



**The impact of different generations in
tourism flows from**

France, Germany and UK

2000-2020

**A study concerning the prospective of the 2000-
2020 tourism outbound market from France,
Germany and UK**

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Tourism Research Tourism Marketing Travel Monitor Travel Styles**

I. Introduction

Forecasting the prospective in the tourism industry is probably the most difficult task specialised institutes have to deal with. Based on the Human sciences, forecasting in tourism is usually done using intention survey results as guidelines, with an uncertain ratio of wish fulfilment.

In view of this challenge, IPK International is applying its expertise and other resources for setting up a new, more reliable system. IPK International is to launch a research study for the projection of the evolution of demands, from the year 2000 to 2020, using the size of different generations as a guideline for the new model.

The survey will focus on the three most important international tourism source markets of Europe: France, Germany and the U.K. In the year 2000 tourists from these countries will make a total of more than 140 million foreign trips, representing 40% of the number of outbound trips made by the continent's inhabitants.

For the last 30 years, IPK International has specialised in tourism research and marketing and in new business development. Over 50 nations and a majority of the main global players in the travel and tourism industry are regular clients for the well-proven and reputed service of IPK International.

This experience of 30 years in the field of international tourism research and marketing, and the fact that many aspects of tourism have to be viewed in the context of general market trends, prompted IPK to create an ongoing market observation system. Since 1988, IPK has therefore been conducting representative surveys in the European Travel Monitor to get comparable and reliable data on the travel behaviour of Europeans.

The European Travel Monitor (ETM) began as a continuous survey measuring all overnight trips made by adult residents of Western European

countries - irrespective of the reason for the trip. The ETM is designed as a basic tool for marketing decisions in tourism and provides comparable data on European travel behaviour, as well as on the development of travel patterns, by using a standardised pan-European questionnaire.

The need to have comparable data available which covers not only Europe but also the rest of the world motivated IPK International to widen its data collection instruments developed for the European Travel Monitor to other markets outside of Europe (North American Travel Monitor, Asian Travel Monitor, Middle East Travel Monitor), and to integrate this data into a World Travel Monitor. Development of the African Travel Monitor is being studied.

In the year 2000, IPK International is collecting 400,000 new questionnaires in Europe alone, within the ETM. The raw data is stored in IPK International's database, which has accumulated 3.5 million European questionnaires since 1988. This database is unique. It could be considered to be a kind of historical book of European tourism, concerning outbound trips made over the past 12 years.

The standardised questionnaire used by IPK International covers all segments of European tourism, including the number of trips and nights, destinations, purpose of the trip, travel season and the length of the trips, transportation used, accommodation, spending, area of origin, sex, age and size of household. This material allows past European tourism behaviour to be explained through different angles, including the generation one.

II. Study Outline

1/ The segmentation

There has been growing evidence in the past few years that target groups for tourism marketing have to be perceived in a very sophisticated manner to get a realistic basis for long range investment decisions.

Demographic criteria play an increasingly important role in the division of target groups, but values and experience during socialisation in a given historic and political period also play an important role.

The age groups

So, the first cluster could be age groups. This can easily be projected, since everyone grows older by one year annually and the number of people in each age group is easy to see in the past and to forecast for the next 20 years (age pyramid).

Grouping these ages within a double generation system will be more complex. The first concerns the different stages of life - childhood, youth, nesters, maturity, retirement, and old age - which will be divided up and numbered each year from now to 2020; the second will be setting up several families of homogeneous generations, starting in 1920 and going through to 2000, as regards their travel behaviour, level of expenses, and the historical and social events each group has lived through.

The limit of the survey could be defined by all the people living in the year 2020, aged from 20 to 100 years old. They will therefore all have been born by December 31st 2000. That means the definition of generation groups will begin with the Roaring Twenties, followed by the war generation, the baby boom, the baby bust, the crisis generations, and so on, up to the current one: the internet generation. The survey will determine a

pattern of specific tourism attitudes and trends, and will project the size of the generations, year by year, until 2020.

The combination of the different ages with the number of citizens belonging to the different homogeneous generations, living in each selected country, from now to the year 2020, will therefore become the key point of the new segmentation proposed by IPK International.

Values and experience during socialisation

This is more difficult to evaluate. Nevertheless, the three countries concerned by this project - France, Germany and the UK - are part of the E.U. There are still differences between their societies, but it is probably possible to establish a transparent method, using same criteria, for forecasting travel consumption.

- By introducing the level of employment (or unemployment) in the generation clusters, which will allow a better representation with the association of gender, age groups, revenue per person and per generation group, and whether people have a professional activity, or not,
- By interpreting the different behaviour of each generation, in each country, related to historical and social attitudes, to understand the trends better, and in order to define future patterns,
- By a system tracking the past and current years, in order to know more about the different generations' loyalty towards products and tourism activities during the different stages of their lives,
- By projecting how the generation will behave as it ages and forecasting the share of well-known patterns (decrease of sporting activities related to age, for example) as well as the share of innovation (increased life expectancy and its impact on the number of senior tourists).

2/ The aims of the survey

The past

We propose, as a first step, that the study should only concern holiday-makers in the three selected markets; this includes visits to friends and relatives, but not business trips.

It is crucial to analyse in such a “do-it-yourself” market (where customer decisions are taking a growing place and competing with professionals), both the different practical experiences in travel consumption and the market evolution in terms of the size of generations.

We will have to take into account the social part of the tourism activity. Usually, when a tourist buys a holiday he takes account of certain social factors, such as his family, relatives and friends. The size of the household, the size of the group and the number of accompanying children, will be reintroduced within the generation clusters, by age group, for each year.

In particular, we will be studying, within the IPK database, the customs of age groups in the past, i.e. the normal evolution (according to ageing), and new behaviour patterns e.g. new organisation of travel facilities, new practices, new lengths of stay, new transportation means available, etc. The goal is here to pinpoint the percentage of new behaviour in each generation cluster and to determine as a counterpart the inertia forces within the tourism habits.

The projection

According to the main results from the work on our database, after a generation group cluster segmentation and an in-depth examination of the different behavioural trends for each of them, we will project the size of each generation group in the coming 20 years.

This projection will only concern holidays and leisure trips taken by tourists living in France, Germany and the U.K. and travelling to foreign places.

The goal is to determine for each year, starting in 2000 and until 2020, the size of each of the generation groups living in these three countries, split by age group, with a complete presentation of the patterns concerning the tourism demand for each of them. We will also propose a system for evaluating the evolution of behaviour based on observing couples and critical dates in their lives (marriage, having children, divorce, etc.), keeping in mind that children's behaviour is usually influenced by their parents' behaviour.

These different annual demands and the number of tourists attached to them, will determine the evolutionary potential within these three important outbound travel markets over the next 20 years.

The results

The participants in the subscribers group will have the opportunity of enhancing their marketing impacts on these markets, through this completely new approach to the segmentation of the potential demand.

It will then be possible to set up a new marketing model for the impact of tourists coming to these countries from Western Europe over the next 20 years, by number of tourists and type of holidays. These data allow to make the point for each year in the changing travel behaviour, segments, travel groups, destinations, need of infrastructure, economic impact, etc.

III. Methodological Approach

1/ A new substrate for tourism models

The projection of a Human activity needs to be based on a predictable trend.

Economic evolution is often retained as an acceptable vehicle (or substrate) for setting up a model. However, it is nearly impossible to predict this evolution with any certainty. Too many factors have to be considered for the forecast to be reasonably pertinent, particularly if this projection is a long-range one. Some researchers are working on a “chaos” mathematical approach, but the results are not still relevant.

Travel intentions can be forecast by questioning travellers, through ad-hoc surveys, but the ratio of transformation from the virtual to real is really unstable and finally unpredictable with an acceptable statistic level of confidence. This kind of data is totally unrealistic for measuring travel intentions for more than the next year or two at the most.

The Human sciences are not useful either, even if the psychological and sociological approaches are very helpful for explaining the current markets and can be used for fine-tuning marketing operational plans for the year ahead.

Forecasting 20 years ahead is generally not thought to be reliable.

The Canadian Tourism Commission introduced IPK International to a new idea for using a predictable long-term trend in a segment of consumers: the generation angle. After an initial period of research, IPK International agreed that demographics is probably the most solid science in the Human sciences, and could be considered as a possible vehicle for long-term forecasts.

2/ The survey universe

IPK International maintains a database containing all its raw questionnaires from 1988 until 2000. In Europe alone, the number of questionnaires which have been collected to date totals 3.5 million. Concerning the

three selected markets of origin, the database will propose at the end of the current year 1 450 000 raw questionnaires (546 000 from the U.K. 488 000 from France, 424 000 from Germany), covering 13 years of tourism activity.

The period covered by the project will be 33 years, from 1988 to 2020. For the first 13-year period tourism behaviour and attitudes in the past will be analysed. The next 20 years will project the tourism consumption in the future.

In demographics, the birth rate is always difficult to forecast since it depends on many factors, such as the number of women, of course, and the average number of children per woman, which in turn depends on many other factors, like main social events and the climate of economic confidence. This problem will be avoided since all the people concerned by the survey will have been born by the end of this year. The survey will measure - from the year 1988 until the year 2000 - all outbound trips made by adult residents in these three countries aged 15 and over. For the 2001-2020 projection, we will measure the same ranges of age until 2015, and then, in 2016 all adults aged 16 and over, in 2017, 17 and over, in 2018, 18 and over, in 2019, 19 and over and in 2020 all adults aged from 20 and over.

3/ The definition of the generations

One generation follows the last. By a generation, we mean a common socialisation, due to historical pressure. These persons have had to live through different social and historical events, first during their youth, and later, during the first stages of their adult life. This period of the life is very propitious for forging character, not the innate part, but the acquired one.

Some of these people are part of a very large generation, with a large population. On the contrary, some belong to a very small generation, composed of a relatively small number of people. Their lives will be differ-

ent in terms of employment possibilities for example, or for the amount they will have to pay to buy a house between the ages of 30 and 40. All this depends on the number of people in the generation they belong to.

Certain historical events also have huge consequences on a generation. The older people (in the three selected countries) have had to live through WW2, and this has had certain consequences on their vision of life. Today, the internet generation lives with an international computer network always at its disposal, something which is certainly important in their vision of the future.

All these events, when they occur in youth (during education) and before 35-40 years old for the main events, have a strong impact on consumer behaviour, including the way people travel and take holidays.

We will divide the 20th century into several homogeneous generations (probably 6 to 8), with 10 to 15 years in each. We will describe the main forces and ideas concerning the tourism activity for each of them. We will get this information directly from IPK International's database, and also from other sources, such as the Official Statistical Institutes in each of the three countries.

4/ Work on the database

We will use a special data process on the IPK International database. The goal is to understand, during a period of 13 years, the differences of the various generations' ways of buying travel, depending on different events:

- the ageing of each generation and the times when certain activities end and new ones start
- the distinct ways the different generations reacted to certain events, like the end of the iron curtain, the air transport explosion, etc,
- how each of them bought travel products during the crisis of the 90's
- how each of them is buying now (or not buying) through the internet

- the favourite destinations in middle haul as well as in long haul travels
- what the typical offers bought by each generation group are, during each of these 13 years, etc.

We plan to build a kind of data-warehouse to perfect our knowledge of the tourism activity during this 13-year period in the three selected countries. We will introduce information from other sources into this database. The evolution of the GNP, for example, could be a good explanation for the different levels of consumption related to each age group in each generation cluster for each year. The system will be able to alert us each time a forecast result doesn't arrive during the period analysed, as when an unexpected event appears.

Whenever it is necessary, we will pose new questions to the different populations using the next wave of questionnaires available.

This perfect knowledge of 13 years of tourism activity in France, Germany and the UK is totally indispensable for preparing the next step: the projection in the coming 20 years.

5/ The projection

The method's reliability

Understanding the growth and ageing of a population highlights both the past and the future. The main principles past behaviour is founded on will be used for a better assessment of the future. The demographic forecast is a powerful means of predicting the future, which is uncertain by definition. In all likelihood, the way a consumer buys the same product throughout his life will vary within predictable limits.

Human behaviour is remarkably stable throughout life, especially concerning product purchasing and participation in many activities. We go to school, leave the family home, rent an apartment, found a family, buy a

house, and use hospital services at the same age. However, we don't all get our first pet at the age of 24, our first house at 34 and our first pair of glasses at 48. Nevertheless, enough people experience these events at the same ages to provide a strong and stable probability that an average number of people will do these things at the same time. This stability of human behaviour is a powerful element in the demographic forecast in terms of statistical evidence.

Increased life expectancy may indicate that each generation is in better health than the previous ones. But it is also an indication that tennis players will stop to playing 4 or 5 years later than their parents did. Even these changes happen very slowly and in a predictable way. They have, in fact, little impact on the projections concerning product consumption during the next 5 or 10 years, the period in which the demographic forecasts are at the height of their force.

The fact of supposing that a person aged 40 today will have probably the same behaviour in 5 years as a person aged 45 today, and in ten years as a person who is 50 today, constitutes a solid base for middle-range forecasts.

These differences are important in the tourism activity. Young tourists look for a holiday period with no constraints and want to discover the World. With this in mind, one can talk about a deep rift between the generations on the international travel market. The destination doesn't matter for young tourists, as long as they have fun, freedom, and experience all sorts of physical sensations in a warm climate.

As tourists grow older, they will progress basically from this youthful behaviour to:

- family holidays with a high proportion of sun and beach, or similar kinds of holidays,
- empty nester trends and new social behaviour on holiday, as well as higher levels of expenditure,

- retirement time with more deep-rooted, authentic and traditional holidays, with fewer physical activities, but also with more time for middle and long haul trips, especially for visiting children and grandchildren, or for travelling with a group of people of the same age.

For each age group, we will project the number of people, in each of the three countries. We will reintroduce the generation clusters and the behaviour we will have studied within the IPK database.

But the projection model will never become a kind of crystal ball where the whole future will be easy to read. In practical terms, it will be only a mathematical model of population projections, presenting different hypotheses according to the different ideas or analyses coming from the IPK tourism database observations and the generation impact. The quality of IPK's analysis will make this projection reliable. The user will be able to see a variety of possible futures. The analysis will determine a level of plausibility for each of them, in different scenarios. The scenario which will have the best chance of happening will be called the basic scenario.

Level of death, immigration and emigration

Obviously, births increase the size of a population (by age and by generation), deaths decrease it, immigration increases it and emigration diminishes it.

As we saw, the birth rate is not important in this project because all the people concerned will already have been born by the end of this year. So, the number of people aged 40 in 2001 in Germany is equal to the number of people who are aged 39 this year, minus the deaths among this age group in 2001, plus the immigrants aged 40 in 2001, less the emigration of the people who will be 40 next year.

To work out the number of deaths, we will use an average ratio, calculated in reference to the last 40 years, per age group and per generation, with the same ratio progression for the coming 20 years.

We will do the same for emigration.

For immigration, we will build three scenarios, one with a low immigration ratio in the three European countries, one with a middle range ratio and the final one with a high ratio, for example 0.5%, 0.7% and 0,9% of the total population each year from 2000 to 2020. We will introduce this number of immigrants each year in the total number of the population, with respect to the age groups previously observed.

We will therefore present three growth scenarios:

- one with a low growth rate of the population and generations
- one with an average speed of growth,
- one with a rapid growth rate

The only differences between the three scenarios will come from the number of immigrants retained in each of them and from the other integration models.

Integration of other models

Although it is true that the science of demographics is no doubt the most reliable vehicle for creating generation-based models, it is also true that certain futurologists today recommend other approaches. IPK International suggests that some of these approaches could be integrated into its own projection of German, British and French trends in tourism.

The share of international tourism should be re-evaluated in relation to tourism in general, by including the projection of internal trips in the analysis. IPK International is currently broadening its knowledge of domestic tourism in several European countries, based on the experience it has acquired via the Deutscher Reisemonitor in Germany. The various hypotheses currently published by governmental and tourism specialists will be taken into account in the current study. IPK International will make full use

of its own observations about domestic trips taken by people living in the three countries concerned.

Several international institutes regularly publish economic indicators for the three countries concerned by this study. This information is, in particular, prepared for the Commission of the European Union and is readily available. The group of experts set up by IPK International will integrate these projections into two or three scenarios, taking account of the indicators which could change or influence the generation-based model, in particular the evolution of the GDP. These different scenarios will slightly modify the results obtained from the demographic study, by introducing a fluctuating notion of purchasing power per age group and per generation, as well as the strengths and weaknesses of the Euro over the coming 20 years in relation to its main competitors.

6/ Reports and results

This project will be managed by a team of top experts, composed of some of the most respected demographers, sociologists, psychologists, economists, and IPK tourism consultants. We may also use some of the ideas of well-known futurologists in the countries concerned.

The team will be international, mixing French, German and British experts in all the fields of interest. The project will be written up in four reports, one cross national synthesis, and one for each country of origin, organised throughout in the same way so that comparisons are possible. The results will be also available in an e.cube system or in a database software.

Thank you for your attention.

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Some Reference Clients of IPK International – World Travel Monitor

Public Sector:	Private Sector:
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