TOURISM FUTURES
LOOKING OUT TO 2020

Presented by
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Senior Vice President, Research

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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%)

Source: Travel Industry Association of America
DOMESTIC TRAVEL INTENSITY
BY AGE GROUP, 1999

100 = Average Household

Source: Travel Industry Association of America
DOMESTIC BUSINESS TRAVEL INTENSITY BY AGE GROUP, 1999

Source: Travel Industry Association of America
DOMESTIC PLEASURE TRAVEL INTENSITY BY AGE GROUP, 1999

Source: Travel Industry Association of America
PROJECTIONS OF U.S. HOUSEHOLDS BY AGE OF HOUSEHOLD HEAD

 Millions

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2000</th>
<th>2010</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>5.0</td>
<td>5.7</td>
<td>6.1</td>
</tr>
<tr>
<td>25-34</td>
<td>17.0</td>
<td>17.4</td>
<td>20.3</td>
</tr>
<tr>
<td>35-44</td>
<td>23.9</td>
<td>20.6</td>
<td>22.5</td>
</tr>
<tr>
<td>45-54</td>
<td>21.2</td>
<td>21.4</td>
<td>25.3</td>
</tr>
<tr>
<td>55-64</td>
<td>20.7</td>
<td>24.3</td>
<td>22.1</td>
</tr>
<tr>
<td>65+</td>
<td>25.1</td>
<td>34.9</td>
<td></td>
</tr>
</tbody>
</table>

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

(Millions)

- 2010/1999
- 2020/2010
- 2020/1999

2010/1999 = +12%
2020/1999 = +27%

Source: Travel Industry Association of America
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%

Source: U.S. Bureau of Census, Bureau of Transportation Statistics
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*

Billion of U.S. Dollars


$36.2 $43.0 $48.4 $54.7 $57.9 $58.4 $63.4 $69.8 $73.3 $71.1 $73.0

*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)

<table>
<thead>
<tr>
<th>Reason</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Togetherness</td>
<td>86%</td>
</tr>
<tr>
<td>Get Away from Stress</td>
<td>69</td>
</tr>
<tr>
<td>Rest and Relaxation</td>
<td>68</td>
</tr>
<tr>
<td>Visit Friends/Relatives</td>
<td>48</td>
</tr>
<tr>
<td>Excitement/New Experiences</td>
<td>41</td>
</tr>
<tr>
<td>Physical Activity</td>
<td>32</td>
</tr>
<tr>
<td>New Places/People</td>
<td>30</td>
</tr>
<tr>
<td>For Luxury/Feel Pampered</td>
<td>17</td>
</tr>
</tbody>
</table>

Sources: Better Homes & Gardens and Travel Industry Association of America
<table>
<thead>
<tr>
<th></th>
<th>TOP 10 ACTIVITIES AMONG DOMESTIC TRAVELERS, 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shopping</td>
</tr>
<tr>
<td>2.</td>
<td>Outdoor Recreation</td>
</tr>
<tr>
<td>3.</td>
<td>Historical Places/Museums</td>
</tr>
<tr>
<td>4.</td>
<td>Cultural Events</td>
</tr>
<tr>
<td>5.</td>
<td>Beaches</td>
</tr>
<tr>
<td>6.</td>
<td>National/State Parks</td>
</tr>
<tr>
<td>7.</td>
<td>Nightlife/Dancing</td>
</tr>
<tr>
<td>8.</td>
<td>Gambling</td>
</tr>
<tr>
<td>9.</td>
<td>Theme/Amusement Parks</td>
</tr>
<tr>
<td>10.</td>
<td>Sports Events</td>
</tr>
</tbody>
</table>

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)

- Camping: 64.7
- Hiking: 44.8
- Biking: 27.2
- Animal Watching: 24.3
- Horseback Riding: 24.1
- Canoeing: 22.5
- Water Skiing: 20.0

Source: Travel Industry Association of America
HARD ADVENTURE ACTIVITIES
(On Trips in Last 5 Years)

- Whitewater rafting/Kayaking: 14.8 million
- Scuba Diving/Snorkeling: 12.4 million
- Mountain biking: 10.8 million
- Backpacking: 8 million
- Rock climbing: 7.4 million
- Spelunking: 5.7 million
- Skateboarding: 4.3 million

Source: Travel Industry Association of America
CULTURAL, ARTS, HERITAGE OR HISTORIC ACTIVITIES AND EVENTS INCLUDED ON TRIPS IN PAST YEAR (% of U.S. Adults)

- Any Cultural: 46%
- Historic Site: 31%
- Museum: 24%
- Art Gallery: 15%
- Live Theatre: 14%
- Heritage/Ethnic Festival: 13%
- Opera/Classic Concert: 7%
- Dance Performance: 5%
- Film Festival: 3%
- Poetry/Literary Reading: 2%
- Other Concert: 15%
- Other Cultural Activity: 10%

Sources: Americans for the Arts, Travel Industry Association of America
<table>
<thead>
<tr>
<th>Rank</th>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shopping</td>
<td>29%</td>
</tr>
<tr>
<td>2.</td>
<td>Historical Places/Museums</td>
<td>15%</td>
</tr>
<tr>
<td>3.</td>
<td>Cultural Events</td>
<td>12%</td>
</tr>
<tr>
<td>4.</td>
<td>Gambling</td>
<td>11%</td>
</tr>
<tr>
<td>5.</td>
<td>Outdoor Recreation</td>
<td>11%</td>
</tr>
<tr>
<td>6.</td>
<td>National/State Parks</td>
<td>8%</td>
</tr>
<tr>
<td>7.</td>
<td>Beaches</td>
<td>7%</td>
</tr>
<tr>
<td>8.</td>
<td>Nightlife/Dancing</td>
<td>5%</td>
</tr>
<tr>
<td>9.</td>
<td>Sports Events</td>
<td>4%</td>
</tr>
<tr>
<td>10.</td>
<td>Theme/Amusement Parks</td>
<td>4%</td>
</tr>
</tbody>
</table>

Sources: Travel Industry Association of America
TRAVEL ACTIVITIES INTENSITY
BY AGE GROUP, 1999

100 = Average Household

Source: Travel Industry Association of America
DISABILITY INCREASES WITH AGE

% of Population, 1995

- <18: 9.6% Disabled, 1.4% Severely Disabled
- 18-44: 14.5% Disabled, 6.0% Severely Disabled
- 45-64: 29.3% Disabled, 15.7% Severely Disabled
- 65+: 52.5% Disabled, 33.4% Severely Disabled

Source: U.S. Bureau of the Census
MORE OLDER WOMEN LIVING ALONE

Men

<35  | 3.0  | 2.8
35-54 | 4.3  | 4.3
55+  | 3.6  | 4.7

Women

<35  | 2.0  | 1.8
35-54 | 3.3  | 3.2
55+  | 11.3 | 9.7

Source: U.S. Bureau of the Census
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.

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!

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

I'LL TAKE MINE TO GO.
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

*Bowling Alone*, Putnam
MORE THAN 1 OUT OF 10 U.S. TRAVELERS IS A MINORITY

- Non-Hispanic White: 88%
- Hispanic: 4%
- African-American: 7%
- Asian: 1%

Sources: Travel Industry Association of America
## Trip Activity Comparison to All Travelers

<table>
<thead>
<tr>
<th>Activity</th>
<th>African-American</th>
<th>Asian-American</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping</td>
<td>41</td>
<td>71</td>
<td>94</td>
</tr>
<tr>
<td>Outdoor Activities</td>
<td>30</td>
<td>86</td>
<td>93</td>
</tr>
<tr>
<td>Historical Places/Museums</td>
<td>60</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>Beaches</td>
<td>70</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>National/State Parks</td>
<td>80</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>Cultural Events/Festivals</td>
<td>80</td>
<td>80</td>
<td>90</td>
</tr>
</tbody>
</table>

Source: Travel Industry Association of America

100 = Avg. Domestic Traveler
Trip Activity Comparison to All Travelers (cont’d)

100=Avg. Domestic Traveler

- **Group Tour**: 267
- **Golf/Tennis/Skiing**: 100 100
- **Sports Event**: 83 83 83
- **Gambling**: 171
- **Nightlife/Dancing**: 157 143 157
- **Theme/Amusement Park**: 138 113 138

Source: Travel Industry Association of America
Business Travel Comparison to All Travelers

100 = Avg. Domestic Traveler

- Business Travel (net)
  - African-American: 133
  - Asian-American: 150
  - Hispanic: 107
- Business (unspecified)
  - African-American: 71
  - Asian-American: 150
  - Hispanic: 107
- Convention/semiinar
  - African-American: 175
  - Asian-American: 100
  - Hispanic: 100
- Combined business/pleasure
  - African-American: 125
  - Asian-American: 100
  - Hispanic: 100

Source: Travel Industry Association of America
Primary Mode of Transportation
Comparison to All Travelers

100=Avg. Domestic Traveler

<table>
<thead>
<tr>
<th>Mode</th>
<th>African-American</th>
<th>Asian-American</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own Auto/truck</td>
<td>85</td>
<td>86</td>
<td>94</td>
</tr>
<tr>
<td>Airplane</td>
<td>94</td>
<td>172</td>
<td>111</td>
</tr>
<tr>
<td>Rental car</td>
<td>133</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Bus</td>
<td>50</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Camper/RV</td>
<td>50</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Train</td>
<td>100</td>
<td>200</td>
<td></td>
</tr>
</tbody>
</table>

Source: Travel Industry Association of America
ETHNIC GROUPS TO GROW TO 36% OF POPULATION BY 2020

% Distribution of Population, 1995-2050

Source: U.S. Bureau of the Census
HISPANICS WILL BE LARGEST ETHNIC GROUP BY 2010

Source: U.S. Bureau of the Census
BUT ASIANS WILL SHOW GREATEST RATE OF GROWTH

% Change

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

Source: Milken Institute
POPULATION GROWTH MOST RAPID IN WEST, 2020/2000

- PAC: 36.0%
- MOUNT: 24.4%
- WS CEN: 23.2%
- S ATL: 20.5%
- ES CEN: 12.3%
- WN CEN: 10.3%
- NEW ENG: 10.0%
- MID AT: 6.8%
- EN CEN: 6.0%

Source: U.S. Bureau of the Census
TOP 10 STATES OF ORIGIN OF U.S. RESIDENT TRAVELERS, 1999

Source: Travel Industry Association of America - TravelScope®
TOP 10 STATES OF DESTINATION OF U.S. RESIDENT TRAVELERS, 1999

Source: Travel Industry Association of America - TravelScope®
U.S. ONLINE POPULATION 1996 - 2000

% of U.S. adults

Source: Travel Industry Association of America
U.S. ONLINE TRAVEL PLANNING
1996 - 2000

% of online U.S. resident travelers

Source: Travel Industry Association of America
SHARE OF TRAVEL PLANNING THROUGH INTERNET, 2000

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

- All: 9%
- Most: 15%
- Half: 30%
- Some: 46%

Source: Travel Industry Association of America
# OTHER SOURCES OF TRAVEL PLANNING INFORMATION

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

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

Source: Travel Industry Association of America
U.S. ONLINE TRAVEL BOOKING
1997 - 2000

% of online U.S. resident travelers

Source: Travel Industry Association of America
Among U.S. online travelers who used Internet to book

- **All** 16%
- **Most** 16%
- **Half** 27%
- **Some** 41%

Source: Travel Industry Association of America
INTENDED USE OF INTERNET FOR TRAVEL PLANS NEXT YEAR

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

- Same: 62%
- More: 33%
- Less: 4%
- Don't know: 1%

Source: Travel Industry Association of America
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

Source: Forrester, Gartner Group, Jupiter Communications
## ON-LINE POPULATIONS, 1999

<table>
<thead>
<tr>
<th>Country</th>
<th>Millions</th>
<th>% of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>108.1</td>
<td>59%</td>
</tr>
<tr>
<td>Japan</td>
<td>32.4</td>
<td>33%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>14.1</td>
<td>33%</td>
</tr>
<tr>
<td>Germany</td>
<td>18.1</td>
<td>29%</td>
</tr>
<tr>
<td>France</td>
<td>8.8</td>
<td>22%</td>
</tr>
<tr>
<td>Brazil</td>
<td>5.2</td>
<td>21% (Urban)</td>
</tr>
</tbody>
</table>

Source: Angus Reid
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

- Cellular Phone: 62% (Business), 47% (Pleasure)
- Used E-Mail: 34% (Business), 22% (Pleasure)
- Pager/Beeper: 30% (Business), 15% (Pleasure)
- Laptop Computer: 21% (Business), 8% (Pleasure)
- Personal Digital Assistant: 6% (Business), 3% (Pleasure)
- None: 48%

Source: Travel Industry Association
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