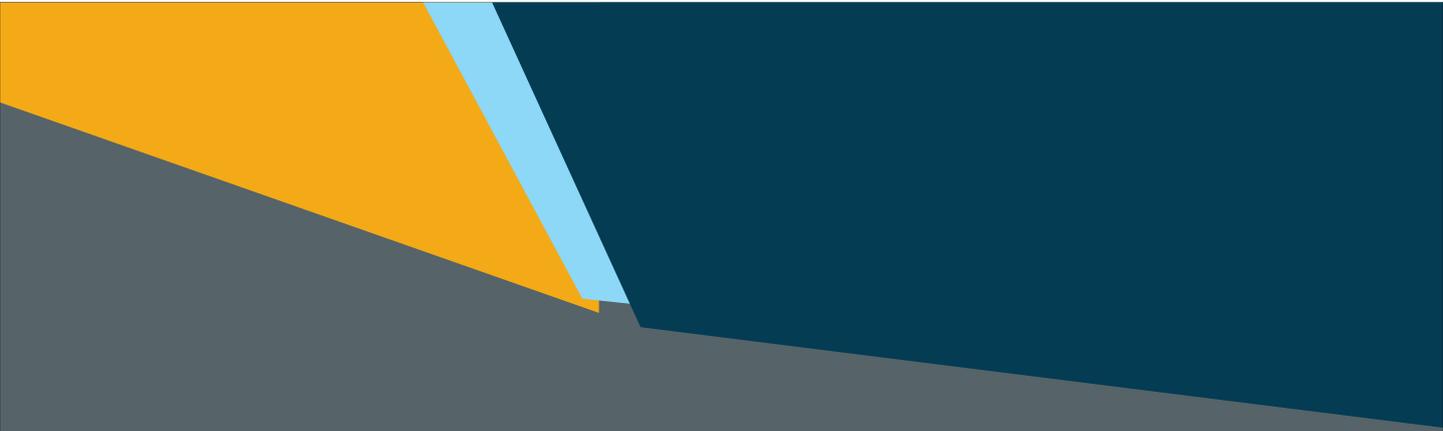
Source: Adapted from a career life cycle model by Daniel Levinson

Trend forecasting like this comes with a word of warning. It's always dangerous when looking at market trends and segments to overgeneralise and start leaning towards stereotypes. We're all individuals at the end of the day with our unique ways and habits. What we can glean however is that Baby Boom generation in general currently offers the most lucrative opportunity in the next decade. Boomers' careers and family responsibilities have generally reached maturity meaning that there's more time and money for travel. Next up will be Generation X who currently are most likely to be in full flow in the business world and enjoy travelling with their families in tow. This generation will likely continue on this path for the next 15-20 years until retirement appears on the horizon for them too.

The present day significance of the Millennial generation, however, is that they are the fastest growing age segment for travel and are on the cusp of being key influencers in both the family and business travel markets. This provides tourism businesses both an opportunity and a challenge. An opportunity that gives the industry a glimpse into future trends - technological trends in particular - and a chance to adapt to them. But also a challenge in meeting expectations to keep up with ever increasing speed of technological change.

### Interested in this topic?

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