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TOP 10 TRENDS OF THE NEXT GENERATION OF TRAVEL: **THE MILLENNIALS**

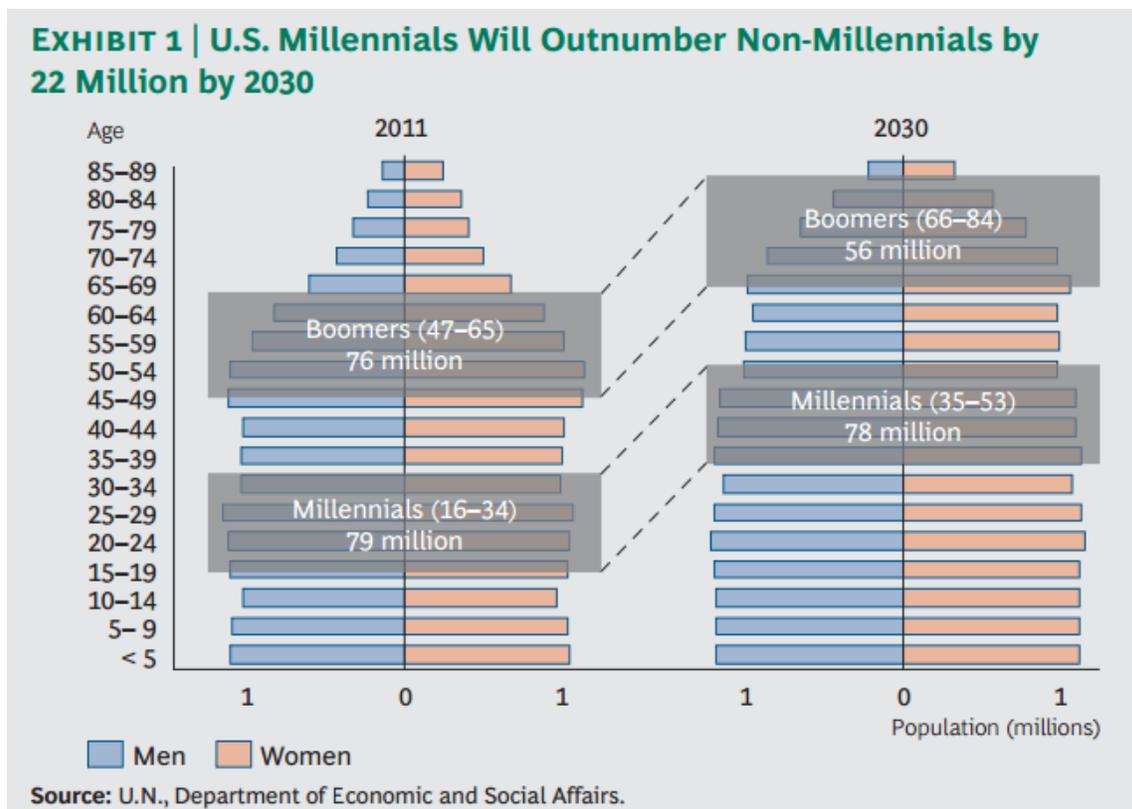
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Introduction

The travel trends of the Baby Boomer generation have been the focus of a great deal of analysis as the industry competes to capture their business. However, a new generation is surpassing this segment and will be garnering as much attention: The Millennials. This age group is beginning to outpace the Baby Boomer’s 76 million population with their own 79 million, and is projected to attain an even larger population gap at 78 million compared to the Boomers’ 58 million by 2030.ⁱ Though most people are aware that the Millennial generation is tech-savvy and will not travel in the same style as their parents, there has not been significant research concerning the trends and changes this generation will bring to the hospitality industry.



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Who Are They?

“Generation Y. The Millennials. Generation Next.” These are just a few of the names attributed to the generation born between 1980 and 1999. Many businesses argue that the younger end of the Millennials may still depend financially on their parents, but the older end of this spectrum is already experiencing their peak spending years. With an increase of 20% in 2010 based on American Express Business Insights, this age bracket is the fastest growing segment for travel

spending. As a whole, the Millennials have not reached their spending peak, and already they dictate where hundreds of billions of dollars are directed -- and they still have more potential to spending power and are expected to start reach their peak in 2017.ⁱⁱⁱ

Trends

1. The Now Generation – Now, Instantaneity, and Flexibility of Service

Since individuals falling into this category are also labeled the *Now Generation*, Millennials seek immediate gratification. This holds true when traveling and in particular, during hotel stays. It cannot be ascribed as a “want” so much as a “need” since this generation has grown up with the technology that allows them to access information instantly. This capability to obtain data will not necessarily propel you ahead, but lacking it will definitely leave you behind.

The expectation is that hotels will provide comprehensive material on their websites. If not, Millennials will turn to Google, and search for answers on review sites such as TripAdvisor. This is not beneficial for hotel operators and owners as they cannot control the content on those sites. Therefore, if accurate substance is readily available and easily accessible, Millennials will easily obtain the answers they are seeking.

Additionally, Millennials expect speed and efficiency in their travels. As an example, they prefer fast-casual restaurants such as Panera Bread. These eateries provide quality food, albeit no table service. They allow Millennials the flexibility to move in and out of the restaurant quickly with the desired product – fast, good food. To some degree, this trend has been adopted by the hotel industry with Aloft and Yotel, two brands that provide a quality experience incorporating kiosk check-ins. Although hospitality prides itself on service, kiosk and technology provide the type of ritual Millennials prefer. While the traditional offering dictates a friendly front desk agent greeting guests, a kiosk does not translate into poor service, just service of a different kind. 36% of Millennials prefer automated kiosk check-ins minus staff interaction compared to 19% of the older generations.^{iv} When ATMs were initially introduced, members of the banking industry believed that customers would not trust machines with their money as opposed to actual bank tellers. Obviously today, ATMS are ubiquitous and the norm. Another example of transition in the hospitality industry is the disappearance of the traditional concierge. Smartphones now deliver the best local advice. Why use a concierge necessitating time-

consuming conversation with an individual when an APP can do the same thing? With Twitter or other apps, travelers can ask hotel employees or “local experts” through their phones about the best restaurants instead of asking a traditional concierge agent. This provides the technological convenience to which Millennials are accustomed.

2. The Now Generation – Real Time Information

Another reason this group is called the Now Generation is because they demand information as it occurs. With the dominance of social media, the Millennials expect real-time reporting so they feel they are in the thick of things even when they are sitting comfortably at home. Twitter and Facebook status are an integral component in the lives of Millennials who regularly upload photographs on Instagram so they may share their news in real-time with friends and colleagues. They expect this from hoteliers, as well. One humorous perspective of this generation is the question, “*If I didn’t check-in and there aren’t photos of the night on Facebook, did it really happen?*” Millennials are accustomed to sharing their life’s activities and opinions instantly with friends through social media. This is demonstrated predominantly in the television industry where it is standard procedure to post a hashtag in the corner of the TV screen to enable viewers to share opinions and reactions on Twitter simultaneously as the show is airing.

Many hoteliers have enjoyed success sharing hotel event photographs using apps such as Instagram. This allocation of information in real-time increases the buzz, and often convinces Millennials to join in spontaneously. In fact, the Hotel blog, [Hotel Chatter](#), actually listed Gansevoort Hotels, Morgans Hotel Group, The Standard, Thompson Hotels, and Four Seasons Los Angeles as the top five hotels or brands to follow on Instagram. These luxury boutique hotels have routinely embraced social media on various levels.



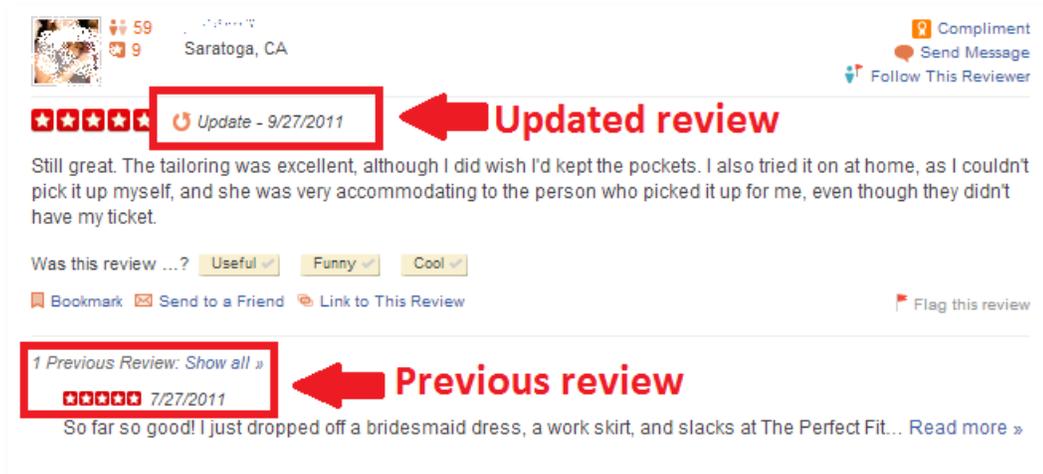
Another benefit of real-time information is that it enables Millennials to identify a “happening” worthy of a visit. Many hotels post “teaser” pictures of events, parties, or activities being promoted to entice people to attend, “*A picture is worth a thousand words.*” Why describe how cool a DJ and rooftop pool party is going to be when you can sum it up in a single photo reaching thousands of followers with one click? When there are so many alternatives for Millennials, they ultimately aspire to select the best option for the very same day. FOMO or “Fear of Missing Out” is a phenomenon born from the Millennial Generation and social media, and stems from a deep-seated concern that your friends or the person sitting next to you is having more fun. Possessing real-time photos will guarantee the most current data and options for a generation that considers it the norm to makes last minute plans based on an informed decision.

3. Peer Review

Millennials grew up bombarded with advertising, and they are too sophisticated to be “tricked” by marketers. Thus, Millennials turn to their peers for “expert” opinion. On average, a Millennial will check 10.2 sources before booking. vWith review sites such as TripAdvisor or Yelp being so commonly used, it is now a powerful tool to get real opinions about hotels or restaurants. Millennials will often look up reviews in real-time on their mobile devices while they are deciding where to eat or stay. This is especially prevalent

with apps such as Yelp where upon check-in, reviews and tips automatically pop-up and this neatly ties in with Now Generation trends of garnering current information instantly.

Although these review sites may not be as professional as the New York Times Dining section, there is a certain level of authenticity and trust in a friend's or peer's review. Historically, marketers have always been aware of this phenomenon as well as the power of word of mouth. Reviewers on Yelp and other sites are experts of another genre, not possessing the traditional set of credentials. And social media only amplifies reviews with the speed of which information is shared and the process by which material is organized by voting up or down with flattering or critical reviews so that the most prevalent reviews are the top search results. Sites such as TripAdvisor and Yelp are beneficial to hoteliers as they provide the option to respond to negative comments. The response and reaction to reviews creates the chance to flip a harmful experience, as reviewers can change their original perspective or offer a follow-up assessment based on the response of hoteliers. However, this is only possible if hoteliers monitor their social media presence, in essence, having dedicated social media personnel is always advantageous.



4. Social Creatures – Online and Offline

Millennials are social creatures online and offline. Although previous generations express trepidation that this generation will be unable to dialogue and interact with others due to their reliance on texting and other forms of communication, Millennials do, in fact, connect with their peers, in ways the older generation is unfamiliar with such as texting, Facebook message, GChatting, WhatsApp, etc. The use of social media to bond with others also feeds

into the “Fear of Missing Out” where Millennials feel the need to share their current location, activities, and opinions with others, and this becomes their method of interaction. This allows them to validate the “fun” they are having with their peers’ approval in the form of a “like” on their Facebook status or check-in, giving them a much broader reach than previous generations. While members of previous age brackets may inform a few friends via phone calls about a great hotel stay, Millennials will post a picture or review that can easily reach thousands of people at once. This again addresses the power and reach of social media’s popularity and the importance of a positive review -- or a hotel’s reaction to uncomplimentary comments.

Additionally, Millennials are sociable offline as they are a generation that enjoys traveling with others, whether or not they have met previously. 58% of Millennials (20% higher than older generations) prefer to travel with friends.^{vi} Companies offering tour groups such as Contiki are exceedingly popular as they target Millennials, with an age cap at 26. They provide opportunities for Millennials to meet other Millennials and experiences foreign countries with new people. This provides hotels with the opportunity to target Millennials by connecting and reaching out to them. Again, Aloft has embraced this idea very well by creating the social lobby and XYZ Bar with a much younger and “hipper” vibe that appeals to Millennials and draws them to socialize in the lobby rather than remaining sequestered in their rooms. The Trypt Hotel Times Square has also embraced this idea and taken it one step further with the use of LobbyFriend, an app that encourages hotel guests to meet and greet fellow guests. Even if Millennials don’t meet others in the lobby area, they do practice “isolated togetherness,” being alone on individual laptops or phones, but doing it in a public area. Advances in technology and sociability will attract Millennials who are seeking interaction and socialization to which they have become accustomed.

5. Different Booking Structure

Compared to previous generations, another trend with Millennials that is heavily influenced by technology is the change in booking structure. Millennials use a shorter booking window consisting of 75 days compared to 93 days, the rule for older generations.^{vii} Millennials make snap decisions in real time due to all the previously mentioned reasons. Thus, it is of critical importance that hoteliers offer the most up-to-date, real-time, accurate information on their websites to best control internet content regarding their property. Social media

and review sites must be constantly monitored as Millennials consistently peruse reviews before booking.

Millennials grew up surrounded by technology. They cannot relate to a time where internet and cell phones didn't exist and, therefore, have different expectations for travel such as instant email confirmation and digital boarding passes on their smartphones. It also means they are fluent and comfortable with booking travel plans online, as well as on mobile and tablet devices. Brand websites content combined with mobile-optimized webpages and apps are mandatory as many Millennials will be viewing that material on various devices. Mobile websites and apps should be designed to provide the same quality of content, along with ease of navigation and booking based on its change in interaction.

As previously indicated, technology also provided Millennials with the ability to conduct more research and comparison shopping. OTAs began this process with Expedia, Orbitz, Travelocity and the like, becoming an aggregate search and booking engine for the various hotels and airlines. Now, even more sophisticated search engines have developed including Kayak that aggregate and explore the other search engines including going directly to the brands. Accordingly, brands have been adopting "lowest price guarantees" such as Starwood's "Best Rate Guarantee" where the published rate on their own website will be the lowest price available or the guest receives a 10% discount of 2,000 SPG Starpoints. Another unique change in booking is the emergence of deal websites that started in the luxury market with Gilt Group and location-based deals with Groupon. Targeted at travelers, sites such as Jetsetter offer deals on vacations as well as other travel experiences at reduced pricing presenting both opportunities and threats to hoteliers. They can embrace the chance to reach a wider audience of travelers who otherwise may not be able to afford or may not have heard of their brand or property. However, it also presents revenue management issues along with the dilemma of how to keep these Millennials as repeat customers.

6. Millennials as Business Travelers

The older end of the Millennials spectrum is already traveling for business. In the past, hotel rooms offered in-room desks as it was expected that people worked in their rooms, travelers now want to work in a "third space." This was popularized with the coffee shop culture where people went for "third space" other than their home and work space and is

segueing into the hotel industry where the lobby has been transformed into a place of socialization and work. Again, Millennials are social creatures who value group work and feedback. 36% of Millennials responded that they prefer to work in the lobby area compared to 17% of older generations.^{viii} The standard for the industry is Marriott Courtyard's Bistro Lobby with their bar seats, pod seating to encourage group work, and open socializing nature. More and more hotel lobbies are being designed as an attractive place for work with a social component to adapt to the changing needs of younger travelers.

7. Required Essentials and Wanted Amenities

Millennials are not the travelers their parents were. Their first experience with travel may not have been in hotels but rather in hostels that have become popular with backpackers and young budget conscious travelers. The basics of all hostels are a clean bed, a hot shower, and free wifi. If free wifi can be provided at \$10 or under per night at hostels, it is obvious why Millennials cannot comprehend the policy of luxury hotels with a rate of over \$500 a night charging an additional \$20 per day for wifi. As shown by IHG with their newest announcement that all members in their new IHG Rewards Club will receive free wifi starting in 2014. Other than a clean bed, wifi is probably the Number One item Millennials seek in a hotel --it is not an amenity, but a requirement.

Other than the essentials, Millennials are also looking for that "something extra" in a hotel. A Marriott is a Marriott is a Marriott. The big box hotel can quickly become monotonous to a Millennial, as they do not wish to Instagram a photo of a boring room to share that with their friends. They search for the "cool factor" and individualistic aspect in their travels and want a story to share when they go home. This can be done with a special amenity such as local potato chips and beer in the mini-bar or a unique design aspect such as distinctive local artwork in each room, or a special event such as a Swedish deejay spinning on the hotel's rooftop bar. There must be something unique that draws the Millennial traveler in that they can't find at another property. To put it simply, the hotel must have a certain *je ne sais quoi* or else why stay at this property?

8. Authentic Local Experiences

Millennials reject a cookie cutter journey. They are not the type of traveler to visit Paris to just view the Louvre's Mona Lisa. Millennials demand to be integrated in the culture with

an authentic local experience. They not only want to see the Mona Lisa, but then go to a local café and people watch while sipping a latte and then visit a local, underground wine bar that has secret entrance. 78% of Millennials indicated that they prefer to learn something new when traveling, while 70% indicated they expect special places to offer immersive experiences that are interactive and hands-on.^{ix} This idea has sprouted into new accommodation concepts including hostels, Air BNB, couch surfing, and home exchanges.

Hostels allow Millennials to meet other Millennials while interacting with the locals. This is reflected in the new social lobbies and local concierges that brands are introducing as previously mentioned. Air BNB, couch surfing, and home exchanges allow Millennials to move out of the traditional hotel experience and feel “at home” in a new city. In order not to lose Millennials to these other forms of accommodations, hoteliers much provide an equally authentic experience.

9. Volunteer Travel/Social Responsibility

Another aspect of a journey that is essential to Millennials is the idea that they are promoting social responsibility. They not only want to view new sites and enjoy local experiences, but hope to contribute to the community and the world. 77% of Millennials believe it is imperative to address causes that are important to them.^x Millennials grew up in an increased social society and strive to support their beliefs and views in all aspects of their lives.

On the more extreme end of the spectrum, one popular form of volunteer travel is through WWOOF, World-Wide Opportunities on Organic Farms, where in exchange for help on organic farms, hosts provide food and accommodations to visitors. Many local properties will now offer excursions to the neighboring school for an afternoon to interact with the students in a game of soccer or story time. Some hotels offer a list of desirable items that local school would like donated if guests are inclined to contribute to the community. Even if Millennials cannot physically volunteer, they still want to feel that they are supporting sustainable travel by staying in eco-friendly or LEED-certified properties. In this manner, they dictate where their money is directed and support sustainable projects, the local community and products, and other causes in which they believe. This green theme can be seen in the recent development of eco-friendly brands such as Starwood’s Element or Hilton’s Home2 Suites.

10. Pod Hotels

A new hotel type that is geared towards Millennials is the pod hotel concept. The Pod hotel is characterized by limited room size, unique luxury design, and high-tech gadget features which are the main requirements Millennials are seeking. These luxury qualities are accomplished by sacrificing space for price. Pod hotels can be an excellent alternative in locations where traditional hotels cannot be built, such as in airports and in the heart of major urban cities, where land available for development is limited and expensive, and high density projects are permitted. The trend was started with Yotel and has been increasing in popularity with the spread of brands such as CitizenM and Qbic demonstrate the changing landscape of hotels and travel for Millennials and their willingness to discover something that is uniquely appropriate for them. If a brand is able to introduce the right product, Millennials will flock to it.

A Personal Example of These Trends

As a 20-something Millennial myself, I thought I would give an example of how each trend has impacted my life of travels and some anecdotal evidence and insight.

1. The Now Generation – Now, Instantaneity, and Flexibility of Service

As much as I love the hospitality industry, I actually dislike service! I don't enjoy the traditional old-fashioned five-star service, though I do expect assistance of a different kind from hotels. I want my questions answered and my concerns addressed without having to interact with a human being. The Millennial generation is astounded when their parents unabashedly send back restaurant food such as when a steak is not cooked to order -- while they grudgingly consume the steak and then write a scathing Yelp review upon their return home. Whenever I travel, I only use mobile boarding passes, booking my tickets online; I check-in online and arrange for my boarding passes to be sent straight to my phone to bypass the airline as much as possible.

2. The Now Generation – Real Time Information

During the last election campaign, I viewed the presidential elections on YouTube live on half of my computer screen while having live TV station commentary on the other half of my screen while my phone was open on Twitter with the #debates hashtag being updated in

real time. I not only want to watch the presidential debate live, but wish to join in on the live conversation as it happens while sharing my opinions and listening to others (whether it be a professional journalists or Joe Smith in Kansas on Twitter). Although not a hospitality-focused example, this exemplifies how much technology comes in real-time now. On occasion, I've decided to visit a certain hotel rooftop because I saw a Facebook item indicating that my friends were going to an event there in an hour and decided to join in the festivities.

3. Peer Review

Living in New York City, there is a plethora of restaurants from which to select. One can dine out every day and still never sample every Big Apple restaurant. After relocating to New York City a year ago, I discovered the power of Yelp. As is a habit with other friends, I routinely check reviews and check-in at a restaurant. When seated, but prior to looking at the menu, I check Yelp on my phone and peruse dishes the restaurant is famous for and then make a decision in conjunction with the menu listing. Especially in a City such as New York, I know many individuals who refuse to dine anywhere with a rating of 3.5 stars or below. Yelp is to restaurants as TripAdvisor is to hotels. Millennials perform research before booking.

4. Social Creatures – Online and Offline

With a job that allows for some flexibility, I have the opportunity to work from home intermittently. Although I could just sit in my own room and work, I often meet up with my colleagues at coffee shops or hotel lobbies where we prefer to sit together in a public area while working individually.

5. Different Booking Structure

Several days after Hurricane Sandy, I had a business trip to Baltimore from New York City and as trains were still not running, I booked a rental car. While listening to the radio as I commenced the journey, I heard that due to the enormous congestion in the City, Mayor Bloomberg imposed a rule that only cars with three or more people were allowed back into Manhattan. Without an alternative plan to return to the City, I immediately pulled out the Kayak app on my smartphone and located a flight from Baltimore to New York City for the very next day and booked it on the spot. My booking window in this situation was 18 hours

and I went from “stranded in Baltimore” to back home on a Friday night in under five minutes thanks to my phone.

6. Millennials as Business Travelers

Upon my arrival at the airport for my first business trip, I realized I did not look like the other business travelers. They were my parents’ age and accordingly, were dressed in suits carrying black briefcases. Conversely, I resembled the college students boarding who were returning to school after winter break. As the future of Millennial business travelers, I do not feel comfortable sitting in a dark, oak-paneled lobby bar when I am away on business. If I have a hotel choice when I travel for work, I prefer an Aloft as it provides me with all that I need and allows me to “hang out” by the XYZ Bar with the fun brightly-colored seating area so I can charge my laptop, tablet, and phone simultaneously without having to climb on the floor looking for an outlet all while enjoying free wifi that is easy to connect to.

7. Required Essentials and Wanted Amenities

My biggest pet peeve while traveling is having to pay for wifi. In fact, if a hotel charges me for wifi, I simply trek to the Starbucks down the street and enjoy coffee and free wifi while finishing up a project. As a 20-something traveler who relishes staying in hostels when traveling for pleasure, free wifi is something I expect – and if I expect it in hostels, I definitely expect it in hotels.

8. Authentic Local Experiences

During the past several years, whenever my European friends visited New York, they never stayed in hotels. Every single one of them opted to stay in an apartment. Though they found them through different sites, the concept was the same. They preferred a “local” experience in a non-touristy neighborhood.

9. Volunteer Travel/Social Responsibility

When traveling alone, I insist upon an eco-friendly or sustainable hotel. A new favorite brand is Hilton’s Home2 Suite which offers shampoo pumps in the bath instead of wasteful little bottles.

10. Pod Hotel

Moving up and out of hostels, I am still a budget-conscious young traveler. I enjoy exploring the city rather than sitting in my hotel room. Thus, it does not make sense to spend outrageously on something I am just sleeping in. I would much rather save dollars on my hotel room and enjoy a drink in the hotel's rooftop bar.

Conclusion

This generation of Millennials is here and growing. With their immense travel spending potential, it is necessary for hoteliers to observe these new trends and adapt to the changing nature of the next generation. Brands that don't create new or modify current concepts are likely to see a decreasing customer base as Millennials are unafraid of trying new products and utilizing new ways of booking as proven by the successful growth of pod hotels. If captured, the Millennials market will increase profitability and their trends will be the new normal of travel. Starwood's aloft brand and Marriott's newest brand announcement of MOXY Hotels is the perfect example. With a low price-range without sacrificing design, but capturing all the necessary amenities such as free wifi, social lobby, self check-in kiosks, and smart technology, aloft and MOXY is proof that Millennials aren't even the next generation of travel. We're here. Now. We're just waiting for you to welcome us not with open arms, but free wifi.



About HVS

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x *ibid*