

TOURISM FUTURES LOOKING OUT TO 2020

Presented by

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MANY FUTURES

- *The Long Boom*, Schwartz, Leyden and Hyatt
- *2025, Scenarios of U.S. and Global Society Reshaped by Science and Technology*, Coates, Mahaffie and Hines
- *Gray Dawn*, Peterson
- *Bowling Alone*, Putnam
- *Prime Time*, Freedman

In 1942, IBM forecast the world demand for computers at five.

*“Heavier than air machines are impossible.”
(Physicist William Thompson, Lord Kelvin, 1895)*

“By AD 2000 one can retire with a comfortable income at age 50; and retirement will be compulsory at 60...” (R. G. Ruste, American Heritage, 1967)

DRIVERS OF CHANGE

How will They Interact to Influence Travel Behavior?

- **Demographics as Destiny**
- **Technological Imperative**
- **Scientific Possibilities**
- **Global Opportunities**
- **Environmental Realities**

QUESTIONS FOR TODAY

- **Who will be tomorrow's travelers and what will they do?**
- **How will technology and changing work/leisure patterns affect the nature of travel planning and travel itself?**
- **What role will travel play in our lives in 2020?**
- **What can we do to help create our most desirable future?**

Over 1 Billion Domestic Person-trips
+
48.5 Million International Visitors

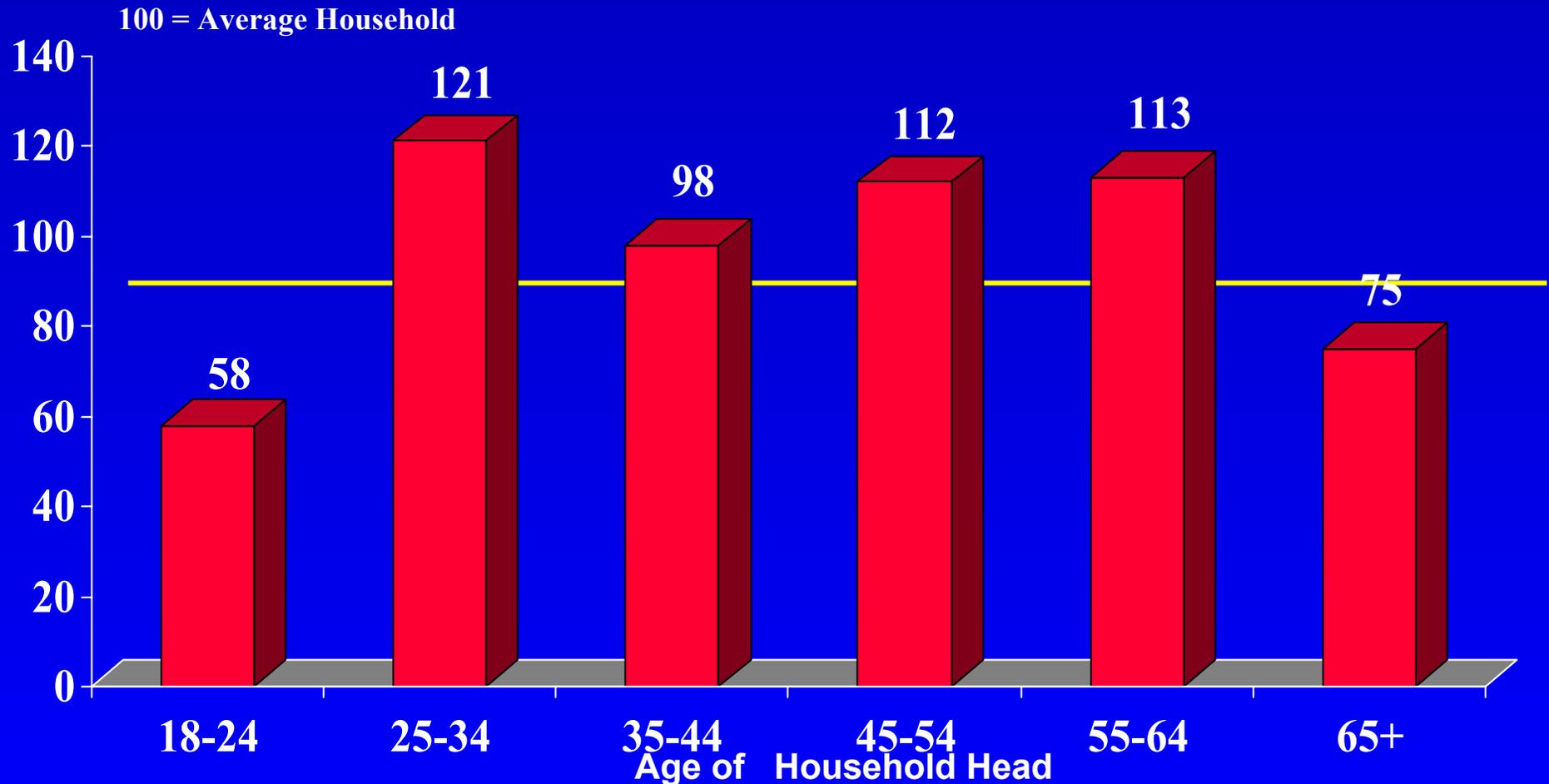


Sources: Travel Industry Association of America and Tourism Industries/International Trade Administration

DOMESTIC TRIP VOLUME BY AGE OF HOUSEHOLDER, 1999

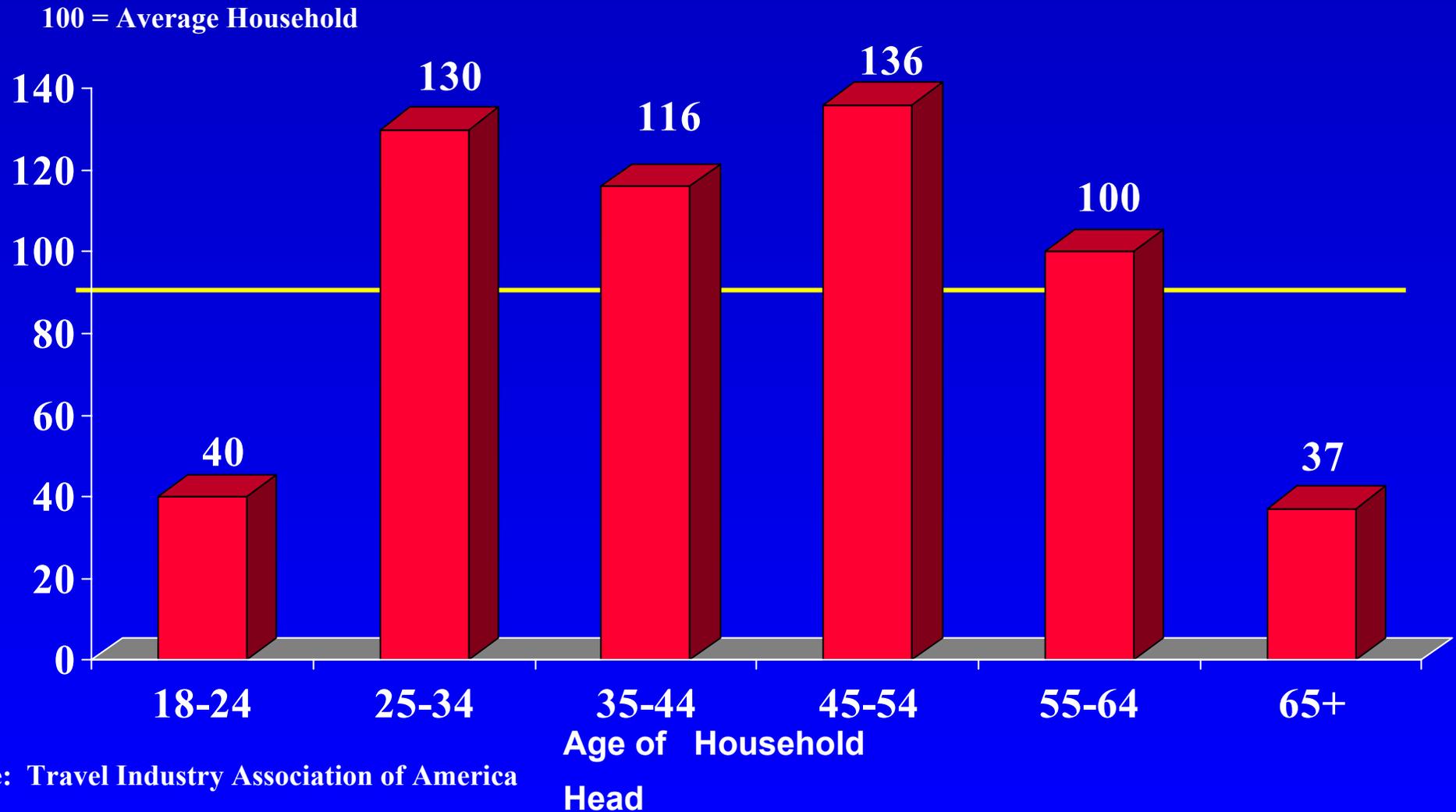
• Gen X'ers (And some Echo Boomers)		(23%)
– 18 - 24	15.9 million	(3%)
– 25 - 34	117.8 million	(21%)
• Boomers (45%)		
– 35 - 44	131.5 million	(23%)
– 45 - 54	127.9 million	(22%)
• Matures (31%)		
– 55 - 64	86.2 million	(15%)
– 65+	92.6 million	(16%)

DOMESTIC TRAVEL INTENSITY BY AGE GROUP, 1999

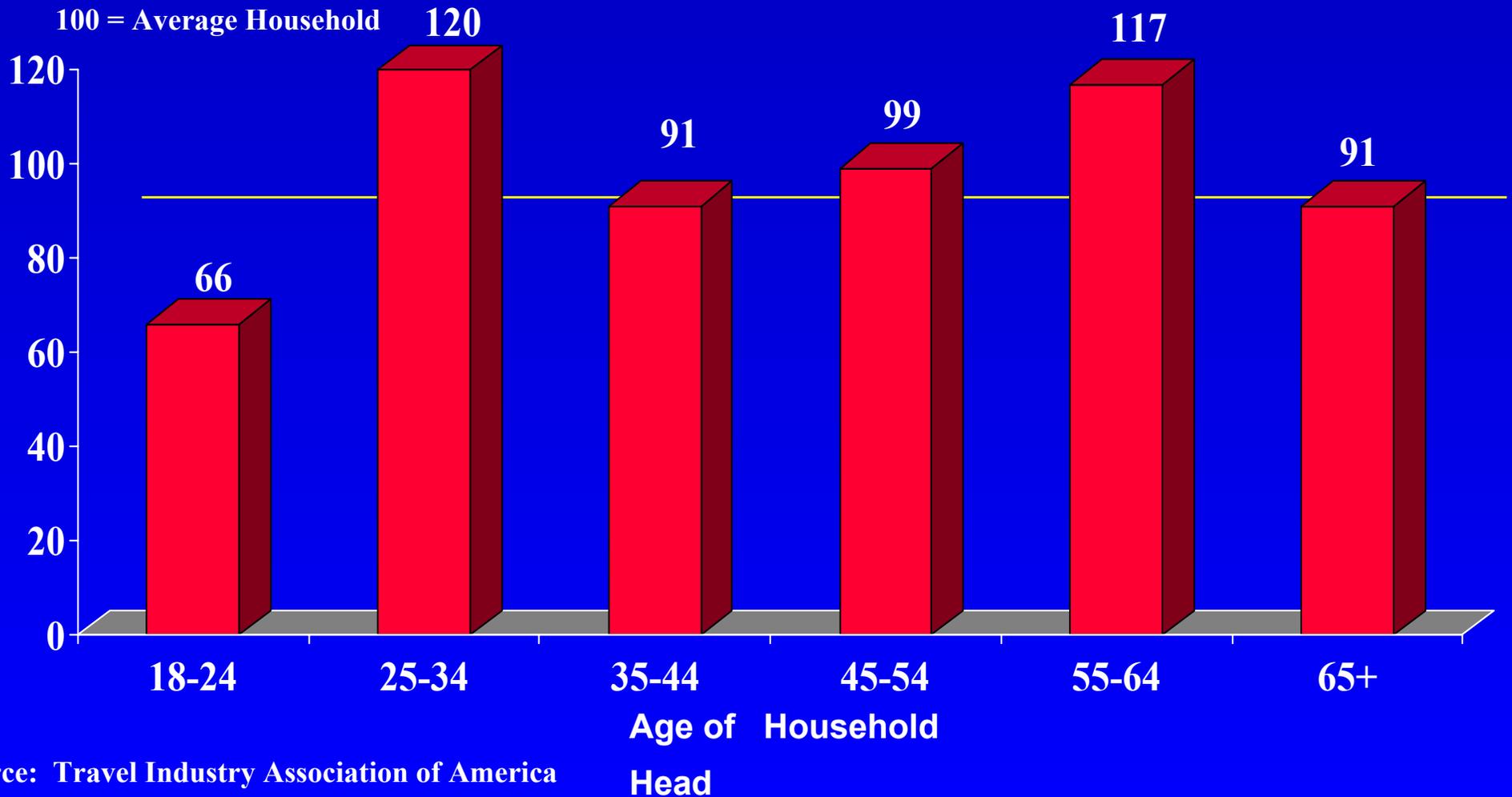


Source: Travel Industry Association of America

DOMESTIC BUSINESS TRAVEL INTENSITY BY AGE GROUP, 1999

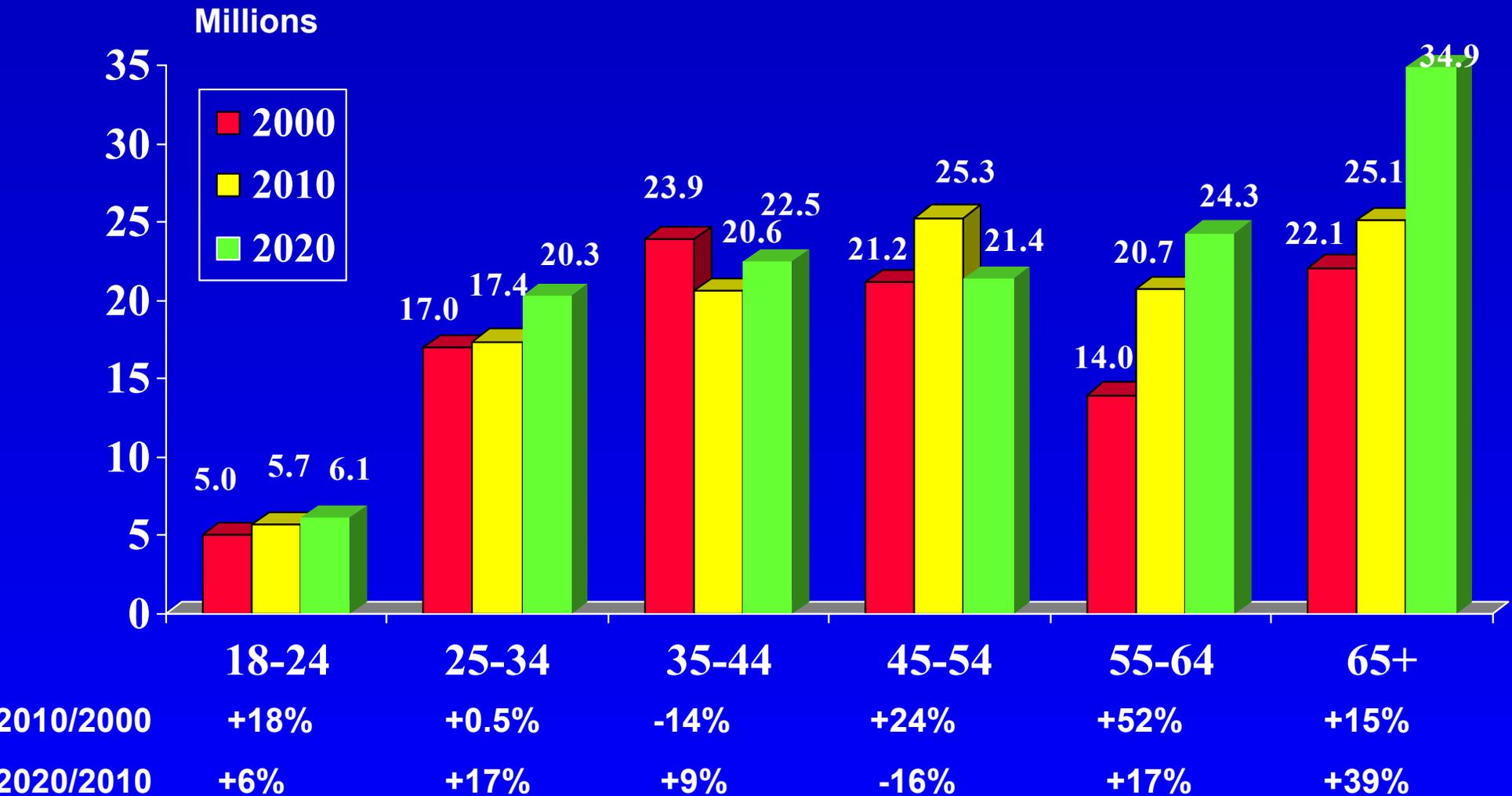


DOMESTIC PLEASURE TRAVEL INTENSITY BY AGE GROUP, 1999



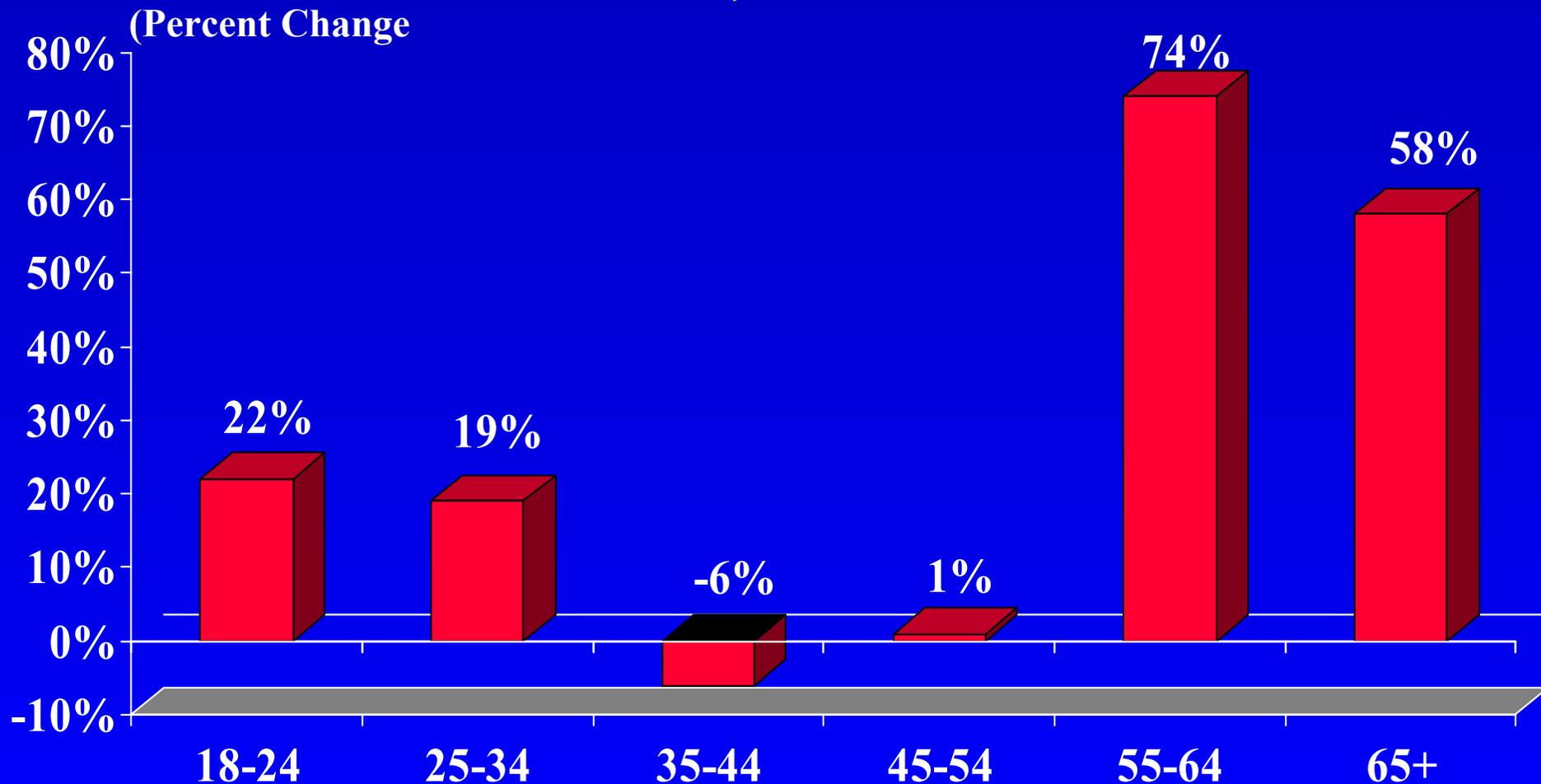
Source: Travel Industry Association of America

PROJECTIONS OF U.S. HOUSEHOLDS BY AGE OF HOUSEHOLD HEAD



Source: U.S. Bureau of the Census and Harvard Joint Center for Housing Studies

PERCENT CHANGE IN HOUSEHOLDS BY AGE, 2020/2000

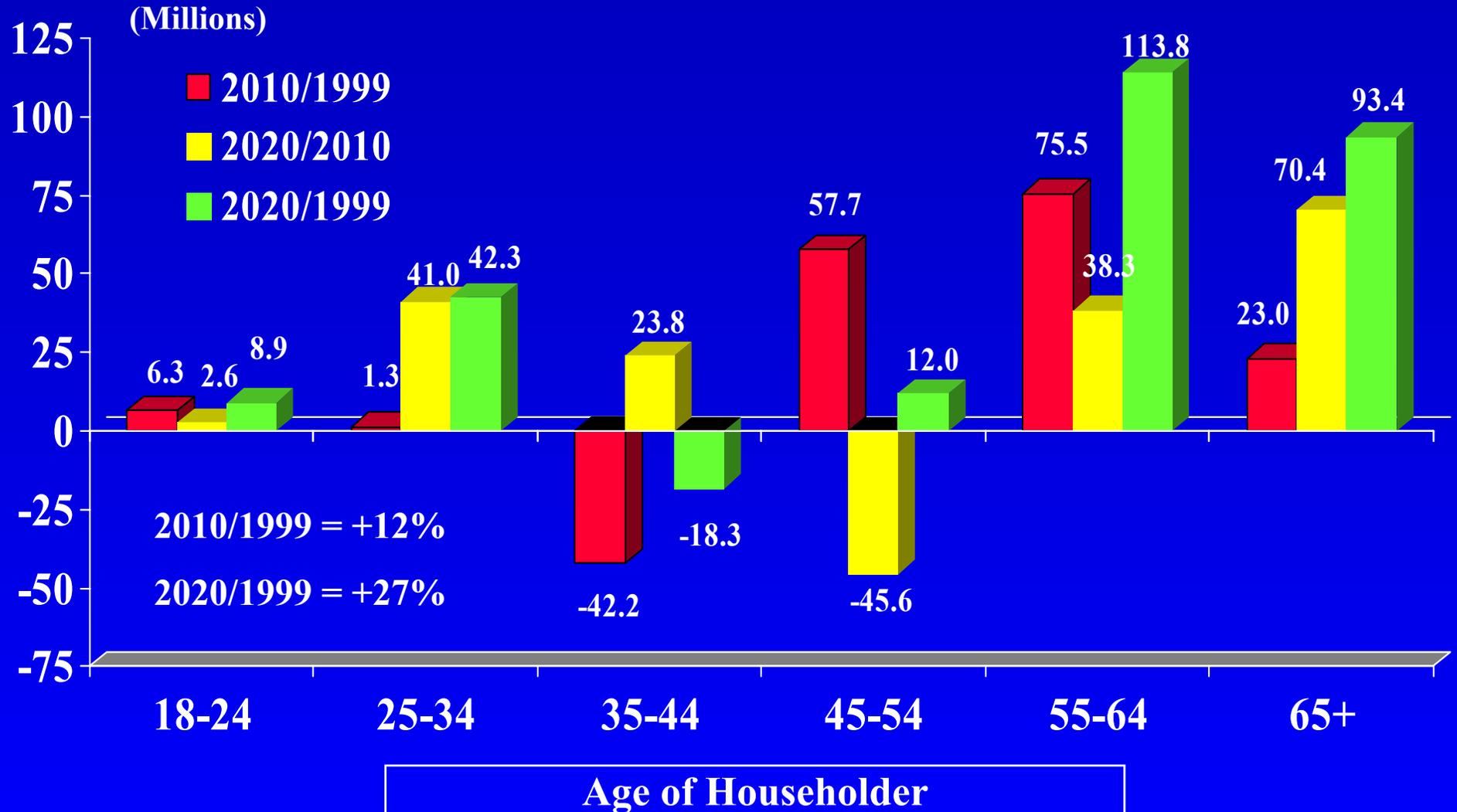


Source: U.S. Bureau of the Census, Harvard Joint Center for Housing Studies

“JUNIOR” MATURES (AGE 55 - 64) MORE LIKELY THAN OTHER TRAVELERS TO...

- **Have above-average travel intensities**
- **Travel farther away from home**
- **Stay away from home longer**
- **Include two or more destinations in one trip**
- **Engage in more activities**
- **Travel with only one other household member, likely their spouse**
- **Spend more per trip**

POTENTIAL BASE-LEVEL GAIN/LOSS IN DOMESTIC PERSON-TRIPS, 2020/1999



GROWTH IN TRAVEL INTENSITY BY AGE, 1995/1977

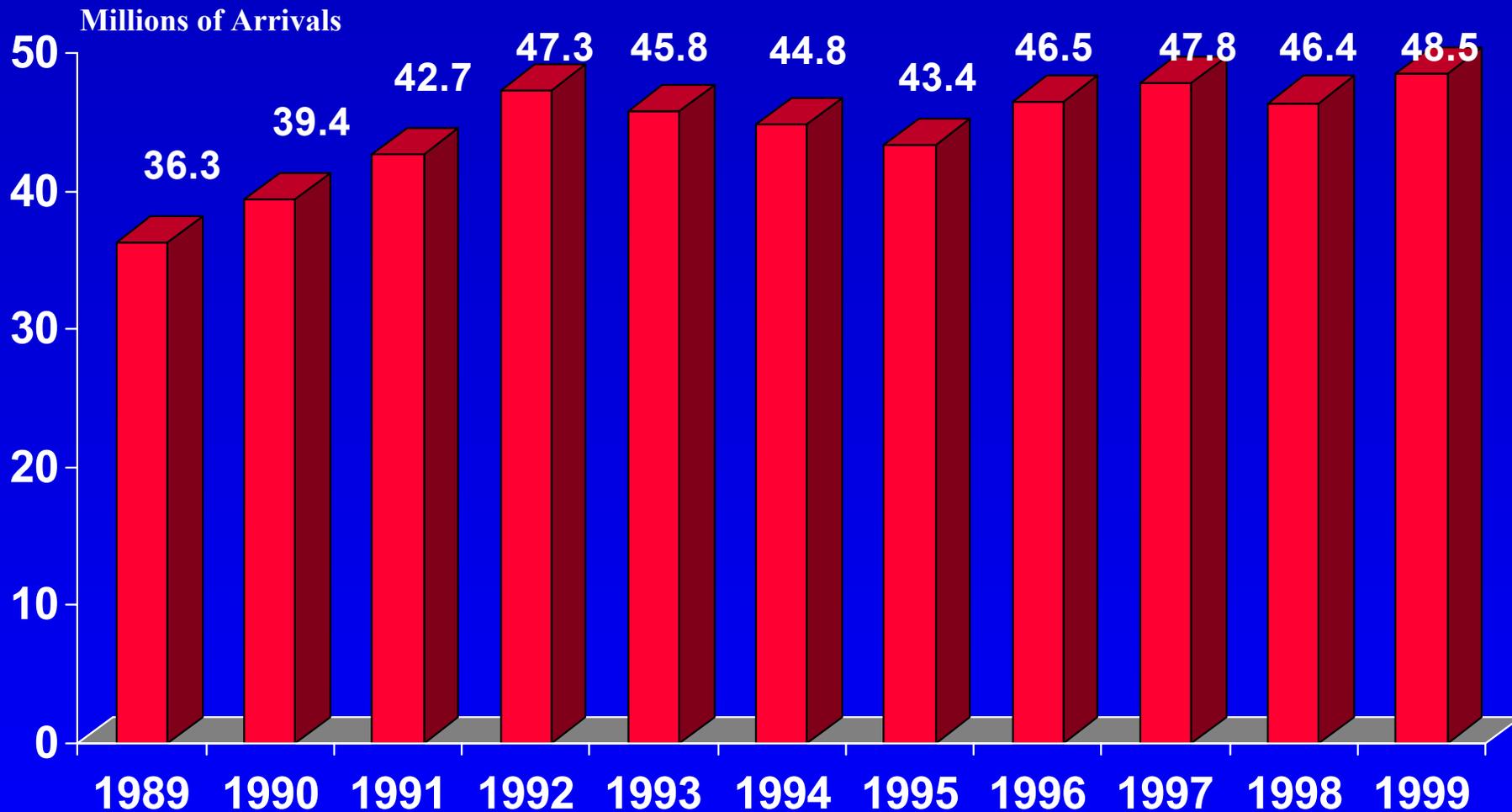
Overall +55%

- 18-24 +71%
- 25-34 31%
- 35-44 +31%
- 45-54 +69%
- 55-65 +90%
- 65+ +98%

WITH SAME GAIN IN TRAVEL INTENSITY OVER NEXT 20 YEARS

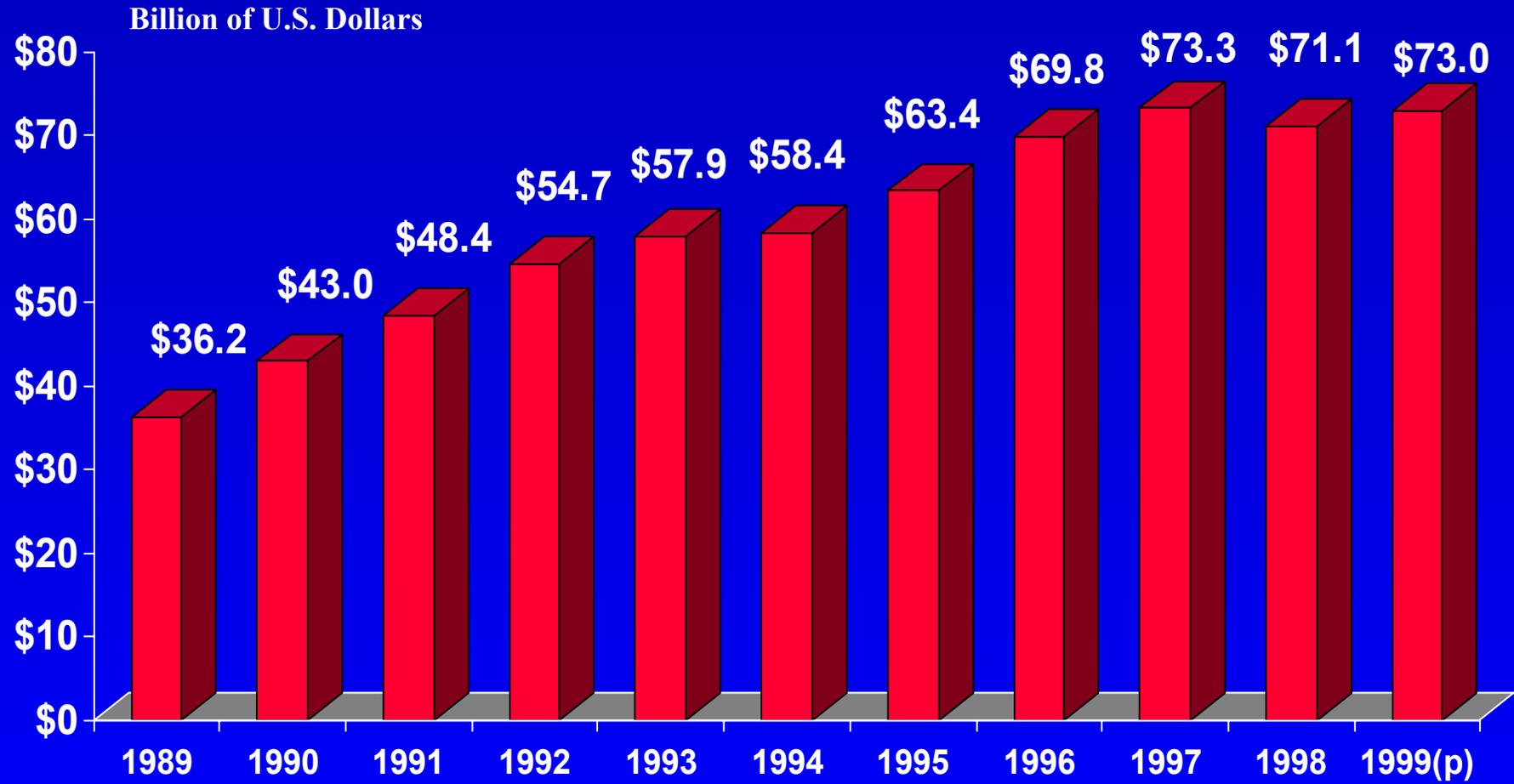
- **Could see a doubling of travel volume**
- **And even greater gains in travel volumes of older Americans**
- **Traditional family market (25 – 44) will still be big and will grow modestly due to Echo Boomers**
- **But Mature market (55+) will be bigger and growing rapidly**

INTERNATIONAL ARRIVALS TO U.S. UP 37% OVER 1989



Source: Tourism Industries/International Trade Administration

INTERNATIONAL RECEIPTS IN U.S. NEARLY DOUBLE OVER 1989*



*Excludes international passenger fares

Source: Tourism Industries/International Trade Administration

WTO 2020 VISION FORECASTS

- **1.6 Billion International Tourist Arrivals**
- **\$2 Trillion in International Tourist Spending**
- **But still only 7% of World Population**
- **102.4 million U.S. arrivals (+111% over 1999)**
- **123.3 Million U.S. Departures (+111% Over 1999)**

IMPORTANT REASONS FOR U.S. FAMILY VACATIONS

(% of 1998 Family Vacationers)

Family Togetherness	86%
Get Away from Stress	69
Rest and Relaxation	68
Visit Friends/Relatives	48
Excitement/New Experiences	41
Physical Activity	32
New Places/People	30
For Luxury/Feel Pampered	17

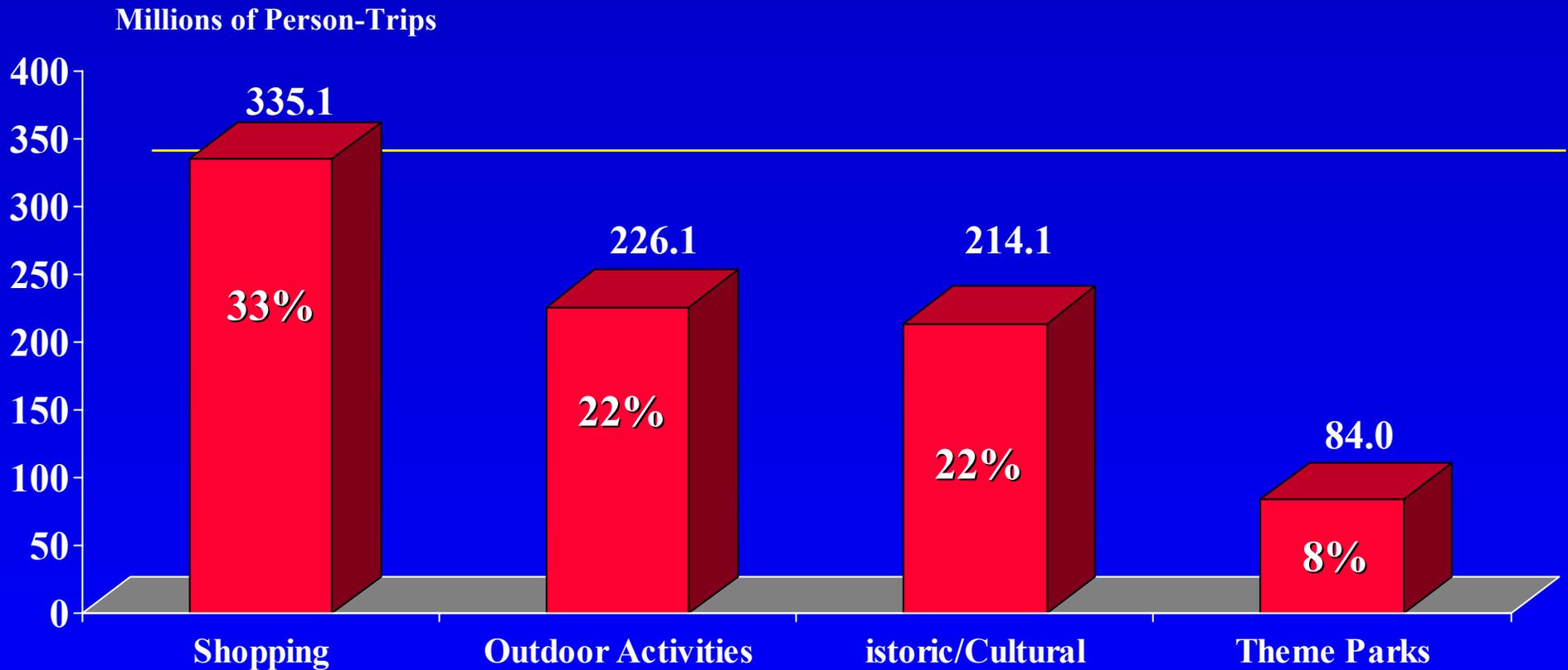
TOP 10 ACTIVITIES AMONG DOMESTIC TRAVELERS, 1999

1. Shopping	31%
2. Outdoor Recreation	14
3. Historical Places/Museums	13
4. Cultural Events	9
5. Beaches	8
6. National/State Parks	8
7. Nightlife/Dancing	8
8. Gambling	8
9. Theme/Amusement Parks	6
10. Sports Events	5



Sources: Travel Industry Association of America

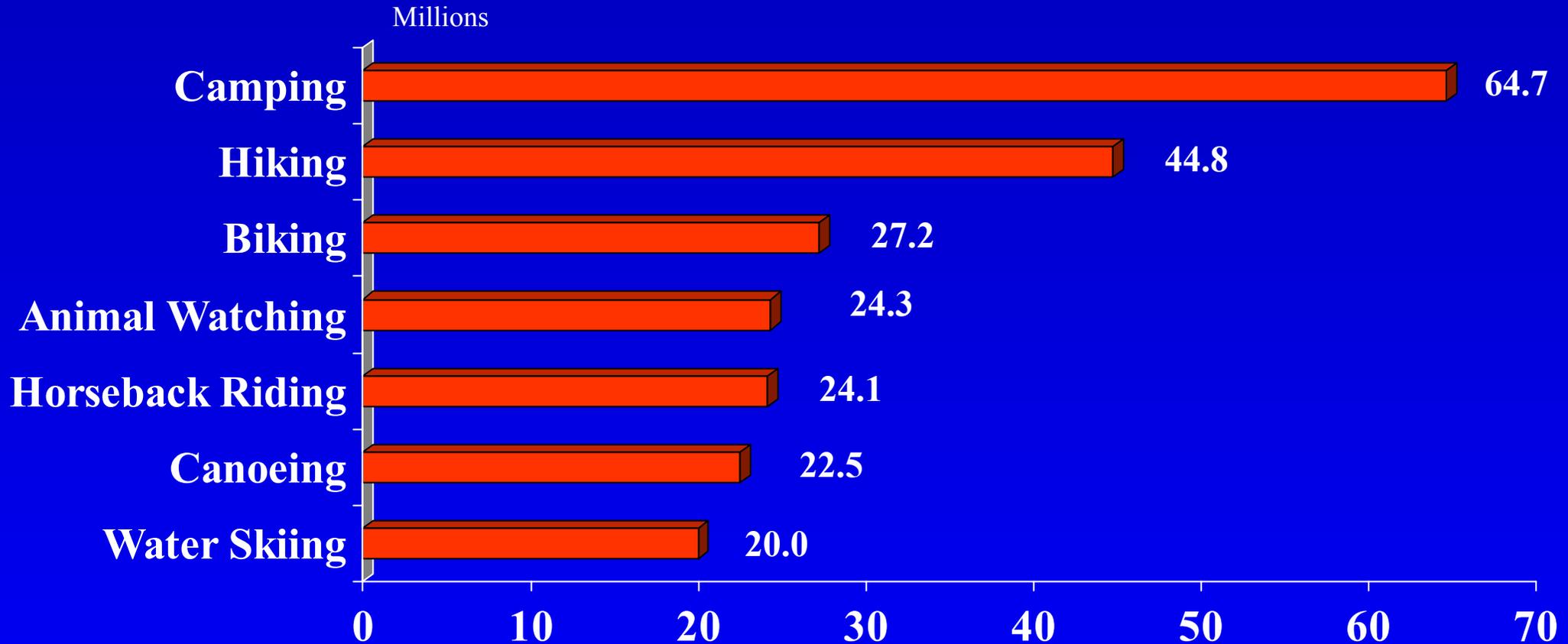
U.S. DOMESTIC TRAVEL VOLUME BY ACTIVITY, 1999



Source: Travel Industry Association of America

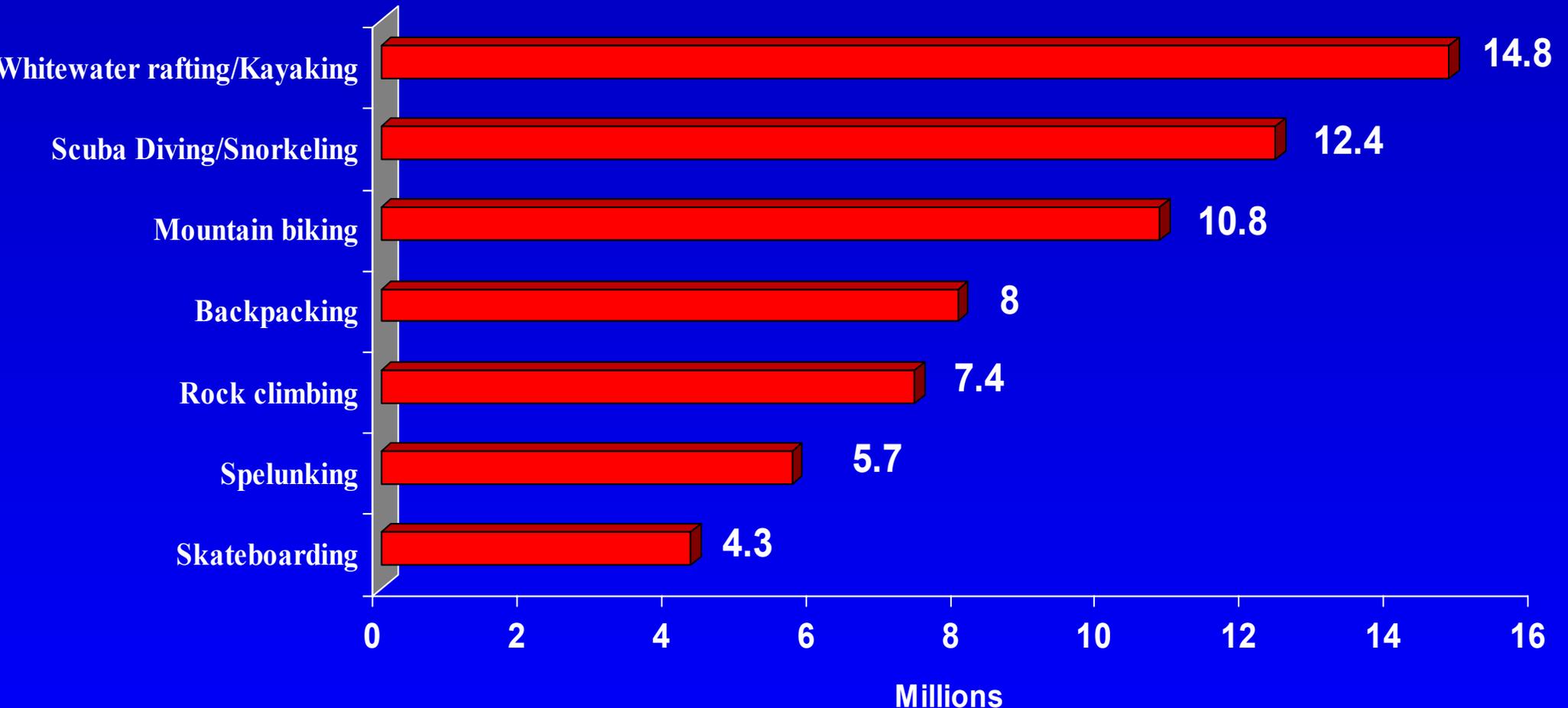
SOFT ADVENTURE ACTIVITIES

(On Trips in Last 5 Years)



HARD ADVENTURE ACTIVITIES

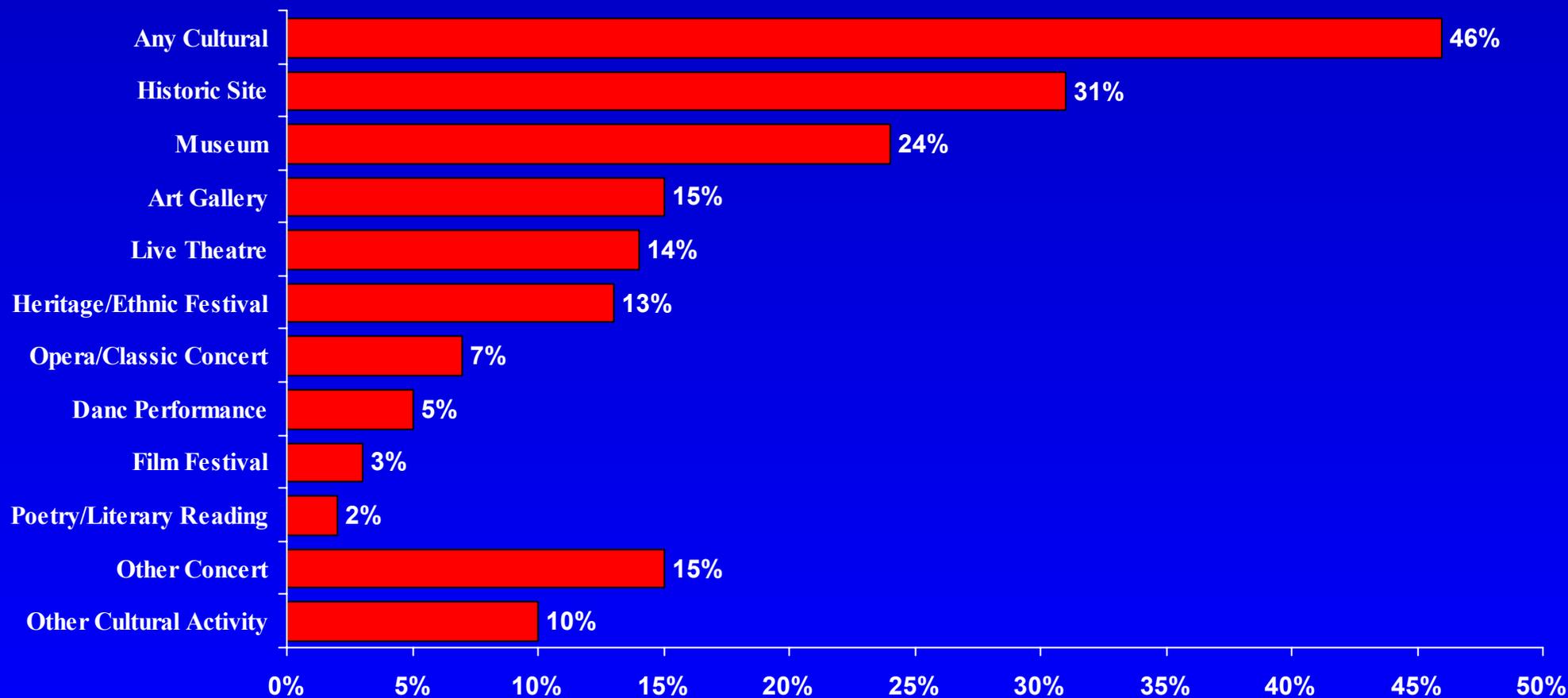
(On Trips in Last 5 Years)



Source: Travel Industry Association of America

CULTURAL, ARTS, HERITAGE OR HISTORIC ACTIVITIES AND EVENTS INCLUDED ON TRIPS IN PAST YEAR

(% of U.S. Adults)



Sources: Americans for the Arts, Travel Industry Association of America

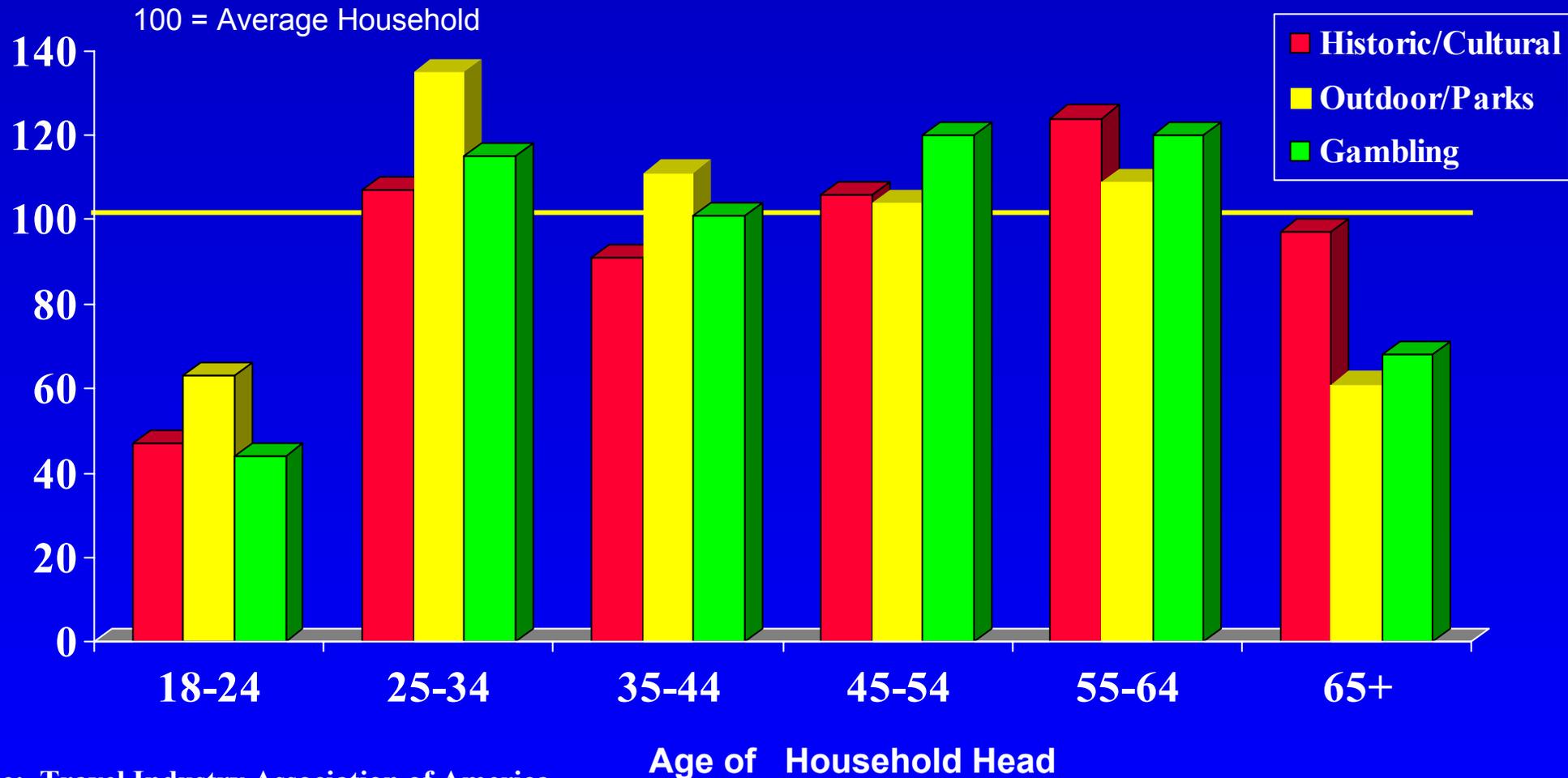
TOP 10 ACTIVITIES AMONG DOMESTIC TRAVELERS 55+, 1999

1. Shopping	29%
2. Historical Places/Museums	15
3. Cultural Events	12
4. Gambling	11
5. Outdoor Recreation	11
6. National/State Parks	8
7. Beaches	7
8. Nightlife/Dancing	5
9. Sports Events	4
10. Theme/Amusement Parks	4



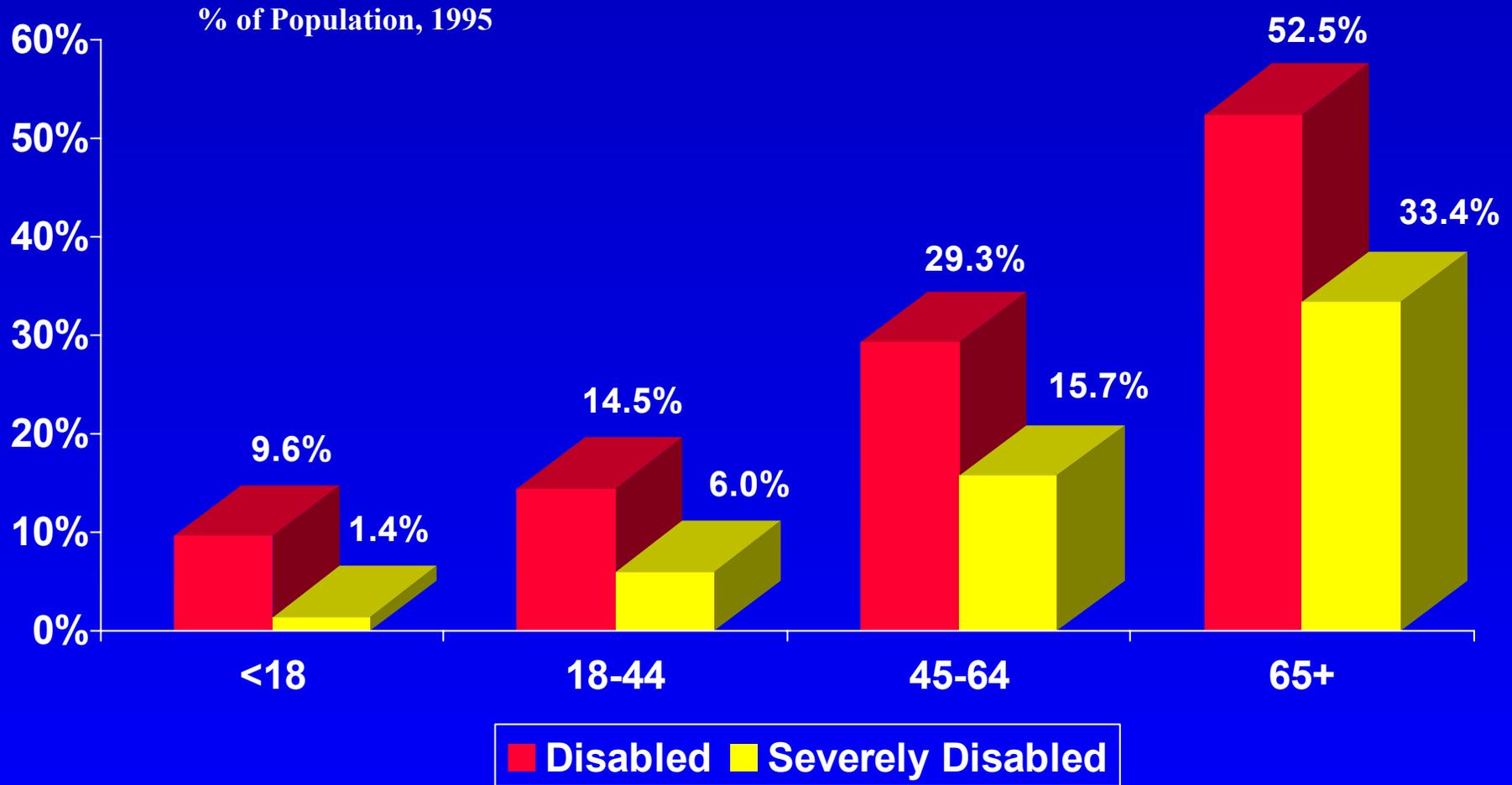
Sources: Travel Industry Association of America

TRAVEL ACTIVITIES INTENSITY BY AGE GROUP, 1999



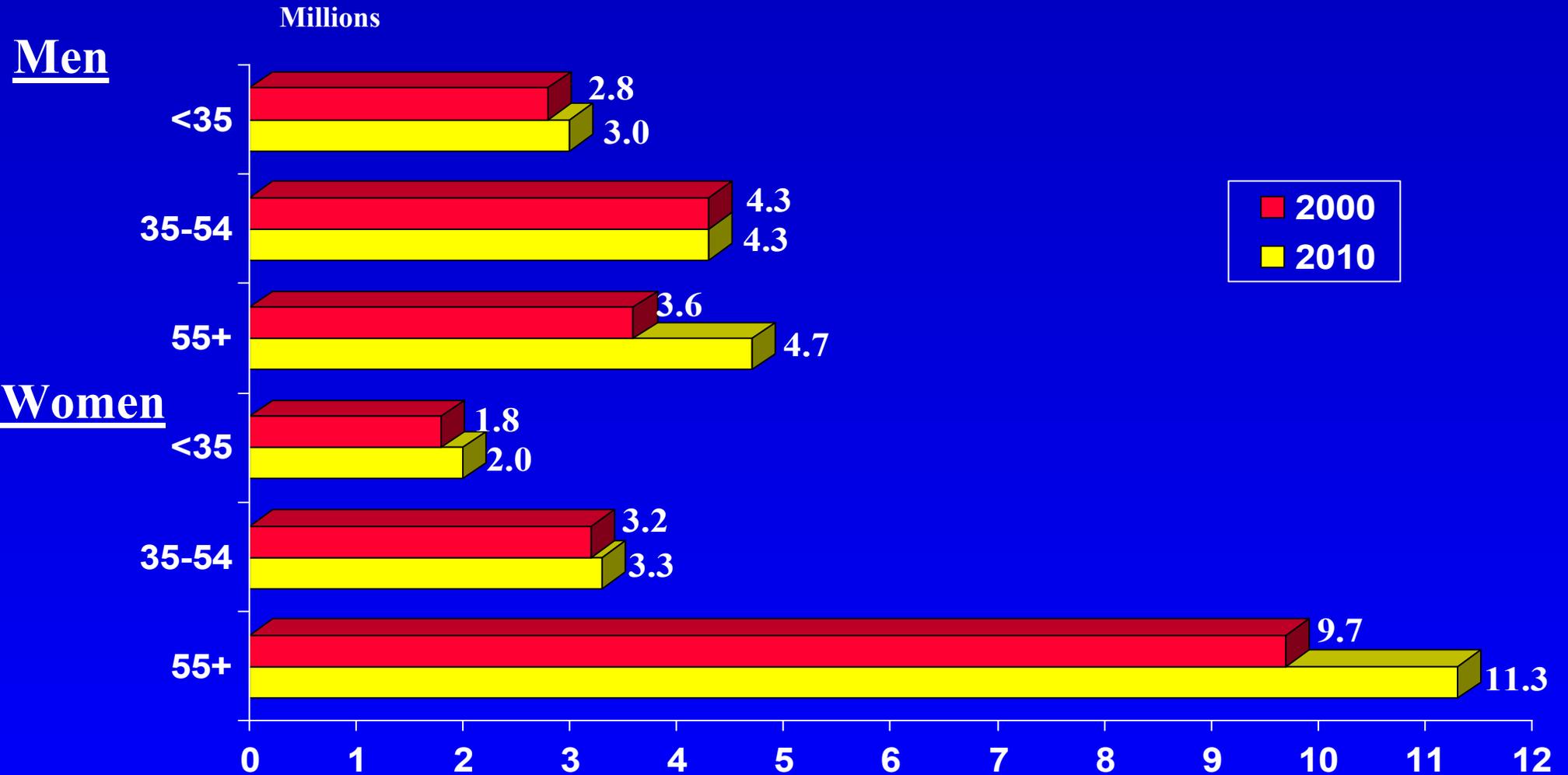
Source: Travel Industry Association of America

DISABILITY INCREASES WITH AGE



Source: U.S. Bureau of the Census

MORE OLDER WOMEN LIVING ALONE



FUTURISTS' VIEWS OF AGING IN AMERICA

- **Higher wealth accumulation and fewer children will permit many to enjoy retirement lifestyle significantly different from previous generations**
- **Changing nature of retirement – 80% of Boomers expect to work at least part-time**
- **Focus on ways to improve and revitalize health, later on enhancement of human capabilities**
- **America today lacks a compelling vision of later life (*Prime Time*, Freedman)**

FOR HERE
OR
TO GO?

HERE. MY
"TO GO"
DAYS ARE
OVER.

JAVA



I'M TIRED OF RUNNING.
I'M SETTLING DOWN!
LIVING IN THE MOMENT!
INVESTING TIME IN PEOPLE!



I COMMIT TO SITTING
RIGHT HERE WITH MY
FRIEND FOR THE FULL TEN
MINUTES IT TAKES TO
DRINK MY FAT-FREE DECAF!

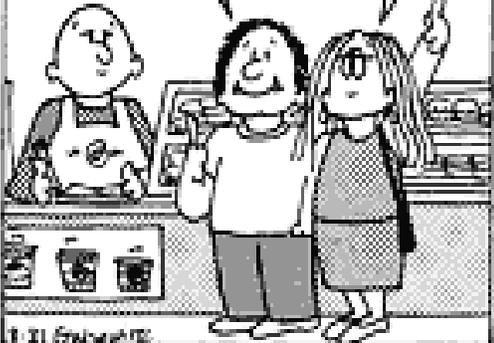
JAVA



... UNLESS THINGS DON'T GO
WELL, IN WHICH CASE I'LL
JUST RACE OUT AND LEAVE
MY CUP ON THE TABLE.

JAVA

I'LL TAKE
MINE TO GO.



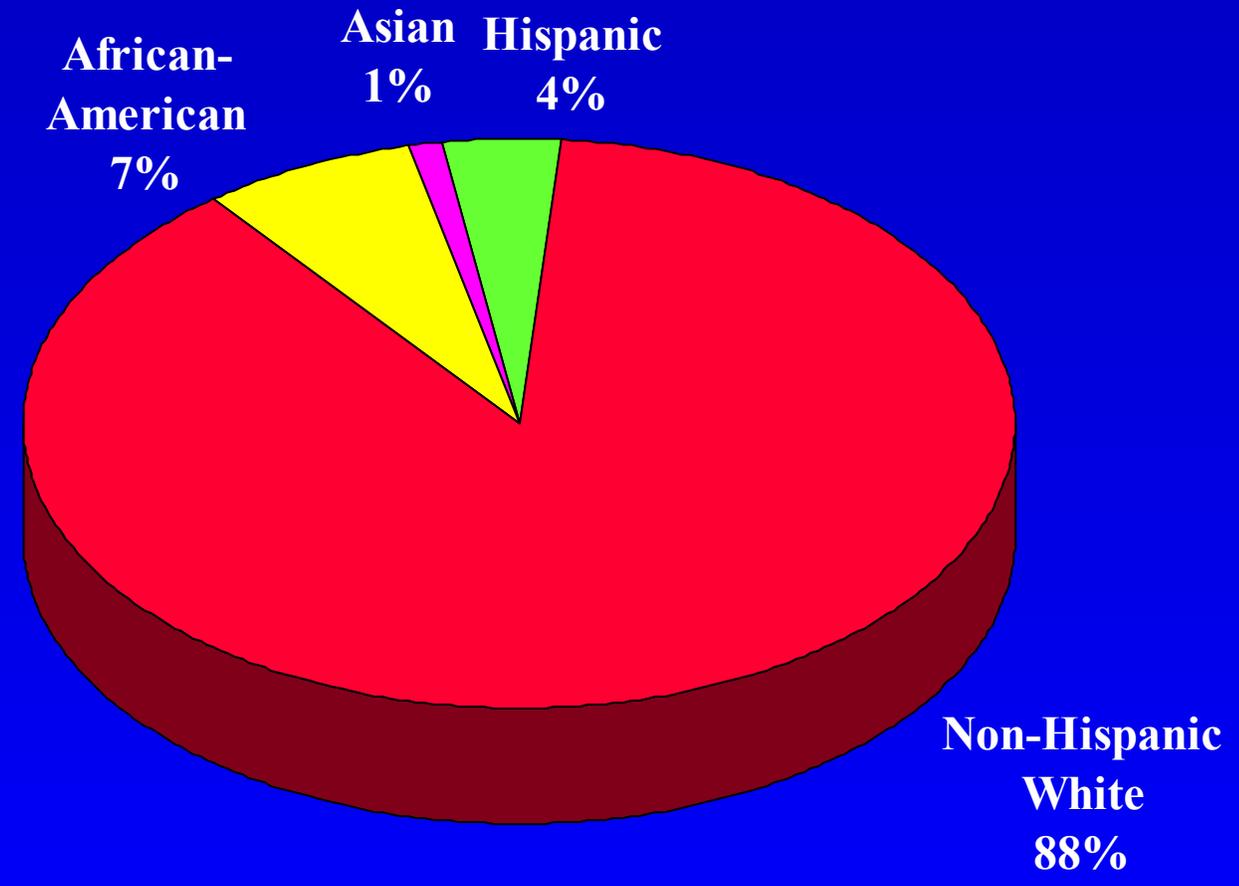
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L. J. GREENWALT

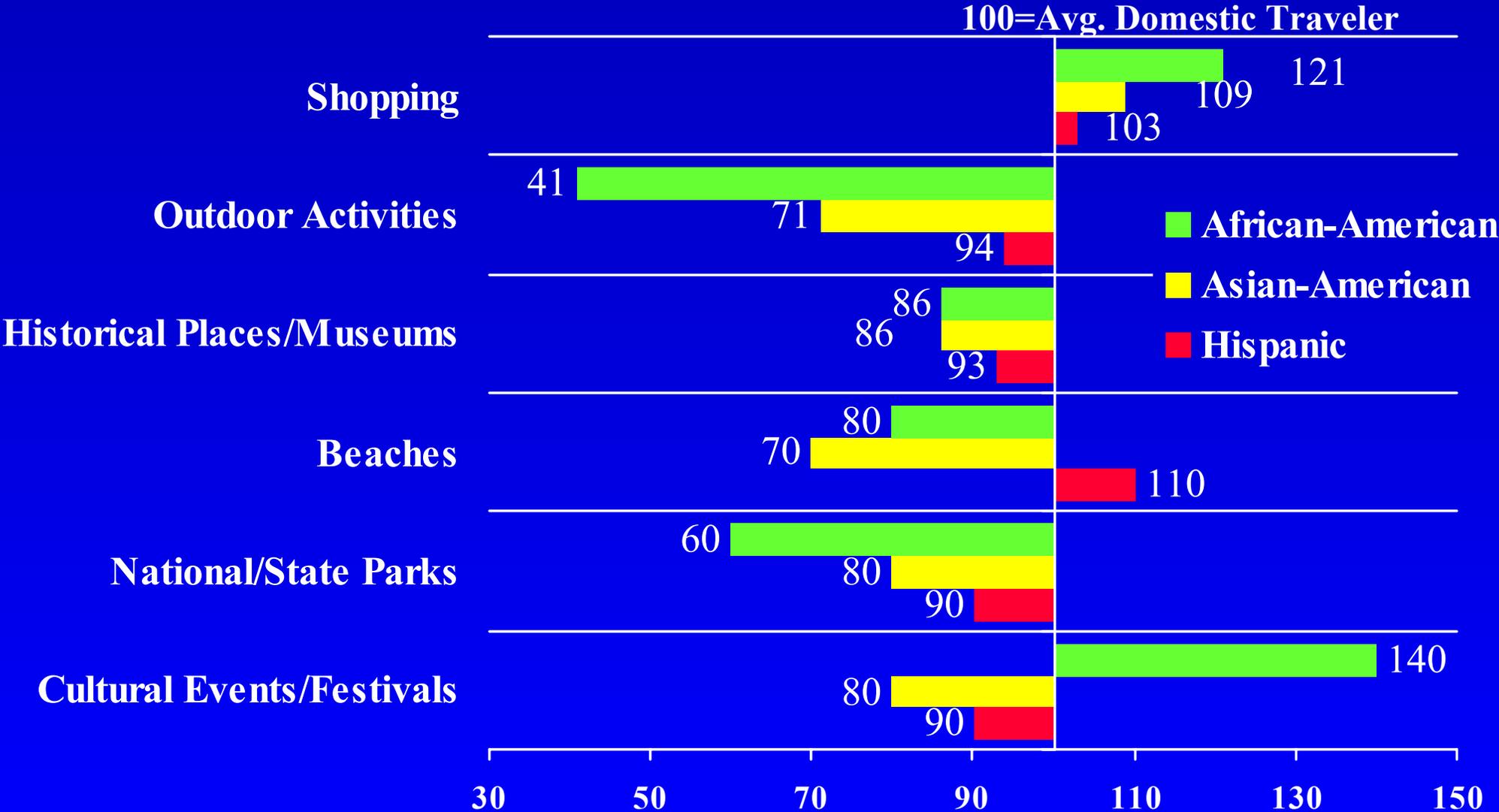
AMERICA'S LOSS OF SOCIAL CAPITAL

- **Across wide range of activities, there has been a striking decline in civic engagement and social capital**
- **Due to social changes such as two-career families, suburban sprawl, influence of TV and, most importantly, generational shifts in values**
- **Need to address both the supply of opportunities for civic engagement and demand for these opportunities**

MORE THAN 1 OUT OF 10 U.S. TRAVELERS IS A MINORITY



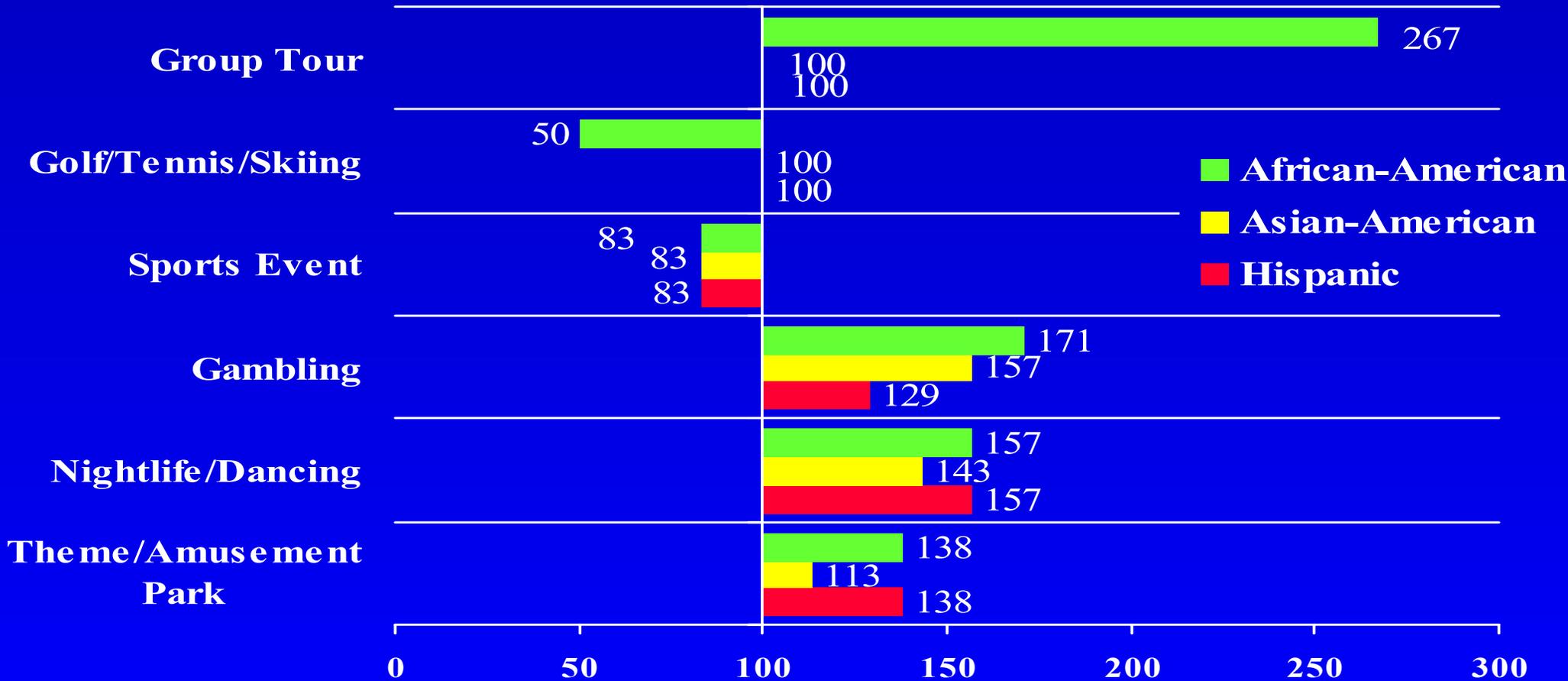
Trip Activity Comparison to All Travelers



Source: Travel Industry Association of America

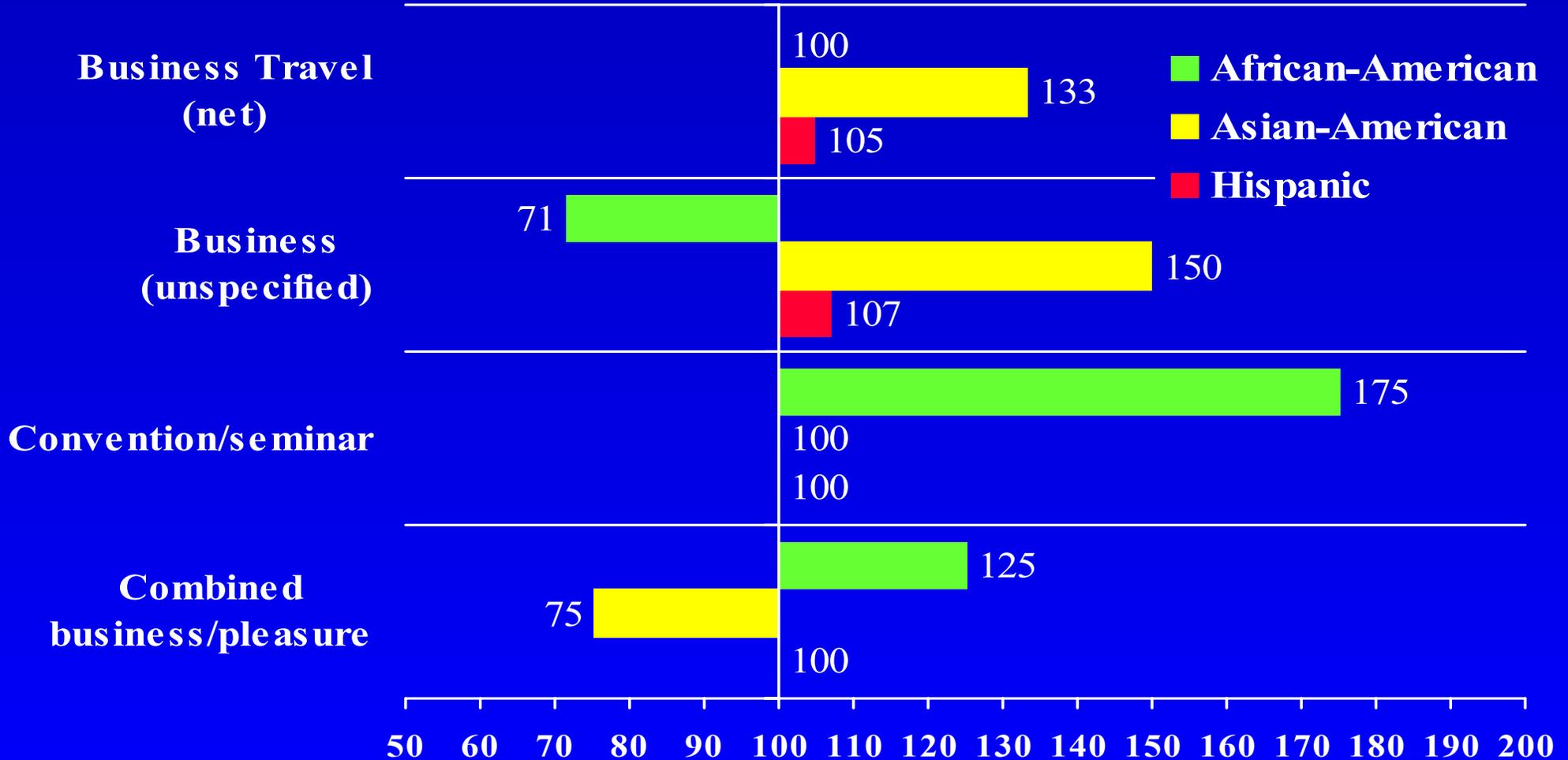
Trip Activity Comparison to All Travelers (cont'd)

100=Avg. Domestic Traveler



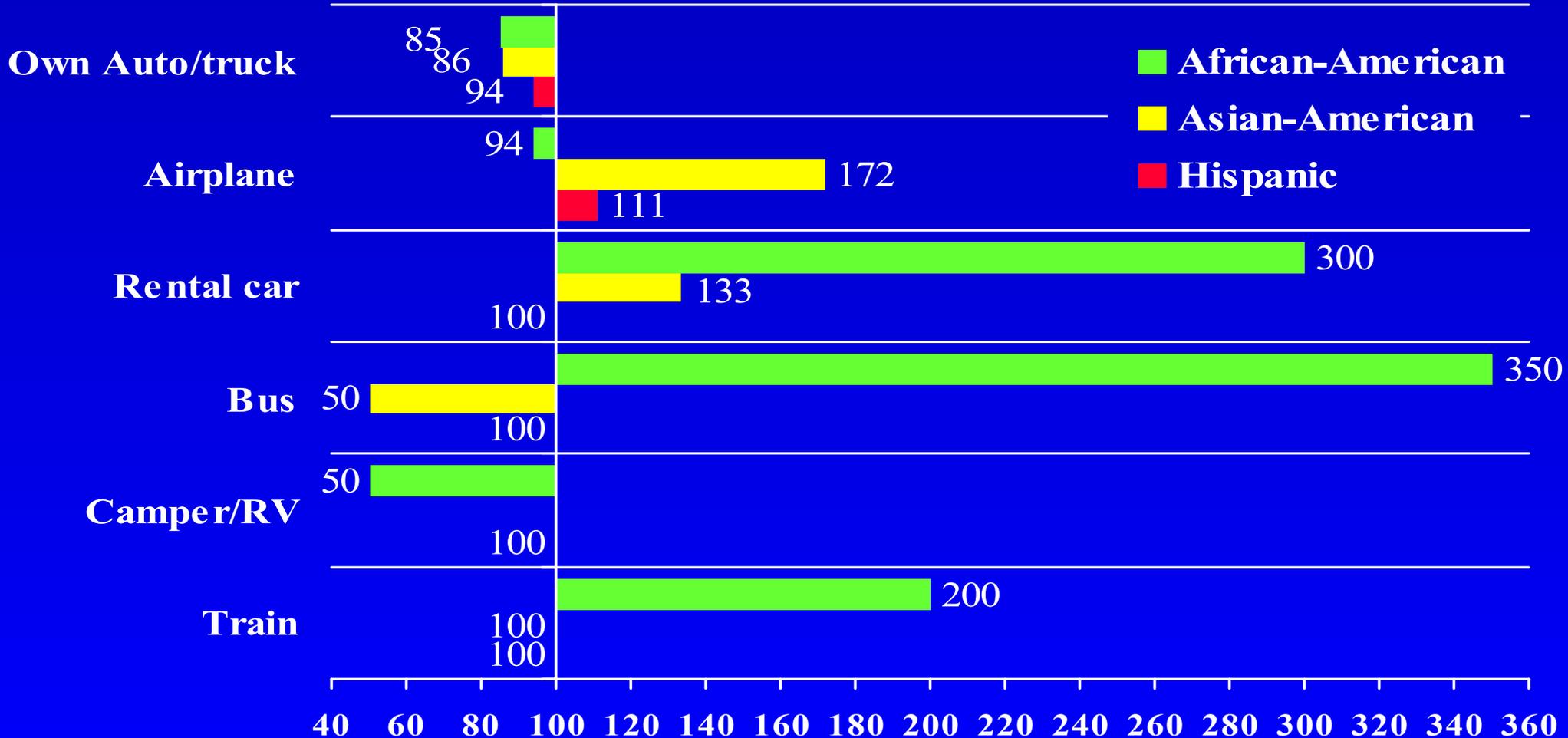
Business Travel Comparison to All Travelers

100=Avg. Domestic Traveler



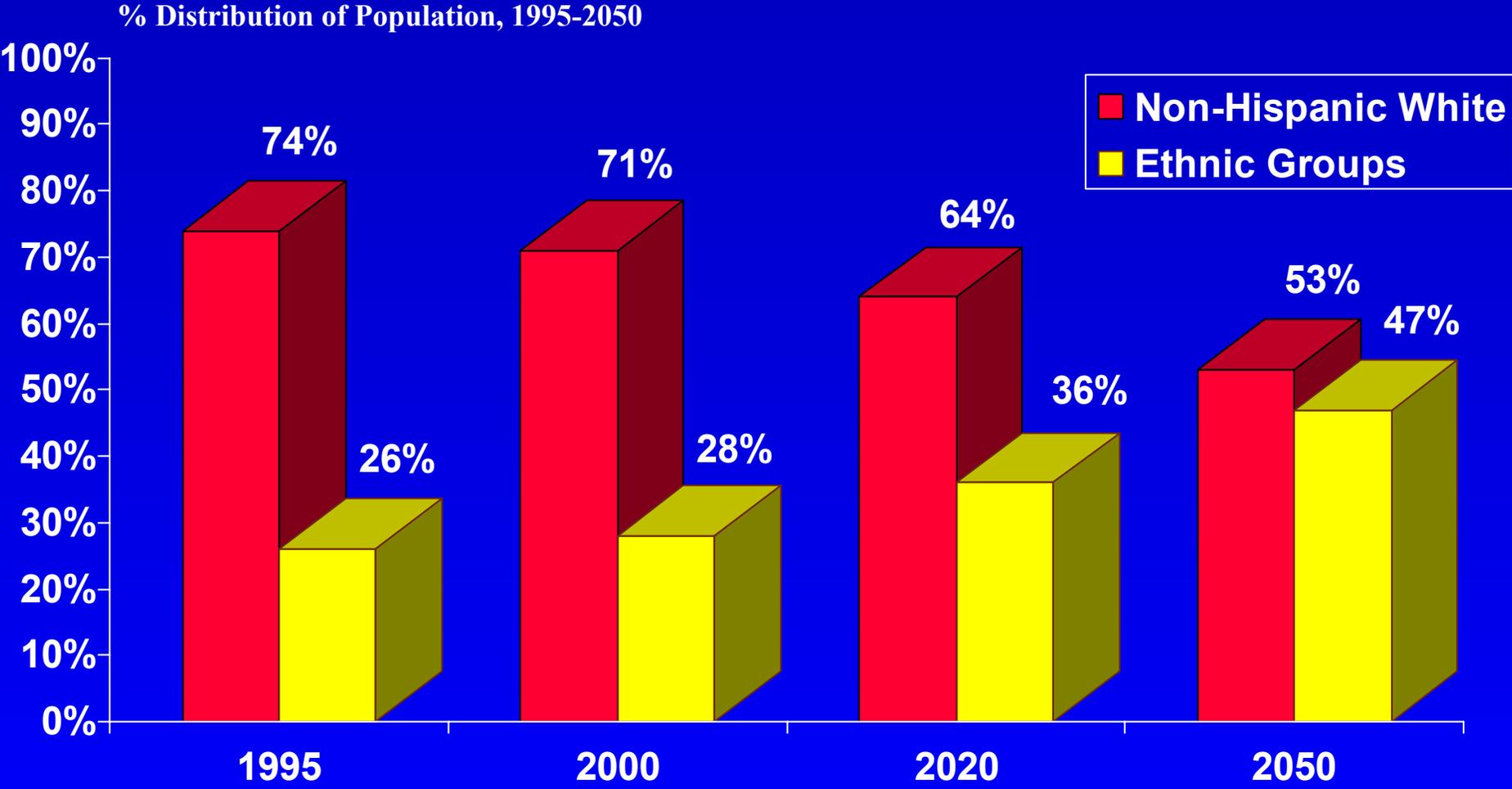
Primary Mode of Transportation Comparison to All Travelers

100=Avg. Domestic Traveler



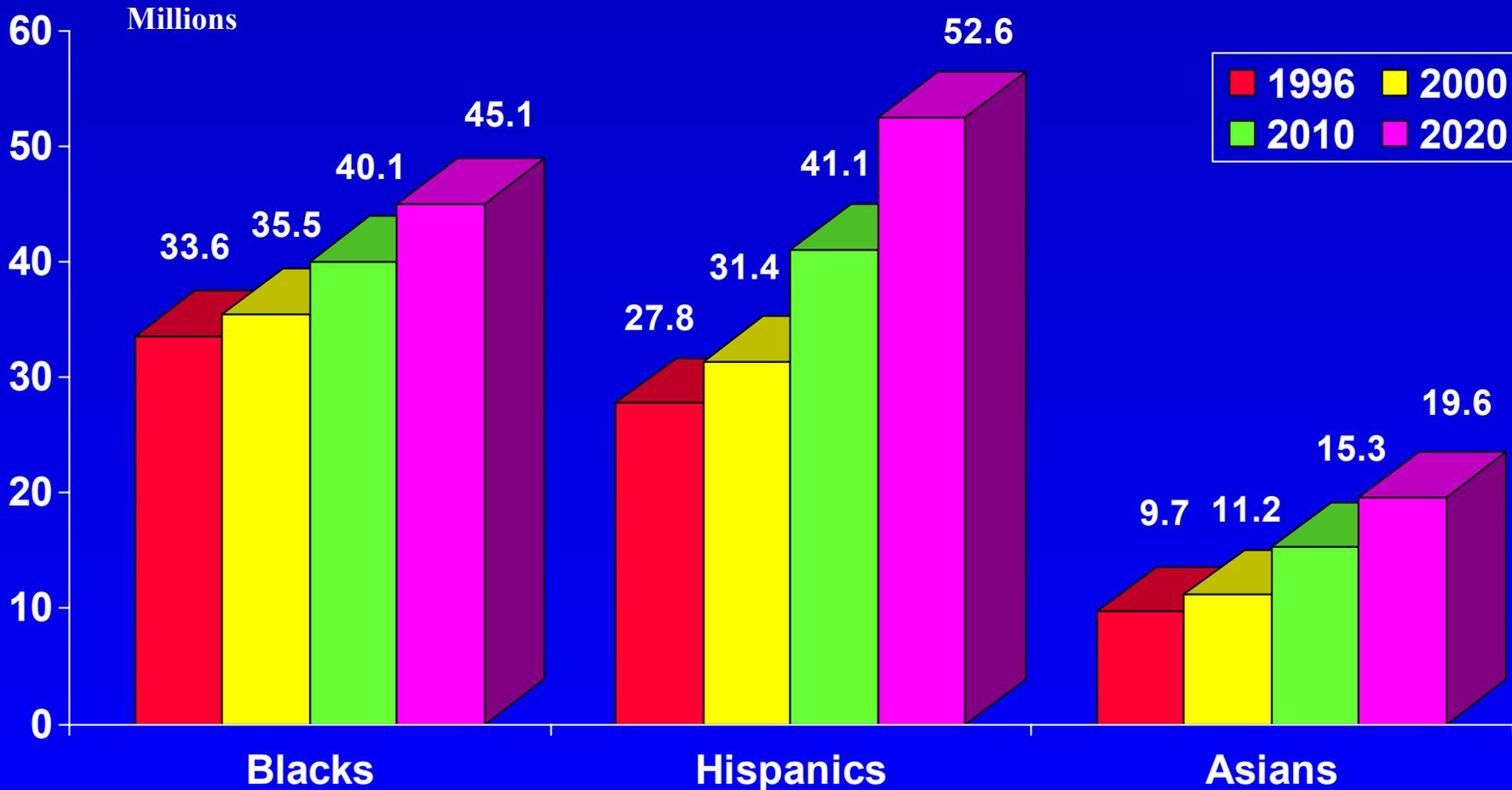
Source: Travel Industry Association of America

ETHNIC GROUPS TO GROW TO 36% OF POPULATION BY 2020

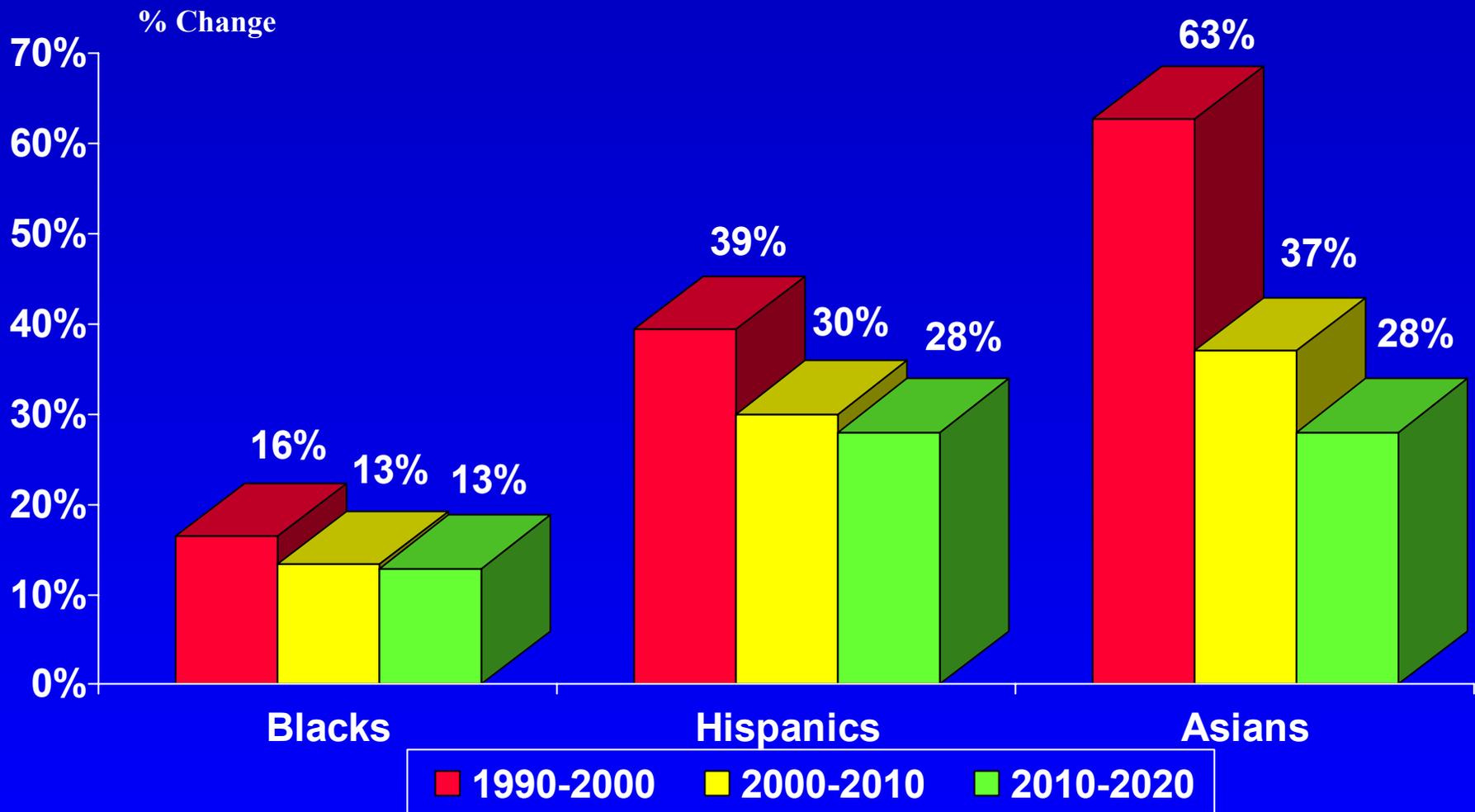


Source: U.S. Bureau of the Census

HISPANICS WILL BE LARGEST ETHNIC GROUP BY 2010



BUT ASIANS WILL SHOW GREATEST RATE OF GROWTH

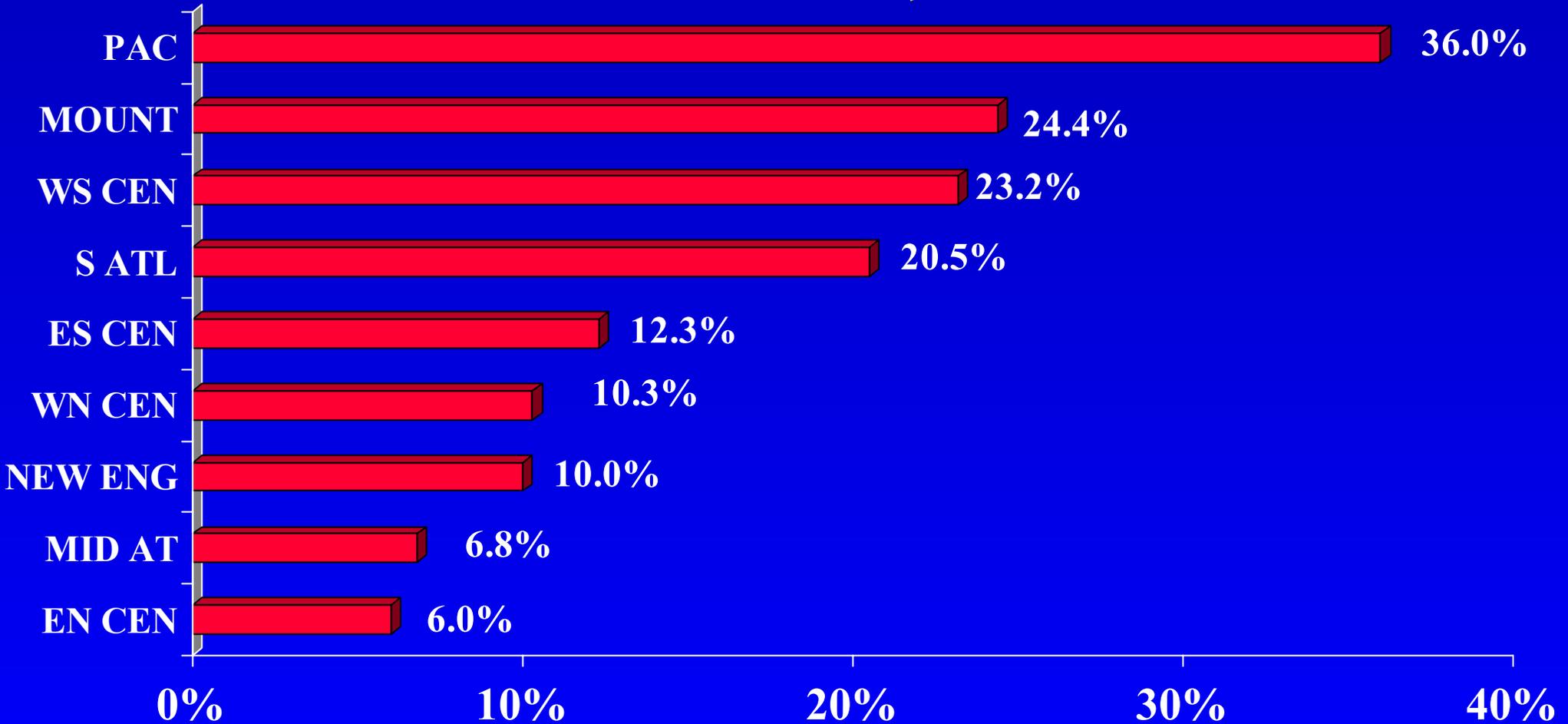


Source: U.S. Bureau of the Census

NEW IMMIGRANTS

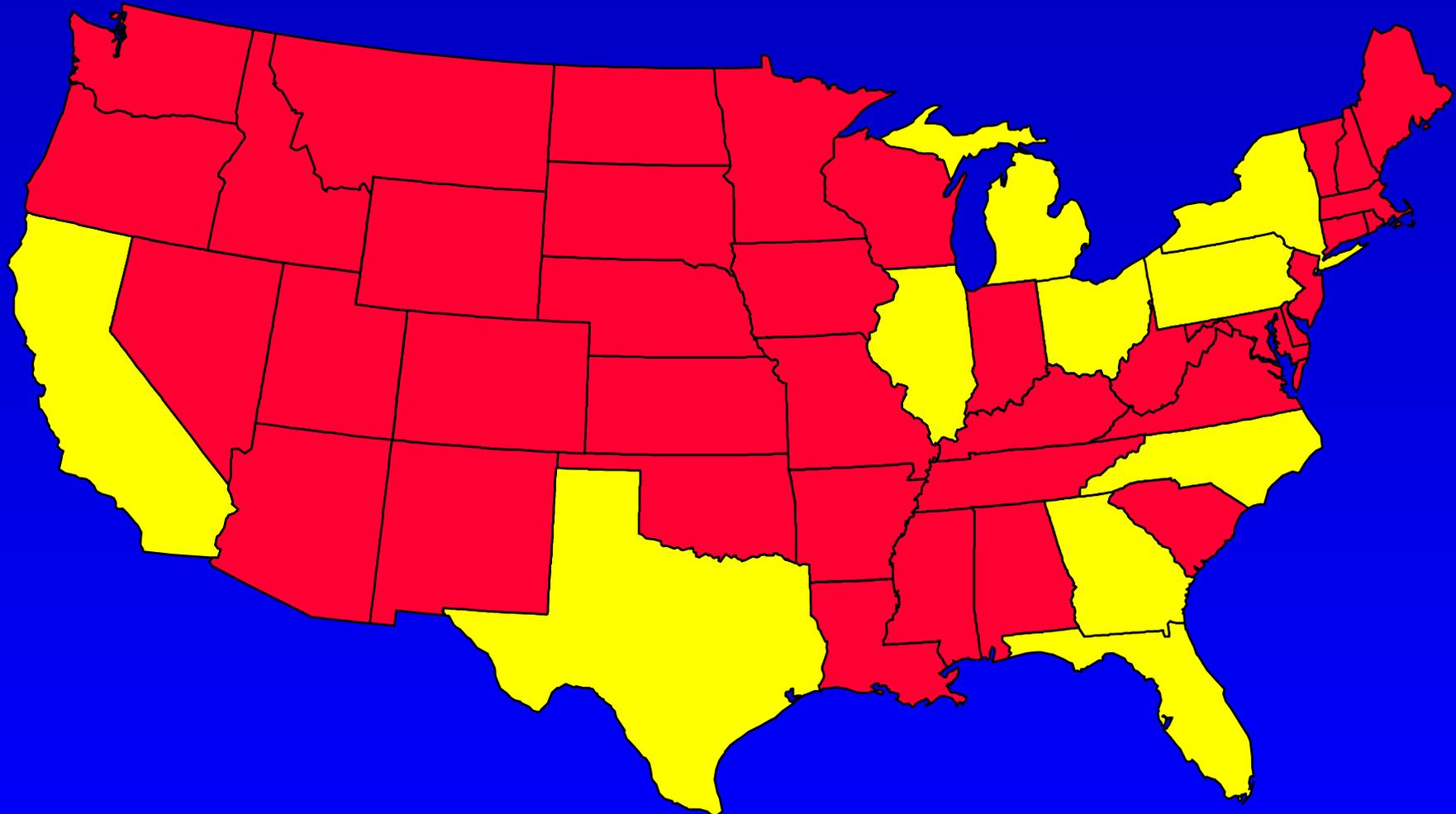
- **Immigration to U.S. has accelerated dramatically during last decade, especially from Latin America and Asia**
- **Concentrated in California, New York, Texas and Florida (2/3 of all immigrants)**
- **New immigrants and their children will account for more than half the 50 million new residents who will be added during new 25 years**
- **Many attempting to maintain cultural identities**

POPULATION GROWTH MOST RAPID IN WEST, 2020/2000

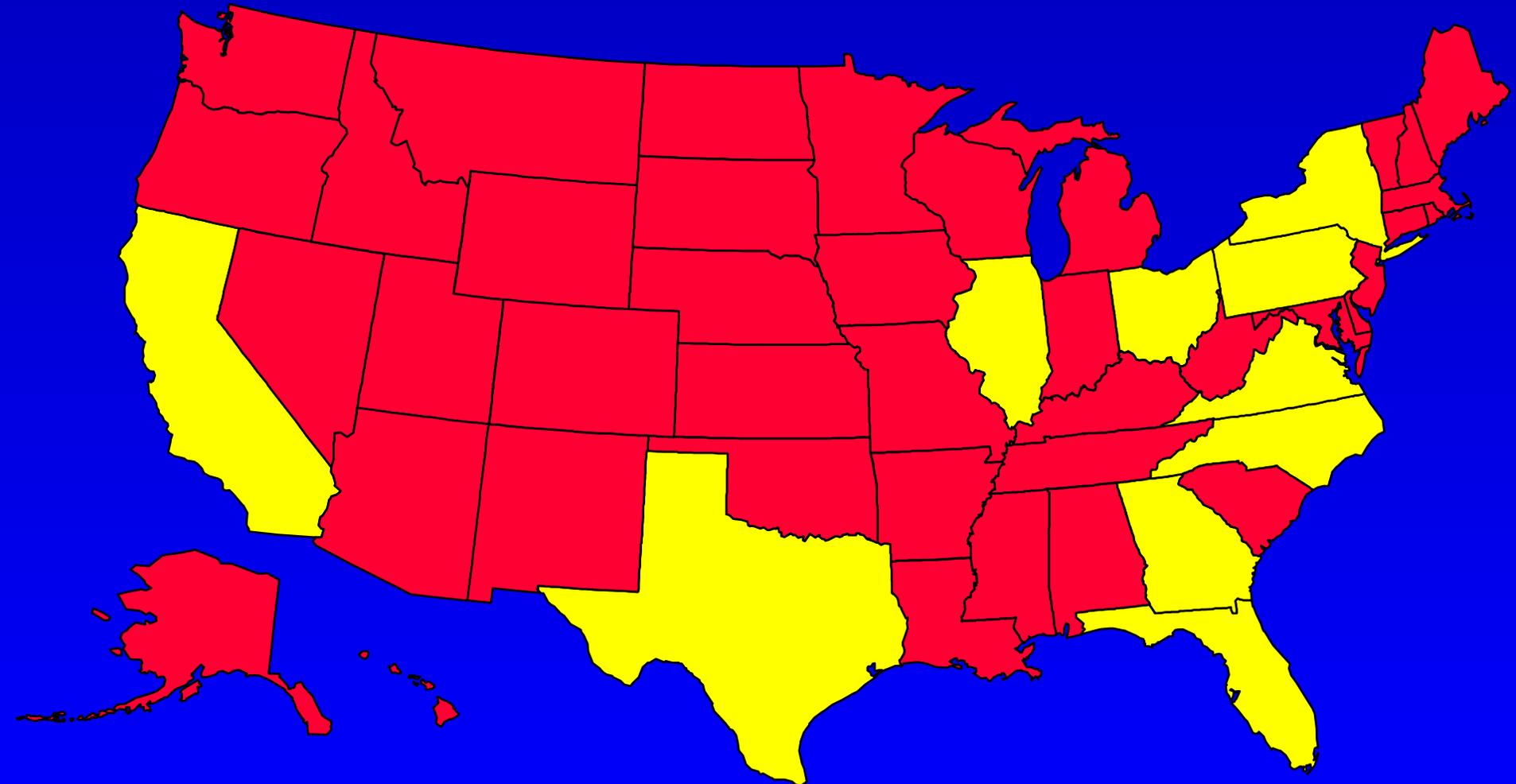


Source: U.S. Bureau of the Census

TOP 10 STATES OF ORIGIN OF U.S. RESIDENT TRAVELERS, 1999

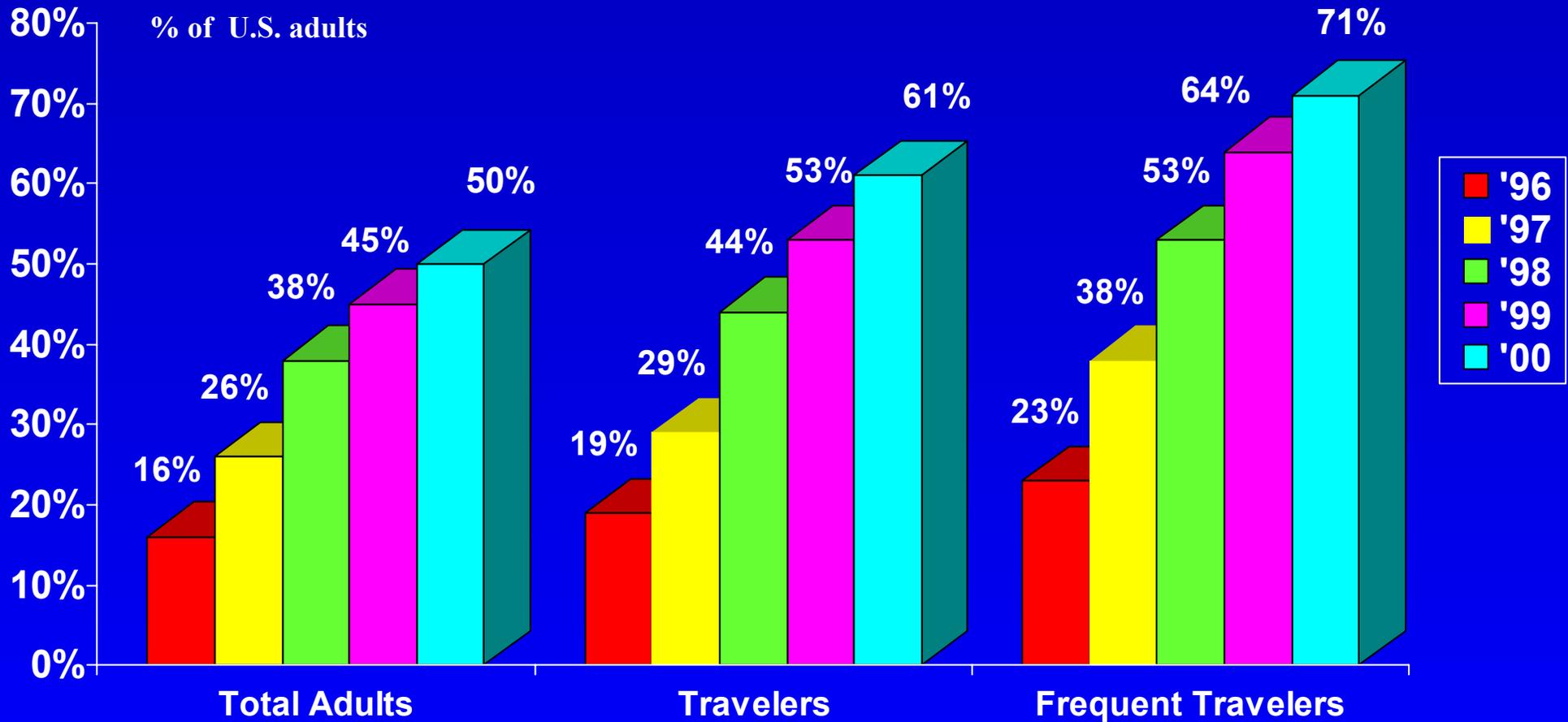


TOP 10 STATES OF DESTINATION OF U.S. RESIDENT TRAVELERS, 1999

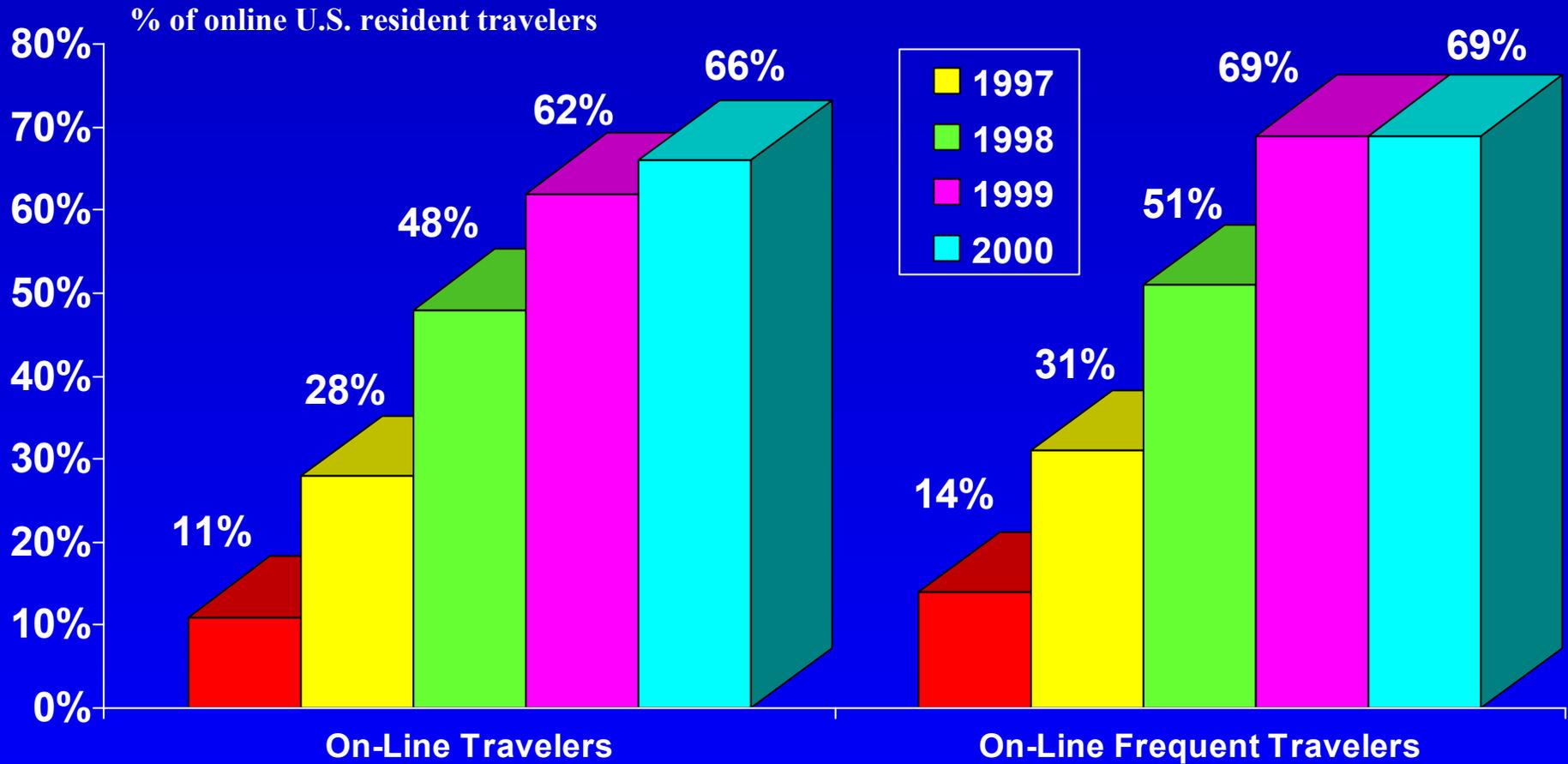


Source: Travel Industry Association of America - TravelScope®

U.S. ONLINE POPULATION 1996 - 2000

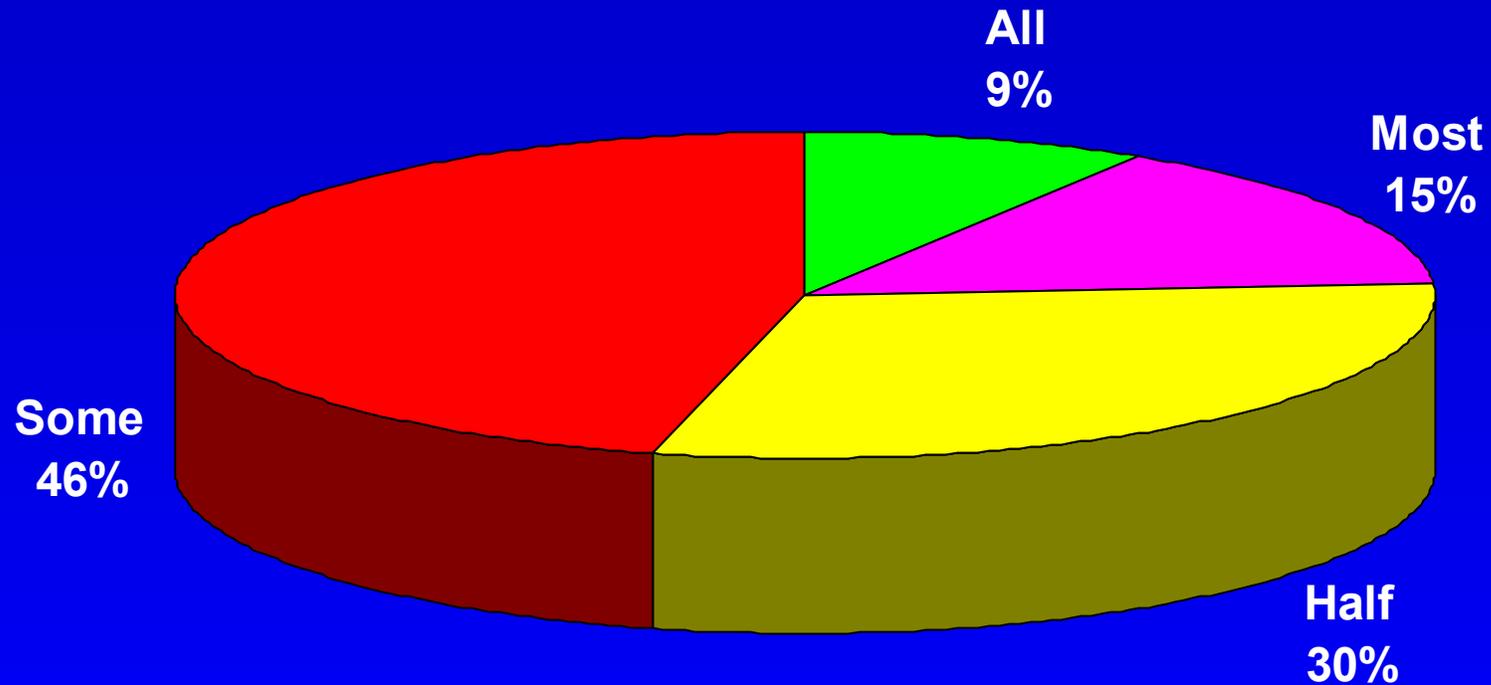


U.S. ONLINE TRAVEL PLANNING 1996 - 2000



SHARE OF TRAVEL PLANNING THROUGH INTERNET, 2000

Among U.S. online travelers who used Internet to plan

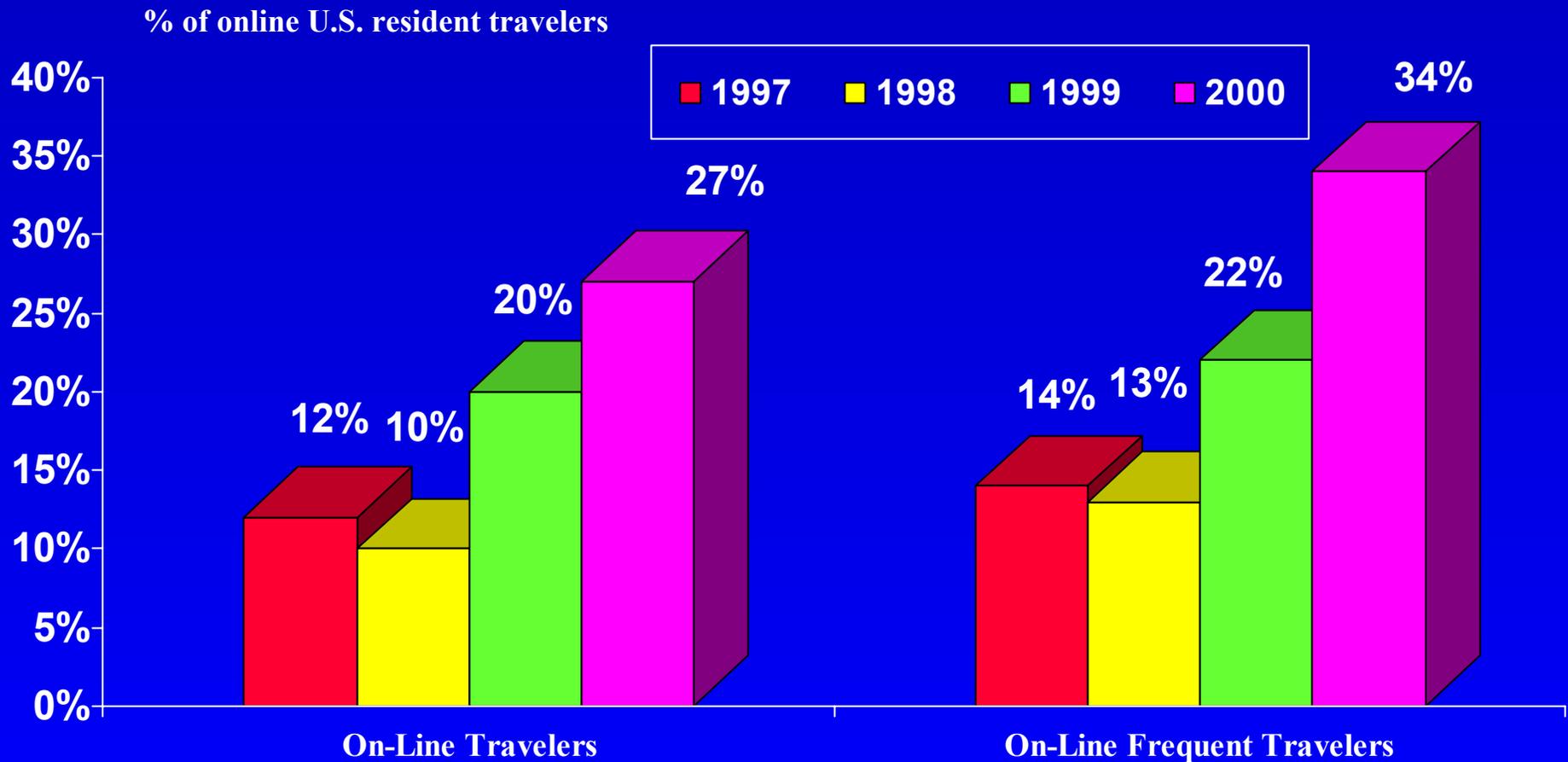


OTHER SOURCES OF TRAVEL PLANNING INFORMATION

(Among Internet users who did not do
100% of travel planning on-line)

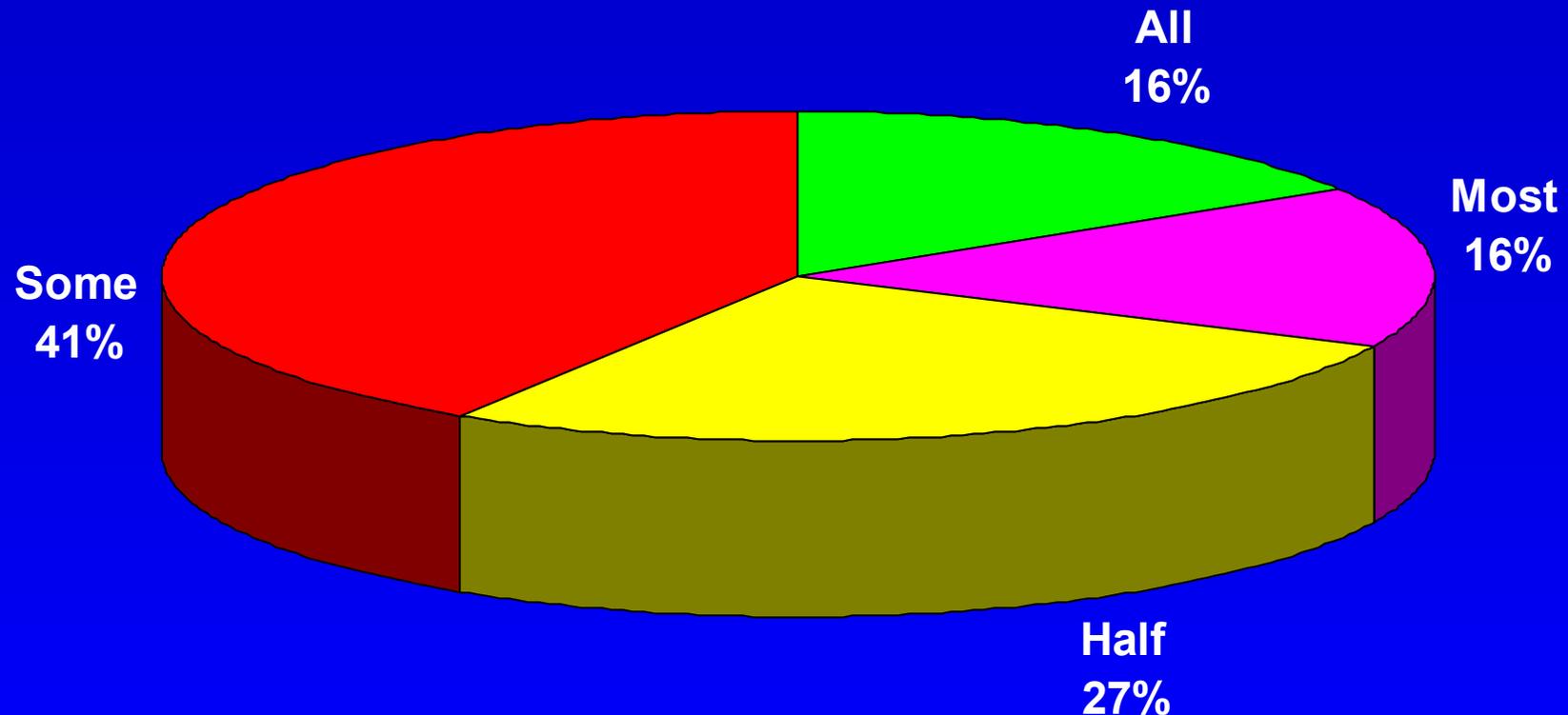
	<u>18-34</u>	<u>35-54</u>	<u>55+</u>
Call or visit a travel agent	54%	52%	63%
Call or visit a travel company	64	52	61
Call or visit a tourism office	24	24	30
Travel guides, books or magazines	58	55	37
Newspaper travel section	25	23	44
Friends, family or co-workers	80	60	65
Other mentions	2	2	2

U.S. ONLINE TRAVEL BOOKING 1997 - 2000



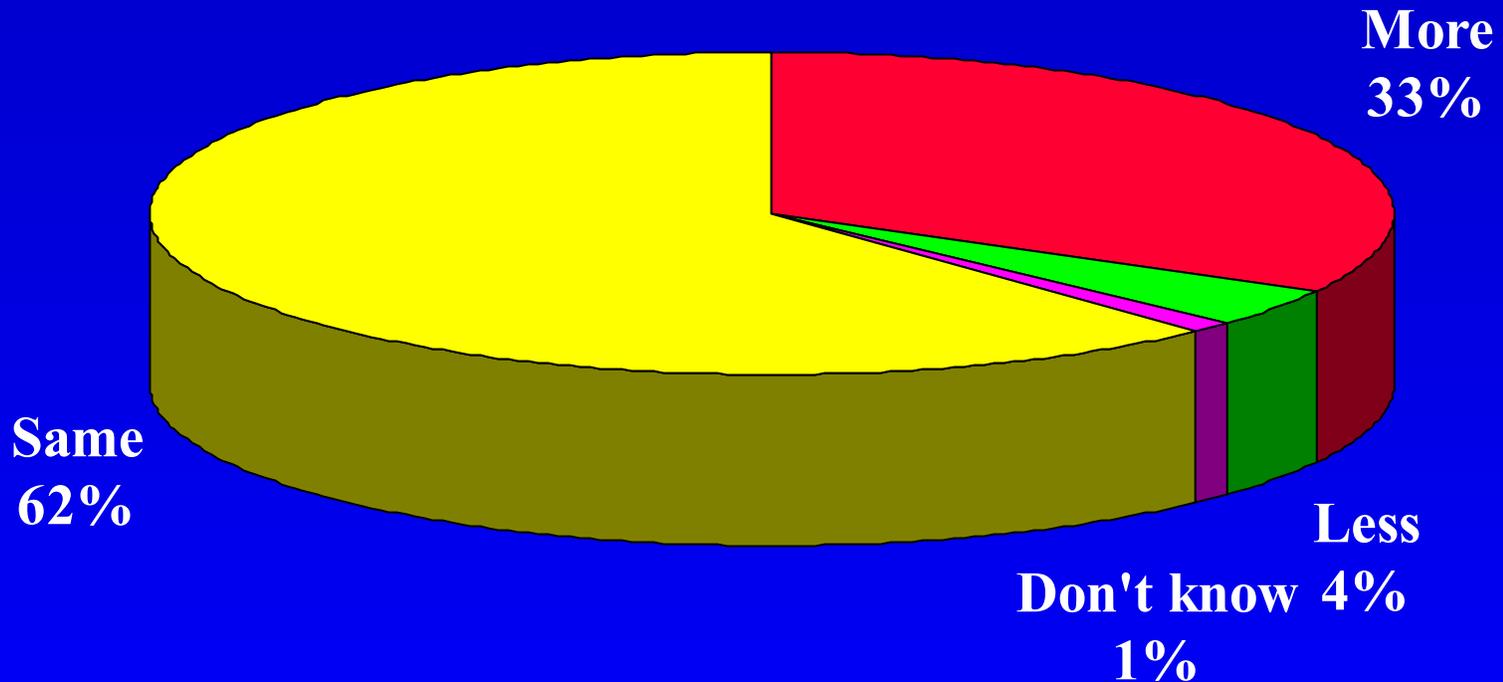
SHARE OF TRAVEL RESERVATIONS THROUGH INTERNET, 2000

Among U.S. online travelers who used Internet to book



INTENDED USE OF INTERNET FOR TRAVEL PLANS NEXT YEAR

% of U.S. online travelers who used Internet for planning



ON-LINE TRAVEL FORECASTS

- **Online population in U.S. will double from 107.5 million today to 210 million in 2004**
- **Internet users 55+ will be fastest growing segment**
- **Total U.S. Internet commerce - \$80.5 billion in 1999, will reach \$1 trillion by 2004, 65.5% CAGR**
- **On-line travel spending will rise from \$6.5 billion (5% of bookings) to \$28 billion (14%) by 2005**
- **Total online air ticket sales will grow from \$5.3 billion in 1999 to \$18.3 billion in 2004, to make up 18% of sales**

ON-LINE POPULATIONS, 1999

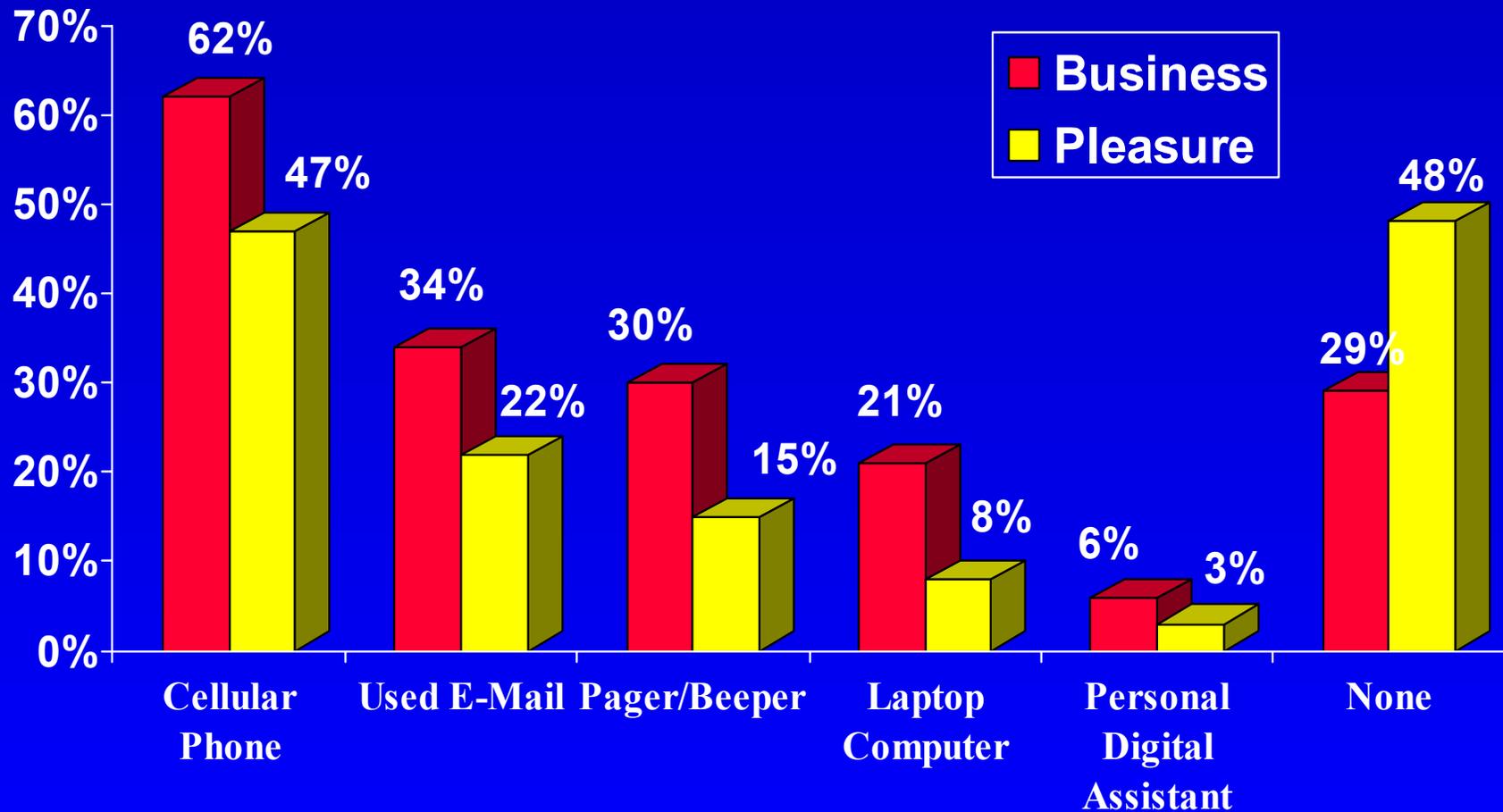
	<u>Millions</u>	<u>% of Population</u>
U.S.	108.1	59%
Japan	32.4	33%
United Kingdom	14.1	33%
Germany	18.1	29%
France	8.8	22%
Brazil	5.2	21% (Urban)

CHANGING NATURE OF WORK AND LEISURE

- **Blurring of boundaries of space and time for work and leisure**
- **Dramatic growth in distributed work and work flexibility**
- **Reduced need to travel solely for business, but combined business/leisure and leisure travel will grow**
- **Both business and leisure travel more motivated by self-actualization**

TRAVELERS STAYING “WIRED” WHILE AWAY, 2000

Items Taken Along on Past Year Trip



TECHNOLOGY FORECASTS

- **Multi-media connectivity this decade**
- **Technology to become more ubiquitous and invisible**
- **More and more can participate in group activities without leaving home**
- **Enhanced control over information flow through “knowbots” – intelligent software agents**
- **Rise of WAP – Wireless Application Protocol**
- **Virtual reality - try before you buy**

LIKELY CHANGES IN TRIP PLANNING

- **Increasing Importance of Specialty/Ethnic Media**
- **Continued Growth in Use of Internet - Worldwide**
- **Rising Influence of “Third Party” Sources**
- **Use of Personal Agents**
- **“Collaborative” Planning**
- **“Mobile Information Society” - Wireless Technologies**
- **More Planning While On the Trip**

TRANSPORTATION FORECASTS

- **By 2010, hybrid vehicles**
- **By 2020, IVHY Systems**
- **Hypersonic travel – could be common by 2025**
- **Big gains in travel speed, efficiency and safety because of improved efficiency through computerized logistics**

CONSUMER TRENDS LIKELY TO BUILD

- **U.S. will become a more heterogeneous nation, but more regionally homogeneous as we cluster**
- **More culturally diverse**
- **More fragmented**
- **New focus on individual**
- **New types of marketing**
- **Increasingly involved in product/service design**

CONSUMER TRENDS LIKELY TO BUILD

- **More focus on doing well while doing good**
- **Increasing emphasis on quality of life and lifestyle enhancement**
- **Growing interest in making contribution to society**
- **Rising emphasis on environment and sustainability**
- **Rise in secular spirituality**

CONSUMER TRENDS LIKELY TO BUILD

- **Education more recognized and promoted as a lifelong goal to enhance self-actualization - personal best**
- **Leisure as learning**
- **Merit badge mentality**
- **Increased mobility and changing views of ownership**

TYPES OF TOURISM LIKELY TO GROW

- **Visit Friends/Relatives (VFR)**
- **Intergenerational/Grand-Travel**
- **Combined Business and Leisure Travel**
- **Enrichment Tourism**
- **Health/Revitalization/Enhancement Tourism**
- **Eco-Tourism and Soft Adventure**
- **“Legacy” Travel**
- **International Travel (In and Out-Bound)**
- **Virtual Travel**