

Travel Industry Prospects Bright Despite Economic Uncertainty

2007-11-20

Many Expect to Travel at Least as Much for Holidays and in Coming Year, says Deloitte Survey

Survey Highlights Emergence of Niche Travel, Continued Blurring Between Business and Leisure Travel, Growth of Internet Use for Travel Planning, And More

Despite the uncertain economy, 75 percent of Americans plan to spend at least as much on leisure travel in the coming year as they did in the past year, according to a survey commissioned by Deloitte. Additionally, the survey shows significant interest in new types of niche travel, such as adventure and volunteer trips.

The findings underscore the industry's strong activity: the vast majority of respondents (93 percent) said they have taken a leisure/vacation trip in the past year, and one in six (16 percent) said they took four or more. In contrast, a Deloitte travel survey in 2005 found that only 85 percent had taken a leisure trip in the previous year.

The upcoming holiday season will be one beneficiary of this trend: almost two-thirds (63 percent) plan to travel between Thanksgiving and New Year's, with almost one-third (32 percent) taking two or more trips during this period. For one-third (31 percent) of those taking a trip, this represents an increase over last year's holiday season.

'Many of these trips could be part of emerging niche travel segments,' said Adam Weissenberg, Deloitte's U.S. Tourism, Hospitality & Leisure Leader. Indeed, almost half (49 percent) say they would like to, or currently do, take "adventure travel" trips, and more than one quarter (26 percent) would like to, or already do, participate in volunteer travel, where they would do good while being away. Both of these segments were heavily represented in the younger age groups (18-29), however, almost one-third (32 percent) of Americans 75 years and over also said they were interested in adventure travel. Finally, more than one in 10 consumers (11 percent) say they will travel with extended family during the coming year.

'The travel landscape is clearly evolving,' said Weissenberg. 'As the Baby Boomers retire and Gen Y comes of age, different tastes and interests are emerging and niche travel markets are going mainstream. These trends are contributing to the overall growth of a strong tourism industry - while also presenting many challenges and opportunities for hospitality companies and other industry participants.'

Business or Leisure? Blurring Boundaries

The line between business and leisure travel continues to become blurred, with one-third of respondents (33 percent) saying they check/answer work emails and voicemails when they're on vacation. However, vacation is seeping into business travel as well: over half (52 percent) of travelers say they extended an average of 3.2 business trips for vacation/leisure over the past year. In addition, almost half (46 percent) had a family member or friend join them for at least one of these trips.

Americans are also continuing to take more shorter vacations and fewer longer ones - almost half (47 percent) of survey respondents said they are part of this trend. However, almost half (46 percent) also said they miss the traditional one- and two-week vacations.

Internet Usage Continues to Grow

Internet usage continues to be quite high in the travel industry, with 83 percent of respondents saying they used the Internet to research and/or purchase travel over the past 12 months, primarily for flights and lodging. The vast majority of consumers (87 percent) plan to use the Internet at least as much in the coming year, primarily because they find it easier and more convenient or believe they get better prices. Of those who will use the Internet less, most attribute this to decreased travel in the coming year.

In addition to convenience and better prices, consumers appreciate insights from other travelers: more than three-quarters (77 percent) consult consumer-written reviews on the Internet when planning their trips and almost one-third (32 percent) of those say they do so always or frequently. This compares to 62 percent of consumers in a recent Deloitte survey who said they read consumer-written reviews on the Internet regarding consumer packaged goods. Further, almost six in ten (56 percent) say their lodging choices have been directly influenced by what they've read, either by providing the information to make a choice, confirming their original intention or leading them to choose a different hotel.

'The travel industry has long been a pioneer and leader when it comes to the Internet and it continues to have extensive usage,' said Weissenberg. 'At a minimum, travel companies need to know what is being said about them on consumer review sites, the most successful companies will find ways to leverage these sites to help shape their brands, enhance their reputations, and increase market share and customer loyalty.'

Comfort is King

'The 'Bed Wars' waged in recent years appear to have paid off: Almost half of consumers we surveyed said that a deluxe, comfortable bed is one of the most important attributes when choosing a hotel room,' said Weissenberg. 'However, there are still other fronts to be fought - more than one-third cited an onsite restaurant as important and nearly the same number cited wireless Internet. Information such as this can give hospitality companies insights into how to build brand value and enhance

customer loyalty.'

In addition to these attributes, brands and past experience play a big part in customer loyalty: 41 percent of those surveyed say they generally choose the same hotel/resort chain(s) when traveling. However, there is good news for the more than 30 new hotel brands created over the past three years: 34 percent of consumers surveyed say they like to try new hotels when they travel.

'Green' Travel: The Next Front?

'Perhaps the next focus for hospitality companies seeking to strengthen their brands will be the environment,' said Weissenberg. In the Deloitte survey, approximately four in ten (42 percent) respondents said they try to be environmentally friendly when traveling, and one in five (21 percent) said they are willing to pay more for environmentally friendly hotels, resorts, rental cars, and similar products and services.

'The environment is clearly becoming more of a widespread issue and even influencing consumers' purchasing decisions,' said Weissenberg. 'Whether it's laundry policies, energy usage, recycled paper in meeting facilities, or energy-efficient rental cars, tourism companies are taking steps to become more environmentally friendly, and these steps are appealing to many consumers. We expect this trend to continue as consumer and corporate demands increase. Companies should be sure that real progress is being made before they promote these eco-initiatives, premature promotions can cause consumer backlash.'

About the Survey:

The survey was commissioned by Deloitte and conducted online by an independent research company between October 19 and October 26, 2007. The survey polled a sample of 2,027 consumers and has a margin of error for the entire sample of plus or minus two percentage points.

For more information about Deloitte's Tourism, Hospitality & Leisure practice, please visit www.deloitte.com/us/thl.

This article comes from Hotel News Resource

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