

A Literature Review of Generation X's Segment of the Travel Industry

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Abstract

This thesis explores Generation X's relationship with the travel industry. My research seeks to understand how Generation X travels and what they look for in their travel experience. I will begin with an analysis of Generation X, followed by an exploration of current travel trends. After which, I will discuss how Generation X travels and ways in which marketers in the travel industry should respond to this data. The results of this analysis are useful to companies that target Generation X, especially those in the travel industry. This includes, but is not limited to, hotels, airlines, travel advisors, travel magazines, restaurants, and travel booking providers. My findings from this research include an analysis regarding how this generation drives travel trends within the industry and how marketers should respond.

Introduction

Evolving trends in the travel industry are exciting to those involved in marketing for several reasons. These trends are evidence of consumers' progressing curiosities in various activities, destinations, and other interests related to travel. Delving deeper to understand a specific generations' role in the evolving travel trends the industry caters to is telling as to how this affects the trend projections as a whole across generations. Generation X has a unique set of interests and expectations relating to travel that seem to correlate with how they were raised. This generation has reached the age range in which an increasing number of those who belong to the group are able to afford and have interest in travel. They are also at a distinct period in their lives regarding their careers, family life, and overall wealth, all of which play important roles in determining if, how, and how frequently they travel. This research is useful to guide marketers across the travel industry in catering to Generation X to best satisfy their travel needs.

In the following research I first review literature focused on a specific target market, Generation X. I then utilize my research about the travel industry itself, with an emphasis on current trends. Section three discusses the combination of these two literature findings in terms of how Generation X travels and the impacts they have on the travel industry. I conclude my thesis with suggestions to marketers across the travel industry as how to best respond to their needs to effectively attract and maintain consumers in this generation.

Generation X

Introduction

In order to most effectively market to Generation X, it is essential to understand them as intimately as possible. Understanding their upbringing, the world in which they grew up, and whom they have turned into as they have aged has molded their interests and values, and in turn,

dictates how they spend their money and how they allocate it within their travel budget. Gen X is comprised of those who were born after the Baby Boomers, yet have no universally agreed upon distinct period they were born. However, it is commonly generalized that Generation X was born between the early 1960s and the early 1980s. For the purpose of this research, I will define Generation X as those who will be turning between 35 and 55 in 2017. This generation accounts for 25% of the United States' population ("Stuck in the Middle: Marketing to Generation X").

Generation X Review	
Background	Many have divorced parents, leading to them marrying and building their own families later in life
Size of Market	65 million people
Education	26% have a Bachelor's degree or higher
Income	Largest spending power of any other generation <ul style="list-style-type: none"> – 29% of estimated net worth dollars – 31% of total income dollars
Lifestyle and Values	Dubbed the "lost" or "scarred" generation
Family Life	61% have children living at home
Media Habits	<ul style="list-style-type: none"> – 48% listen to the radio – 62% read newspapers
Social Media Habits	Most popular online activities: <ul style="list-style-type: none"> – Social networking – Banking – Shopping – Online gaming

Background and Size of Market

Generation X is a notably small generation at approximately 65 million people. They appear especially dwarfed in comparison to the generation preceding them, the Baby Boomers with 77 million, and the one following them, Millennials with 83 million (Taylor and Gao). Growing up, Generation X saw higher rates of divorce, which heavily affected their family

planning, as they grew older (WJSchroer). Now fully in adulthood, they are at the period in their lives in which most have spouses and children (Brady). Members of this generation put an immense level of emphasis on their family values and this will later be translated into their purchasing decisions and heavily influences how they travel. According to Ellie Brady with Eclipse Marketing Services, “10% of Gen X parents are also grandparents, with some grandchildren even sharing their home.”

Rieva Lesonsky reports based on a study conducted by American Express, Generation X is comprised of a great number of individuals who look to the future optimistically, however share fears connected through common themes. These themes range from fear of falling victim to crime and climate change (Lesonsky). Marketers in the travel industry should not ignore these three commonly held themes within this generation. Each one translates into an important element Generation X seeks to tap into when traveling as will be discussed later in my research.

Demographics

Paul Taylor and George Gao from the Pew Research Center report that 46% of Generation Xers had a high school diploma or less when they were between ages 25 and 32 as of 1995. WJSchroer shares this generation attained the highest level of education thus far with “29% obtaining a bachelor’s degree or higher.” As Generation X currently hits the peak of their careers, there are several keynotes that must be taken into account. For example, they have the highest spending power out of all generations (Lesonsky). American Express elaborates that they have, “29 percent of estimated net worth dollars and 31 percent of total income dollars.” This spending power does not take the edge off their widespread fear of having accumulated sufficient wealth in time for their retirement. Taylor and Gao found that Generation Xers are more

pessimistic about being financially prepared for retirement than Millennials and Baby Boomers with 44% of them sharing this fear in their research conducted in 2012.

Lifestyle and Values

Generation X has been commonly dubbed the “lost” or “scarred” generation (Krahn and Galambos 94). They were given this title because of the state of the economy they faced when they entered the workforce. Gen Xers were brought up watching their parents achieve high career goals, and many expected the same for themselves. When workforce opportunities were limited despite their higher educational outcome in comparison to all previous generations, scholars say this could have led many to, “lower work commitment and to more value placed on extrinsic rather than intrinsic work rewards,” (Krahn and Galambos 94).

A study conducted by Sarah Gardiner, Ceridwyn King, and Debra Grace sought to learn about generational differences and attitudes toward travel. Their study investigated if and how historical events that affected particular generations influenced their travel decisions. Some of these events included terrorist attacks and major war events, but also ranged to the death of Princess Diana. They found Generation X was hardly affected by these events in their attitudes toward travel, neither long-term nor currently (314). This is counterintuitive based on their aforementioned concern for safety. While Gen Xers value their safety to the utmost extent, events like the collapse of the Berlin Wall did not heavily affect their travel decisions long term (314).

Media and Social Media Habits

The American Association of Retired Persons, AARP, explains, “at least one in four Gen Xers claim to be the first among their friends to try new technologies, making these early adopters prime targets for technology and entertainment marketers,” (Brady). Brady elaborates,

“Popular online activities among Gen X include Social Networking (mostly via Facebook, Twitter, and YouTube), Banking, Shopping, and Online Gaming.” AdWeek concluded 48% of Generation X listens to the radio and 62% continue to read newspapers as other advertising platforms useful for marketers to utilize when targeting this generation (Brady). While these methods might not be as prevalent when trying to reach either younger or older generations, it would prove worthwhile to invest in these avenues in order to reach Generation X.

Trends in the Travel Industry

Technology

Technological trends are important for marketers to tap into across any industry, yet are particularly relevant in the travel industry. The use of mobile applications on smart phones, accessibility of websites, virtual reality, and social media can be used by many sectors within this industry including hotels, restaurants, airlines, activity providers, and travel agencies. Some of these trends, for example the availability of mobile applications for travel providers, are more important for younger generations than for Generation X. Still, there are those in Generation X that wish to further develop their use of technology to ease their travel experience. This means marketers should consider seizing this opportunity to create a mobile application for their business in order to create this avenue for travelers. Annie Fitzsimons from National Geographic mentions the rise of use of mobile applications travelers use to find hotels, order tickets, check-in, manage airline miles, and much more. While Generation X prefers to book their travel arrangements on websites as we will soon see, they would be able to use the mobile applications after booking to keep track of reservations, membership points, etc.

A more fundamental and widespread trend in travel is to have a polished and easy-to-navigate website. The Internet is the primary tool Generation X uses to explore and reserve their

travel needs (David and Gelfeld, 20). Providing a background of the company, pictures, videos, and a clear list of offered services are key aspects of websites travelers look to when booking their travel. It seems natural that the level of visual appeal and ease in website navigation would be a way in which travelers evaluate the company's level of professionalism and trustworthiness in any industry.

Aside from these familiar technological tools, futuristic technology is entering the travel industry in the form of virtual reality. The power of this technology should be harnessed by any number of sectors within the travel industry. One illustration of this would be giving tours of hotel property and suites via virtual reality glasses, which is not far off the horizon. This can be taken in other directions as well, with the possibility of travel agencies pitching destination ideas to consumers by giving them a 360-degree view of what that location has to offer. Activity providers should not ignore the potential power of virtual reality to boost their sales either by giving consumers a preview of what their parks, zoos, museums or other attractions would look like. According to Hospitality Net, airline provider Delta is already using virtual reality in order to show their consumers what luxury seating includes as they pitch upgrading their flight experience.

Finally, a rise in travel blogs and other travel-based social media platforms are another area this industry should take advantage of. Those who travel typically seek to share their stories and experiences with others afterwards, so providing a stage to do so could prove profitable. Annie Fitzsimmons is among many who point to social media as an important means in traveler's abilities to share their travel memories. Because travelers use social media to document their adventures, travel providers should have a presence on the most widely used outlets. An example of this would be when a consumer blogs or shares their experience online, they could

tag the travel provider, hotel, restaurant, or any other relevant supplier in their post, connecting their followers to the travel providers. “Hashtags,” a short phrase following the pound sign, could also be used to link them.

Trending Destinations

There are a number of travel destinations trending in recent years and have continued in 2017. While it would be difficult to control if a particular city, state or country makes the list as one of these top destinations, travel providers who can cater to travelers seeking experiences in locations that have already been named should make use in the surge of interest. Trending destinations can be divided into categories based on interest. A common way of dividing them that I will use for my research is based on locations of urgency and by region of the world.

Locations of urgency include those destinations in danger of vanishing or significantly changing in the near future. The following locations named by Virtuoso, a luxury travel consortium, fall under this label: Arctic locations, the Great Barrier Reef, Venice and Cuba. Arctic destinations and the Great Barrier Reef are widely known as locations heavily affected by pollution and global warming. Travelers are warned if they have an interest in visiting these destinations, they should prioritize them in order to experience them before they are gone or ruined. Cuba is an example of a destination of urgency that will change quickly and substantially due to dramatic political changes that will take place in the next few years.

Each continent or region of the world also fosters a number of trending locations. European Islands have had a recent increase in interest for travelers (Villa-Clarke). Other destinations in Europe peaking consumers curiosity include Iceland, Croatia, Italy, France (“2017 Virtuoso Luxe Report”), Bulgaria, and Slovenia (Fitzsimmons). Locales in Asia include Georgia according to Fitzsimmons, and at the opposite side of the continent, Japan according

Virtuoso. Featured African countries are South Africa, which is especially known for Cape Town and safaris (“2017 Virtuoso Luxe Report”), and Rwanda (Fitzsimmons). Finally, for consumers interested in visiting Central or South America, trending destinations include Peru, the Galapagos Islands, and Costa Rica (“2017 Virtuoso Luxe Report”).

Categories of Travel

Patterns in travel have emerged in several different forms as well as categories of travel. A perfect example of this has many names, but can be commonly referred to as responsible tourism (Burkhard). This reflects a growing awareness and concern for the environment. Sara Napier Burkhard from Trekksoft reports travelers are increasingly turning to more sustainable forms of travel when planning their adventures. Every sub-industry in relation to travel can reap benefits from this trend as well, from forms of transportation such as airlines and cruise ships, to shorter experience providers like hotels and restaurants. Angelina Villa-Clarke, partnered with Forbes, shares there is a demand for resorts that use eco-friendly means to run their business. This can be taken a step further to include hotels and restaurants partnering with local farmers for natural ingredients to be served to consumers in dining experiences (Villa-Clarke). A reflection of this is farm-to-table and ocean-to-table markets receiving amplified attention as well (Villa-Clarke).

Another movement in types of experiences travelers are looking for includes luxurious or exclusive activities (“2017 Virtuoso Luxe Report”). This ranges from private tours via yacht, jet, safari, and reaches as far as private around-the-world trips, Virtuoso reports. The segment of travelers pursuing these experiences have very specific needs they seek to be catered to with high expectations on delivery. These are the consumers who want to return from their trip knowing they had a one-of-a-kind vacation. They want to go beyond what the typical international traveler

can cross off their list. While there has been a surge in luxury travel, including Fitzsimmons, claim there has also been strong backlash against luxury travel and counter that these consumers would rather enjoy a more authentic experience. Virtuoso confers that “eating like a local” has increased in popularity as well.

Travel Activities

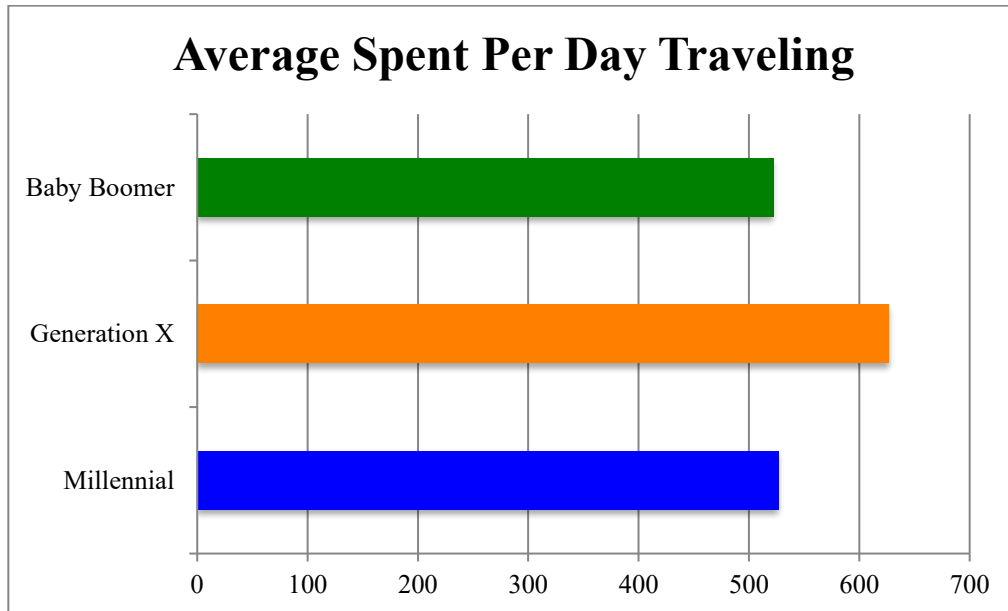
There are still further trends this industry is attempting to satisfy so as to cater to every kind of traveler. Many consumers are increasingly interested in activities such as river cruising (“2017 Virtuoso Luxe Report”). River cruises can be taken across the planet, especially in popular areas such as Danube cruises throughout Europe or Nile cruises in Egypt. This type of market is limited to locations within close proximity to rivers large enough to handle this industry, yet is not limited to a particular climate or region of the world. Active and adventure travel trends (“2017 Virtuoso Luxe Report”) are much broader and easier to cater to. These activities can take place in most any location in the world, particularly in those with more natural attractions like beaches and mountains. Other activities are gradually mainstreamed due simply to becoming more affordable. Sailing is one model of this (Villa-Clarke).

Travel Planning

How consumers book their travel had been steadily steering away from travel advisors and booking agents for years, but looks to be turning back (Fitzsimmons). It is easy to understand how before the Internet consumers needed to have access to a link between them and travel providers in order to be able to book their trip. This is the case for knowing what each destination has to offer and which attractions to make sure not to miss. With the rise of Internet accessibility and search engines, it seemed as if travel agents were doomed to become irrelevant. However, from some combination of forces, likely the overwhelming number of websites, many

of which can be fraudulent, and the rising demand of a more private or unique experience, the necessity of these “middlemen” is progressively promising.

How Generation X Travels



Betsy Goldberg states in an article she wrote for Virtuoso, that a study through MMGY Global found Generation Xers had travel budgets projected at an average of over \$4,500 per year (“How These 9 Qualities Shape Generation X Travel Choices”). Many aspects of Generation X spending on vacations were higher than any other generation. From their average amount spent per day, shown in the above graph, to how much the generation would spend on hotels, they were consistently higher on dollar amounts than other generations (Goldberg “The Truth About How Different Generations Travel”). This could be due to the kinds of travel they partake in.

Generation X is specifically interested in family-oriented travel as they reach their middle-aged status (Goldberg). Baby Boomers are largely retired and thus do not take as many family vacations, while Millennials are generally unable to afford much travel as they begin entering the workforce. A study conducted through AARP, found of their sample of Gen Xers studied, reported international multi-generational trips, 34%, and domestic multi-generational

trips, 35%, were in the top five kinds of trips of primary interest. Again, this is significantly higher than both Baby Boomers and Millennials (David and Gelfeld, 7). This travel trend is exceptionally important for marketers across the travel industry to take note of. Generation X is also at the time in their lives where more milestones are taking place, causing a growth in celebratory trips (Goldberg). These occasions range from promotions at work to milestone wedding anniversaries. However, Generation X is also interested in “weekend getaways” as this tops their list of domestic travel intentions (David and Gelfeld, 17).

While companies need to understand the interests of Generation X in travel, it is also valuable to note how they plan their travel. This is an essential point in reaching the consumer. In one study, it was found that 74% of Gen X’s travel planning and booking was performed on travel booking sites (David and Gelfeld, 20). This same study in conjunction with AARP reported this generation is significantly more likely than Baby Boomers to use technological options throughout their planning process (David and Gelfeld, 21). This habit is translated from Gen Xers interest in technology into how travel industry merchants can reach this generation. There is a wide array of online resources for any consumer to access when planning their vacation including booking sites, review sites, mobile applications on smart phones, blogs, social media, etc. 36% of Generation X have a tendency to turn to digital review databases, specifically Yelp, when debating which service provider to entrust their experience with (David and Gelfeld, 22).

Discussion: What does this mean for marketers?

Key Impact: Family-Oriented Travel

Marketers in each sector of the travel industry interested in catering to the larger segments of Generation X should formulate a marketing plan to respond to their increased

demand in family vacation packages. There are a variety of options for travel industry service providers to alter their packages, or create new ones, in order to reach this segment. These opportunities range from offering child-friendly programs, day-care options, activity package offers, and all inclusive vacation packages during times of the year schools are on break. Other ways in which marketers can specifically target traveling families in Generation X are to offer packages for a shorter amount of time, around one week, than what they might offer to Baby Boomers who are retired and go on longer vacations.

Key Impact: Celebratory/Milestone Travel

Due to the number of milestones Generation X is reaching during this period of their lives, marketers have a unique opportunity to capitalize on these accomplishments. These landmark moments range from work promotions, especially the eldest in the age cohort, to milestone birthdays, such as turning 40 and 50. Other landmark moments this generation is celebrating are major wedding anniversary dates. This is again more targeted toward those who are older in the generation, primarily due to the aforementioned trend of this generation getting married at an older age. A portion of packages and offers should be geared toward celebration if marketers across the travel industry want to capture another segment of Generation X.

Key Impact: Technology and Social Media

As discussed earlier, Brady explained the top forms of Internet-based activities Generation X takes part in. The most prominent ways for travel industry marketers to keep in mind are social media platforms, specifically Facebook and Twitter. Travel providers would benefit from having a presence on these sites. Keeping updated pages, regularly posting, and allowing consumers to tag them in their travel experiences would be the primary methods in which to target Generation X. This means any marketing campaigns, specials, etc. should appear

on these pages. Because it was found that most of Generation X books their travel online, it is imperative to have these social media platforms to link consumers to their websites while consumers are online. Supporting social media accounts is not enough for an online presence. Marketers should ensure their company has a professional and updated webpage that flows well for consumers. If travelers find a company's Facebook page, for example, then click to open their website and find it is complicated or confusing, they will be unlikely to complete a transaction. Each step in this process should streamline consumers until they have finalized their reservation. In addition to online platforms, advertisements targeting Gen Xers could also take place over the radio or in newspapers (Brady), however this could prove more difficult to result in actual purchase decisions.

Key Impact: Safety and Environmental Awareness

Marketers in any sector of the travel industry should also keep in mind what Generation Xers fear in order to address and counter these apprehensions as they relate to travel. As previously explained, the two most common themes Generation X fears include crime and climate change (Lesonsky). This means there are markets for these themes the travel industry can focus on. As an example, destinations with higher crime rates need to be aware of Gen X apprehension and intentionally comfort them on what their city or country is doing to address local crime rates. Cape Town, South Africa notoriously has one of the highest crime rates in the world, so travel providers in Cape Town should find ways to address travelers' anxieties.

Climate change is another area Generation X pays attention to, making appealing to the eco-friendly segment another market to consider entering. As an example, if a hotel is not positioned to be especially eco-friendly, there are ways to appeal to these environmentally conscious travelers. Hotels are progressively using signs within their guests' rooms and

bathrooms encouraging them to reuse their towels, and preserve water use. Other ways they could appeal to these consumers would be to conduct marketing campaigns in which they partner with a local organization to help clean up their city.

Conclusion

As I have explained in this paper, marketers across the travel industry should not ignore Generation X because there are many ways in which to target this age cohort and the result could be profitably capitalizing on their high income level and travel budget. I have also detailed several segments of Generation X to choose from so each part of the industry can create a marketing strategy tangential to their overarching company marketing strategy. This means that while luxury experience providers may not want to specifically target families to reach Gen Xers, they have the option of targeting another segment of Generation X like those celebrating a milestone. There are several avenues marketers in each segment of the travel industry could choose to target Generation X, and I would highly recommend every company to look into doing so.

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