

**Travel Industry Snapshot**  
*Making Your Destination Decisions  
Based on Industry Findings*

Gray Research Solutions  
Tourism Skills Group

## **MACRO-TRENDS**

- 1. Technology**
- 2. Connectivity**
- 3. Experience = Happiness**
- 4. Travel = Experience**
- 5. Meetings**
- 6. International**
- 7. Energy**

## **MICRO-TRENDS**

- 1. Lodging**
- 2. Festivals and Events**
- 3. Attractions/Museums**

# 1. Technology



# We Are Working More

- 71% check email while on vacation
- 30% participate on conference calls while on holiday
- 44% use days off to catch up on work

# Tablets

- Tablets – 34% of American own one
- 2016 - 113 million



# Traveler Behavior

- More travelers access Internet now via smartphone (63%) than from their office (59%)



# World Wide Smartphone Platform

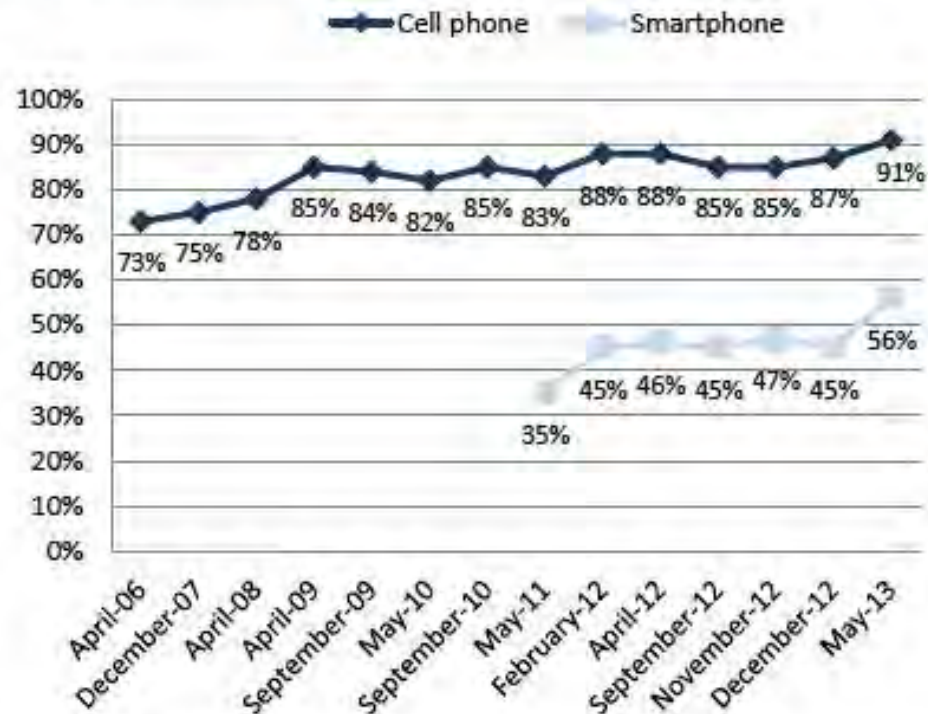
- Android – 65% share
- Apple – 20%
- Windows – 3.7%
- Blackberry – 2.9%



# Cell Phone and Smartphone Ownership

## Cell phone and smartphone ownership, over time

*% of American adults who own a cell phone or smartphone*



**Source:** The Pew Research Center's Internet & American Life Project surveys  
April 2006 – May 2013.

- Moving from pre-planning to real time.

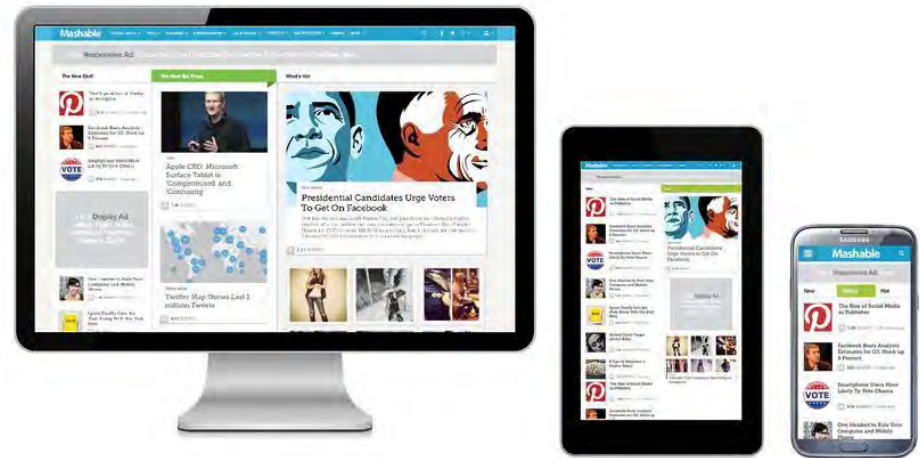
# Search - Restaurants

- 81% of consumers have searched for a restaurant on a mobile app in the last 6 months
- 92% of consumers have searched for a restaurant on a web browser in the last 6 months

- Social Media and Crisis Communication

# Responsive Web Design

- Single website for computer/tablet/smartphone
- Multiple Browsers (Chrome, IE, Safari, Firefox)
- Web design for multiple devices

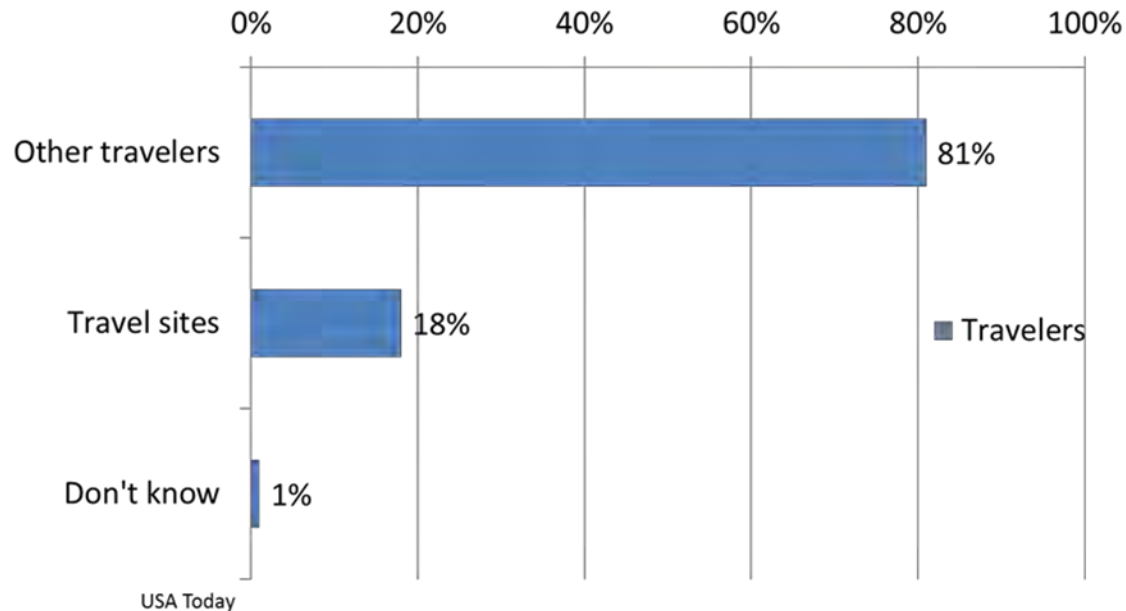


# Word of Mouth

- 77% read online reviews
- 66% ask local residents
- 56% ask the concierge/hotel staff
- 44% ask family or friends
- Source: TripAdvisor | <http://bit.ly/18mJ0HM>



# Which type of travel reviews do you find most helpful?





## 2. Connectivity

## **Con•nec•tiv•i•ty (n)**

1. *(Life)* the state or quality of being connected to others.
2. *(Computing)* the state of being connected to the internet.
3. *(Computing)* the capacity of a machine or appliance to be connected to other machines, appliances or facilities.



# Figures on Social Media



Roughly two-thirds of social-media users say that staying in touch with current friends and family members is a major reason they use these sites, while half say that connecting with old friends they've lost touch with is a major reason behind their use of these technologies. (PEW Research)



One in three respondents (33%) said that they would prioritize social-media freedom, device flexibility, and work mobility over salary in accepting a job offer. (GigaOm)



One in three texters would rather text than talk. (NYTimes: Bits)

73%

of people think employees overshare on social-media. (Marketing Pilgrim)

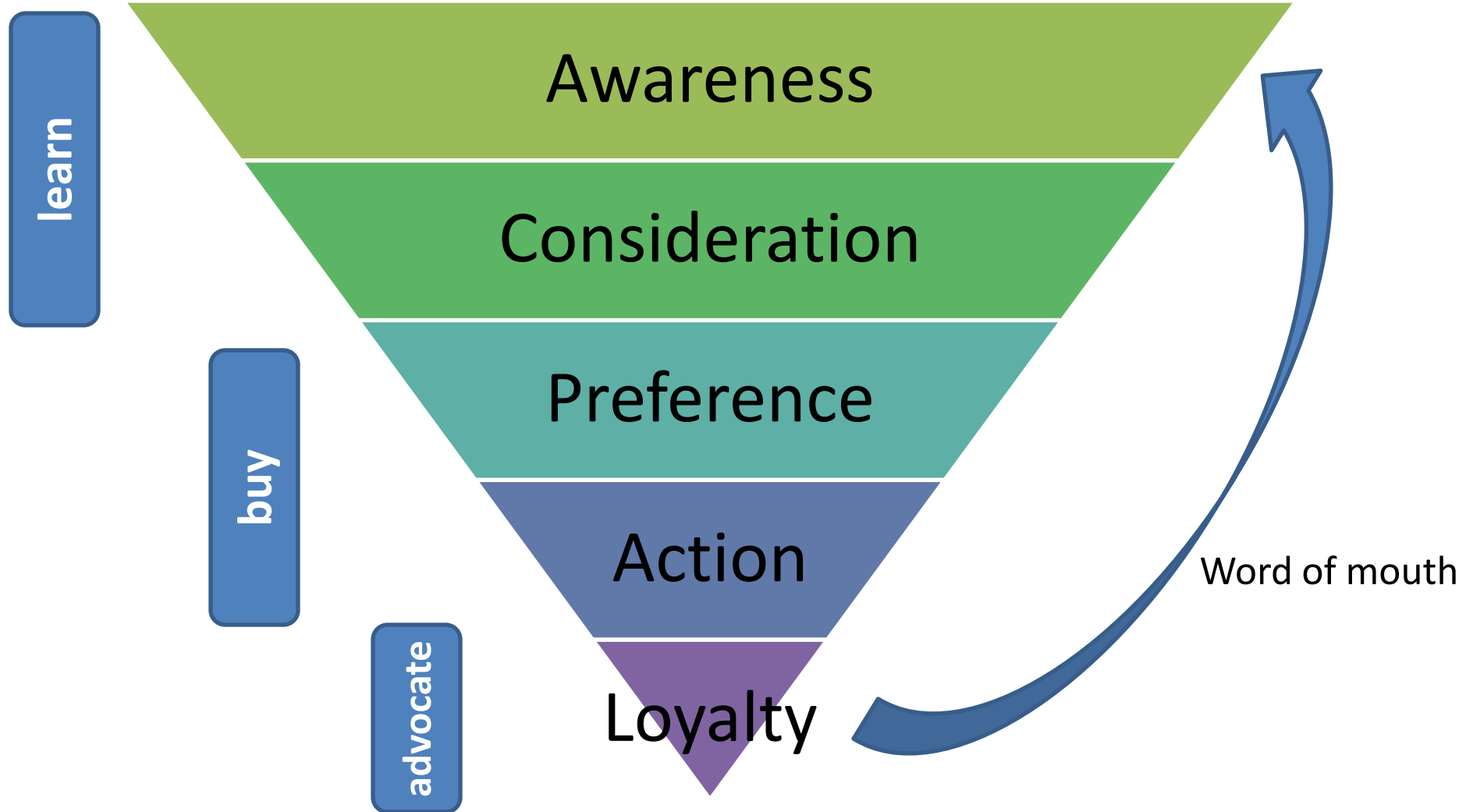
43%

of all online consumers are social media fans or followers. (HubSpot)

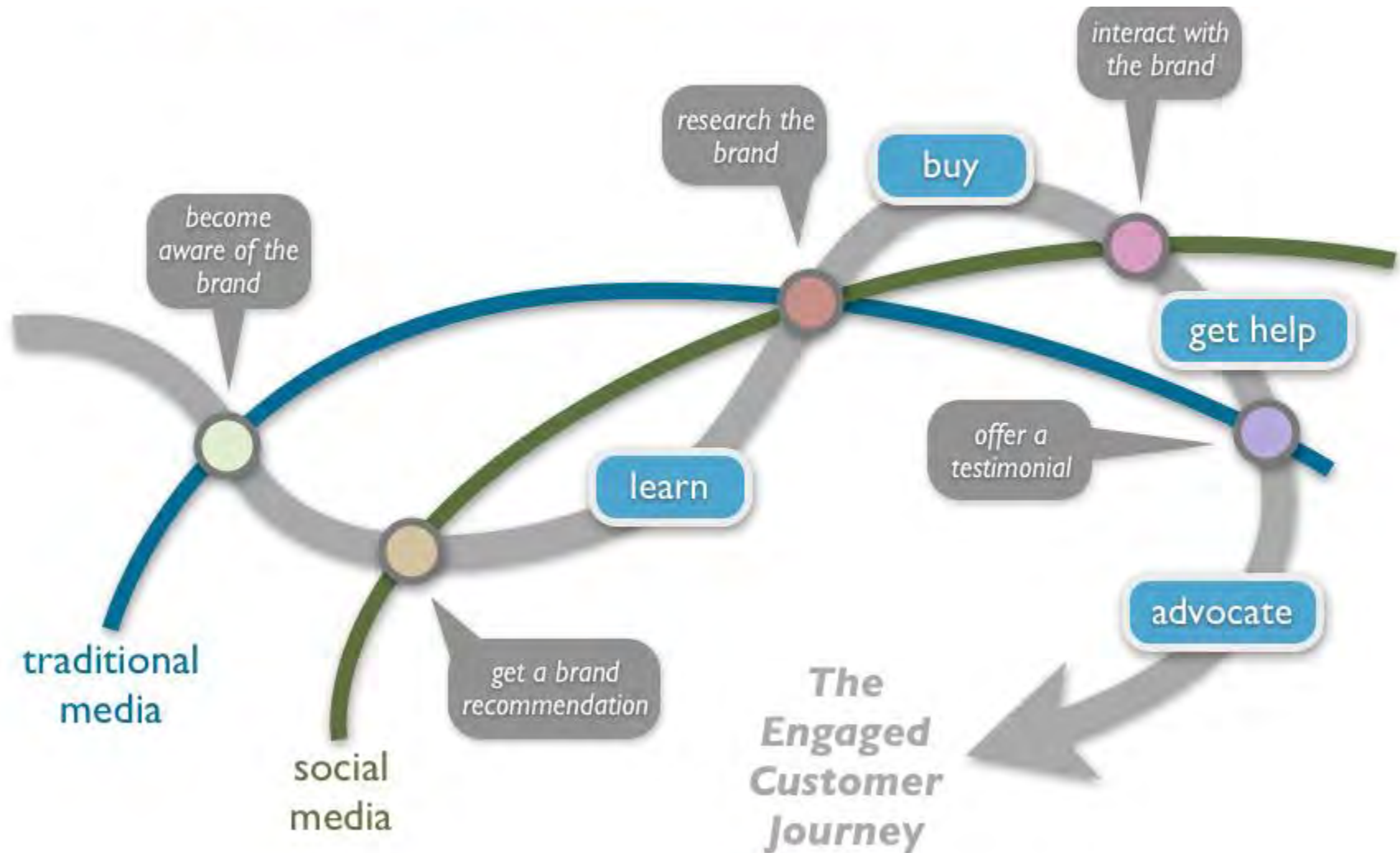
64%

of Americans stream mobile video at work. (Tubefilter)

# Traditional Marketing Funnel



# New Marketing “Journey”



# Connectivity Has Changed Marketing

- Effective marketing strategies are now multi-channeled and build brand awareness across mediums.
  - TV and large scale print ads are no longer viable for hotels; they get better returns from search engine marketing/ keyword buying .
- Booking cycles have shortened
  - Much like our attention spans!



# Why Content is King

- As technology has changed, so has consumer behavior.
  - Company POV: customer behaviors are increasingly complex, irrational and nonlinear.
  - Customer POV: It's about context (what I need when I need it wherever I am).
- The truth is, it's not about the device anymore. It's about **content**.
  - We don't watch devices, we consume the content on them.
  - WHAT is said is much more important than WHERE it is said.





**3. Experience = Happiness**

# Irony of Connectivity

- All this connecting through tech has made us feel less connected in life.
  - Creating social isolation, online connectivity is an illusion and a bad substitute for real connectivity.



- Buying Things Doesn't Make Us Happy

# Buying Experiences to Feel Happy

- We now realize things don't make us happy.
  - Buying experiences, on the other hand, makes us feel more fulfilled

Which type of spending do you think makes you happier, purchases with the intent of acquiring...



57%

**Experiences**  
(events that one  
lives through)



34%

**Things**  
(tangible objects kept  
in one's possession)

# Big Brands are Connecting Consumers to Experiences through Ads

- INSERT PEPSI MAX JEFF GORDON STUNT VIDEO

# Travel Content Should Focus on Experiential Storytelling

- Experience
  - Content should emphasize the experience, or “being part of the destination that you go to.”
  - Experience purchases naturally prompt more storytelling than material purchases
- Storytelling
  - DMOs are moving away from laundry lists of activities and towards stories which focus on creating an **emotional connection** with travelers.
  - In the world of travel, nothing is more valuable than **local knowledge**, and it’s perfect fodder for storytelling.
  - Humans LOVE storytelling.



Pure Michigan Campaign video



**4. Travel = Experience**

# Leisure is Hot



- **31%** of Americans plan to increase leisure travel spending in the next year (Miles Media, July 2013)
- Room Revenue was up **9.6%** to \$8B and RevPAR was up **6.8%** at year's end 2012 (STR, Jan 2013)

# Leisure travel is about connecting more with people...

- Disney had it right when it identified “Togetherring”. We want to unplug, reconnect with family, and escape our normal lives for awhile.
  - Travel is an investment into making memories (WSJ)
- Trends indicate:
  - More destination celebrations (reunions, birthdays, weddings, anniversaries)
  - Longer trips (2 week vacation is back!)
  - Inter-generational travel
    - 37% of grandparents with HHI greater than \$50,000 who took a vacation last year did so with grandchildren (up from 28% in 2007). 78% of these trips included all three generations.



...and less with technology of things.



- Youtube clip? I Am? Re: importance of human connection as a social species

# 5. Meetings



# Meetings

- Closer to home, shorter, more focus on ROI
  - Aggressive competition
  - Demanding customer
  - Air access is a factor
  - Smaller meetings
  - Shorter events
  - Shorter Lead Times
  - Meetings & events are 15% of all travel
- 
- Source: North American Meeting Planners

We Need to Meet

# 6. International Tourism



- Baby and costs for glow worm



14 days and \$4,500

# National Tourism and Travel Strategy

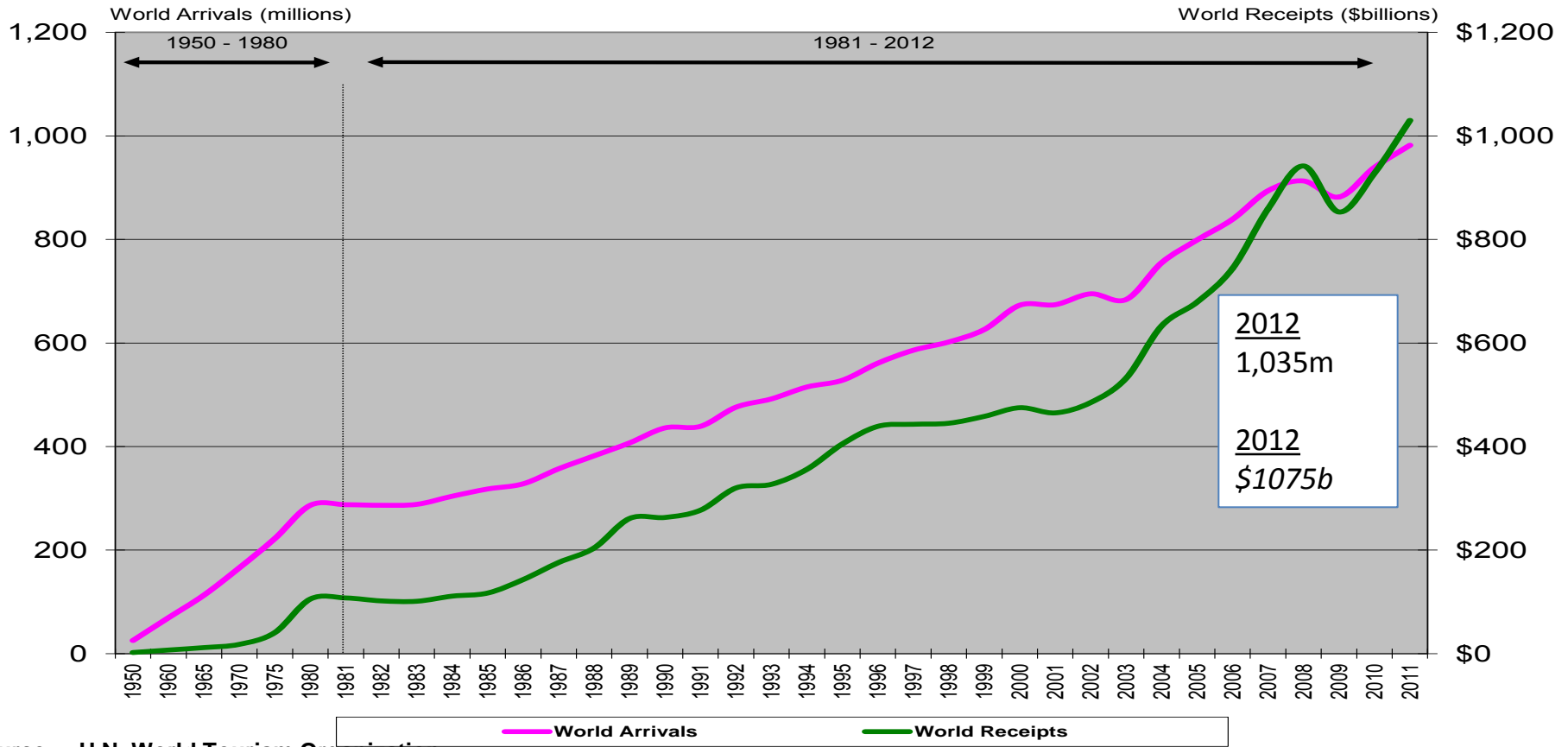
- 100 million international visitors annually by 2021
- More than a 50 percent increase over 2013
- \$250 billion per year expected
- Encourages Americans internationals to travel within U.S.
  
- Promote the United States
- Enhance travel within U.S.
- Provide world-class customer service

# Global Travel Trends



# World Tourism Arrivals & Receipts

(1980-2012)



Source: U.N. World Tourism Organization

# Top Ten Country Rankings of Global Visitors and Receipts

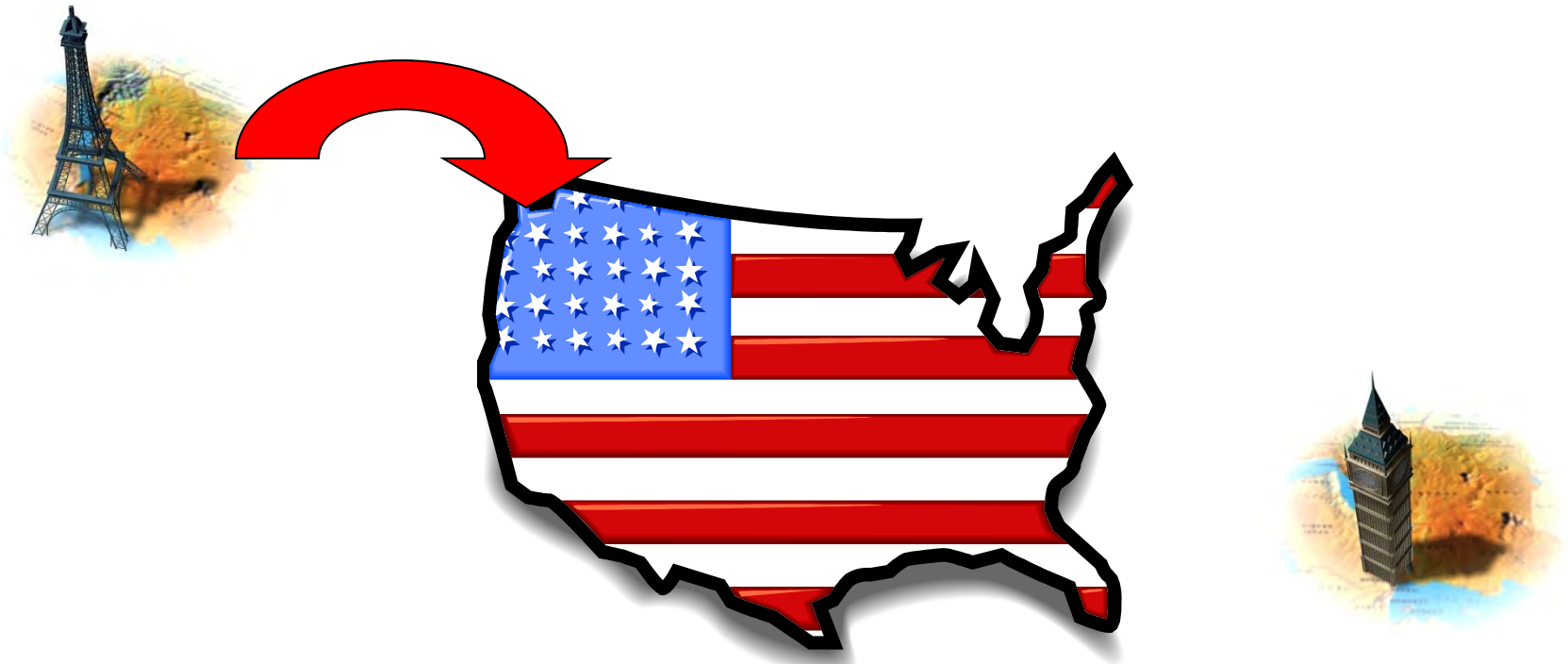
The United States leads the world in global travel and tourism exports (spending receipts) and ranks 2nd in global visitation.

Rank	Destination Country	2012 Receipts* (\$bil)	World Share (%)	Destination Country	2012 Visitors (mil)	World Share (%)
	<b>All Countries</b>	<b>\$1,075</b>		<b>All Countries</b>	<b>1,035</b>	
1	United States	\$126	11.7%	France	83	8.0%
2	Spain	\$56	5.2%	United States	67	6.5%
3	France	\$54	5.0%	China	58	5.6%
4	China	\$50	4.7%	Spain	58	5.6%
5	Italy	\$41	3.8%	Italy	46	4.7%
6	Germany	\$38	3.5%	Turkey	36	3.4%
7	United Kingdom	\$36	3.4%	Germany	30	2.9%
8	Australia	\$32	2.9%	United Kingdom	30	2.8%
9	Hong Kong (China)	\$32	2.9%	Russian Federation	26	2.5%
10	Macau (2011)	>\$39	?%	Malaysia	25	2.4%

Source: U.N. World Tourism Organization.

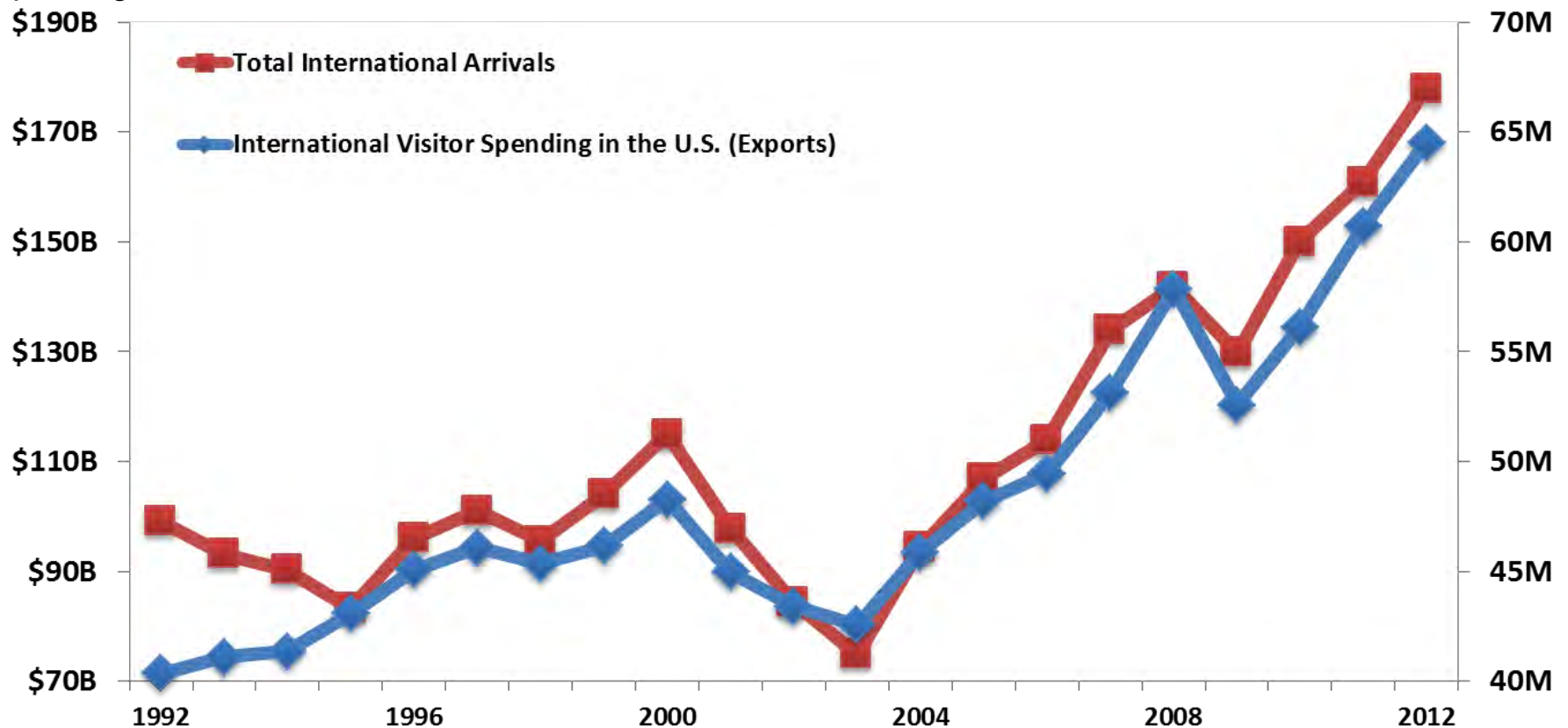
\* Latest data available and excludes air passenger fares (\$39.4 billion for U.S. alone in 2012). World shares based on unrounded data.

# Travel Trends to the U.S.



# U.S. Visitors & Spending (1992-2012)

Visitor spending (receipts) closely mirrors visitor volume. Visitor volume was a record 67.0 million, while spending was a record \$165.6 billion in 2012.



# Travel & Tourism As a Leading Export (2012)

<b>Travel &amp; Tourism exports</b>	<b>\$166 billion</b>
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<b>Percentage of total exports</b>	<b>7%</b>
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<b>Percentage of service exports</b>	<b>25%</b>
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<b>Travel trade surplus</b>	<b>\$48 billion</b>
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<b>Employment from tourism exports</b>	<b>1.2 million</b>
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# Top Travel Spending

2012(r) Receipts, \$Billions/year


<b>Origin Country</b>	<b>Travel Receipts 2012(r)</b>	<b>Passenger Fare Receipts (r)</b>	<b>Total Travel Receipts 2012(r)</b>
Canada *	\$20.6	\$4.9	\$25.5
Japan	\$11.3	\$5.2	\$16.5
United Kingdom	\$9.5	\$3.2	\$12.6
Mexico *	\$7.0	\$3.0	\$10.0
Brazil *	\$6.5	\$2.8	\$9.3
China *	\$6.5	\$2.3	\$8.8
Germany *	\$5.4	\$1.6	\$7.0
Australia *	\$4.7	\$0.7	\$5.4
France *	\$4.1	\$1.2	\$5.3
India *	\$3.4	\$1.5	\$4.9
South Korea *	\$4.0	\$0.1	\$4.2
<b>U.S. TOTAL</b>	<b>\$126.2</b>	<b>\$39.4</b>	<b>\$165.6</b>

(r) = revised \* = record

# Top Origin Markets for International Travelers to the U.S.

Origin of Visitor	2012 (000s)	2012/2011 (% change)	2012/2000 (% change)
<b>International Total *</b>	<b>66,969</b> 	<b>7%</b>	<b>31%</b>
1 Canada	22,699 	6%	55%
2 Mexico	14,509 	8%	37%
<b>Overseas **</b>	<b>29,761</b> 	<b>7%</b>	<b>15%</b>
3 United Kingdom	3,763	<b>-2%</b>	<b>-20%</b>
4 Japan	3,698	14%	<b>-27%</b>
5 Germany	1,876 	3%	5%
6 Brazil	1,791 	19%	143%
7 People's Rep. of China	1,474 	35%	491%
8 France	1,456	<b>-3%</b>	34%
9 South Korea	1,251 	9%	89%
10 Australia	1,122 	8%	108%

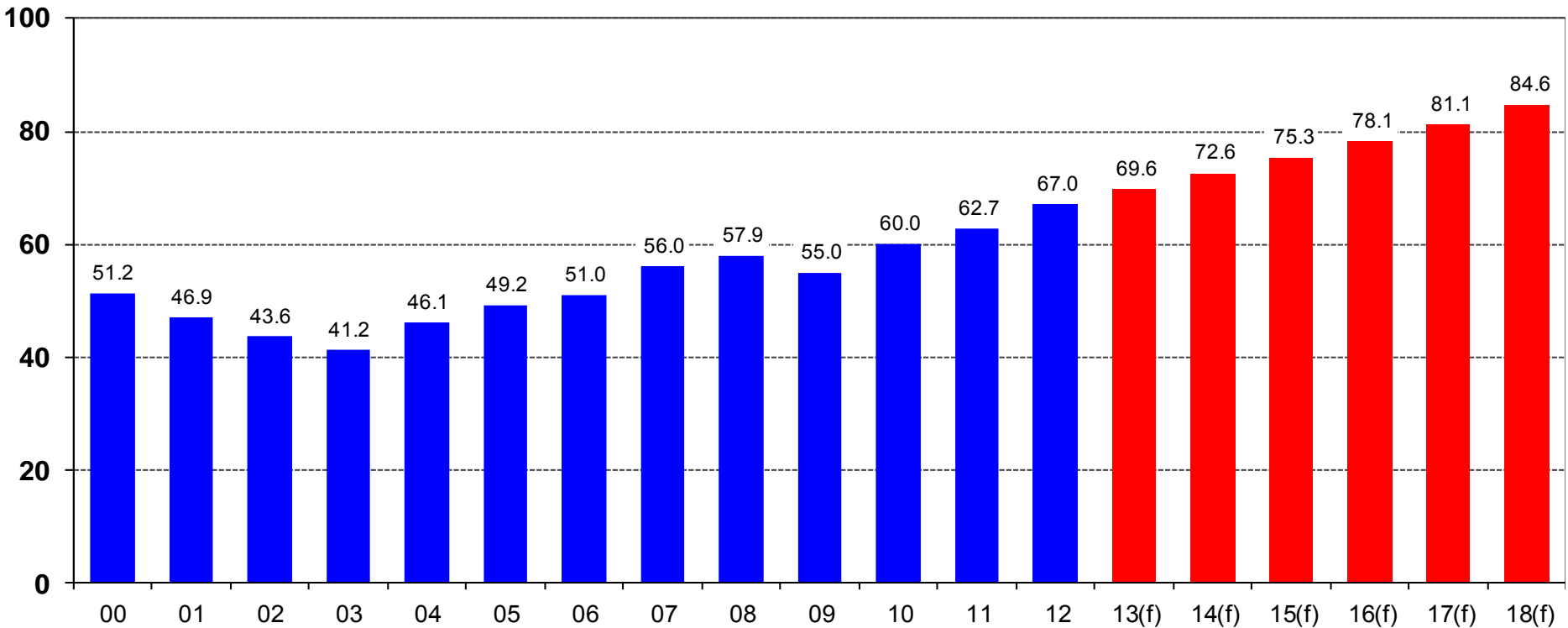
\* International travelers include all countries generating visitors to the U.S.  
 \*\* Overseas includes all countries except Canada and Mexico.

 Record year for travel to U.S.

# International Visitors to the U.S. and Projections

(2000-2018)

international visitors in millions



Sources: U.S. Department of Commerce, ITA, Office of Travel & Tourism Industries; Secretaria de Turismo (Mexico); Statistics Canada. -- June 2013 forecast

# Long-Term Forecast

## Inbound Travel to the U.S.: Top Ten Origin Countries

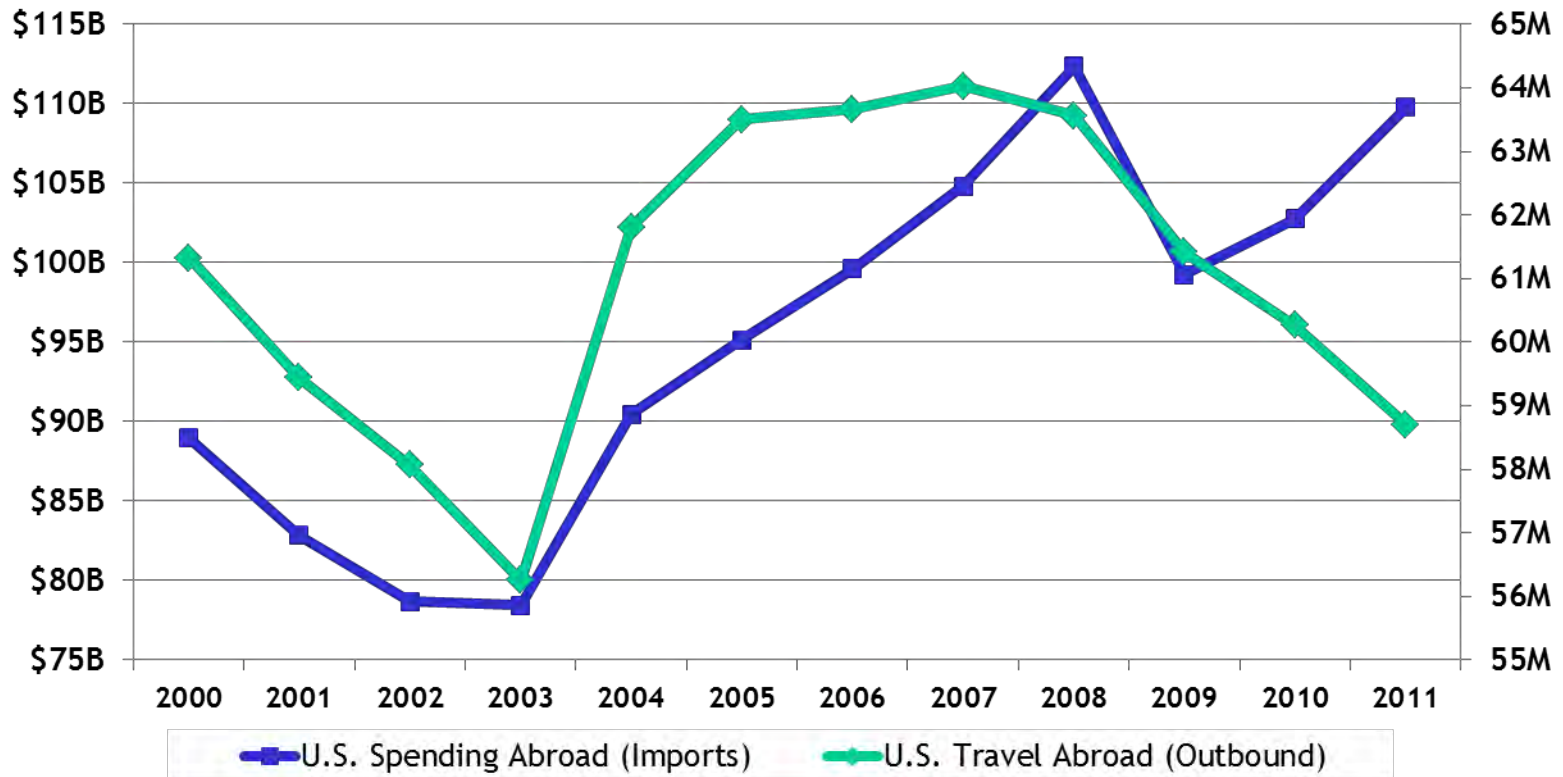
	<b>Visitor Origin</b> (000s)	<b>Actual 2012</b> (000s)	<b>Forecast 2018</b> (000s)	<b>Change 18-12</b> (000s)	<b>Change 18/12</b> (%)	<b>CAGR 18/12</b> (%)
	<b>Grand Total</b>	<b>66,969</b>	<b>84,572</b>	<b>17,603</b>	<b>26%</b>	<b>4.0%</b>
	<b>Overseas</b>	<b>29,761</b>	<b>40,012</b>	<b>10,251</b>	<b>34%</b>	<b>5.1%</b>
1	Canada	22,699	27,898	<b>5,199</b>	23%	3.5%
2	Mexico	14,509	16,661	<b>2,152</b>	15%	2.3%
3	U.K.	3,763	4,318	555	15%	2.3%
4	Japan	3,698	4,164	466	13%	2.0%
5	Germany	1,876	2,092	216	12%	1.8%
6	Brazil	1,791	2,971	<b>1,180</b>	<b>66%</b>	<b>8.8%</b>
7	China	1,474	4,847	<b>3,372</b>	<b>229%</b>	<b>21.9%</b>
8	France	1,456	1,637	182	12%	2.0%
9	Korea	1,251	1,791	540	<b>43%</b>	<b>6.2%</b>
10	Australia	1,122	1,562	439	39%	5.7%

Overseas includes all countries except Canada and Mexico.

Sources: OTTI; Statistics Canada; Banco de Mexico - June 2013 forecast

# U.S. Travel Abroad

Nearly 59 million Americans traveled abroad in 2011, collectively spending nearly \$110 billion on travel and tourism-related goods and services abroad.



Sources: Department of Commerce, Office of Tourism Industries; Department of Commerce, Bureau of Economic Analysis; Statistics Canada; Banco de Mexico.

# Who visits the South?

- U.K.
- Japan
- Germany
- France
- South Korea
- Australia
- Brazil
- China
- Italy

# Development Stage

- Mature Markets: Canada, UK, Germany
- Growth: Australia, Brazil, France, Italy
- Development: China, Japan, Nordic, Benelux

Source: TSUSA

# Now what?

- Determine gateway airport
- Determine attractions
- Determine hotels
- Talk with several tour operators
- Translators available

# Connect With International Travelers

- Fascinating stories
- Interesting pictures
- In-depth videos
- Colorful maps
- Visualization

# 7. Energy



- Gas prices last year / 10 years in W.V.

# Gas prices around the world

- Norway: \$10
- Italy: \$9
- France: \$8.50
- Germany: \$8
- Japan: \$6
- China: \$4.75
- U.S. : \$3.40
- Mexico: \$3.00
- Venezuela: \$0.04
- <http://www.bloomberg.com/visual-data/gas-prices/>

# Oil Surge

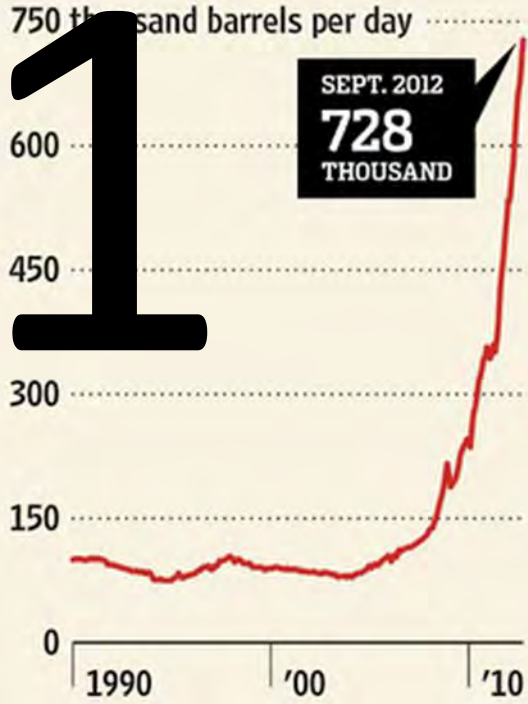
## Oil Surge

U.S. crude-oil production is at its highest level since 1998, while North Dakota production has surged in the last four years

U.S. CRUDE-OIL PRODUCTION



NORTH DAKOTA OIL PRODUCTION



Source: U.S. Energy Information Administration

# What does that mean?

- The U.S. is still a bargain for internationals
- Air flights within the U.S. remain a value
- U.S. can rely on cheap, efficient energy to power travel

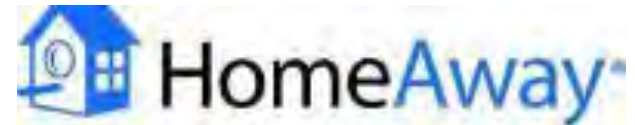


**Micro Trend:  
Vacation Rentals**

# MICRO TRENDS:

## Vacation Rentals are HOT

- Next major online growth opportunity.
  - VR sites think, market and distribute like hotels
- VR awareness among travelers has grown from 19% in 2009 to 33%, in 2012.  
(HomeAway, 2012)
  - Beaches and mountains lead
- Careful! VR owners DO have to provide occupancy tax, but are NOT reported in STR reports.



Travel like a human.

# Micro Trend: Festivals and Events



# Trends

## The Good:

- Food
- Music
- Dogs/Pets

## The Bad:

- Arts/Crafts

## The Ugly:

- Sponsorship Dollars

# Micro Trend: Attractions / Museums - Nev

ATE 1 TICKETS

raysbaseball.com

888.FAN.RAYS



# Attractions/ Museums - Nev

- If you build it, they may not come

# Other Trends

- Teen Travel
- Last Minute Travel
- Airline Trends