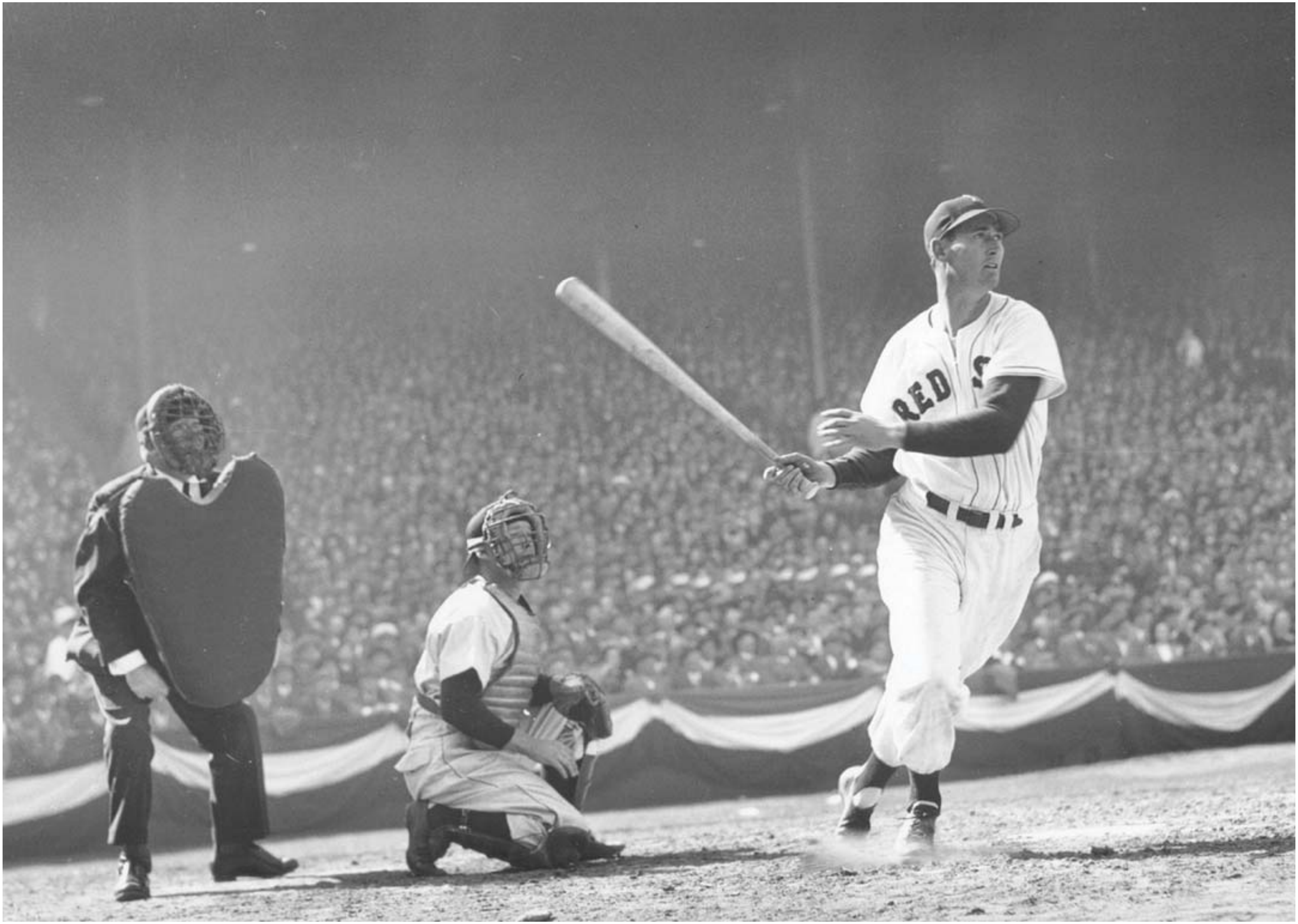
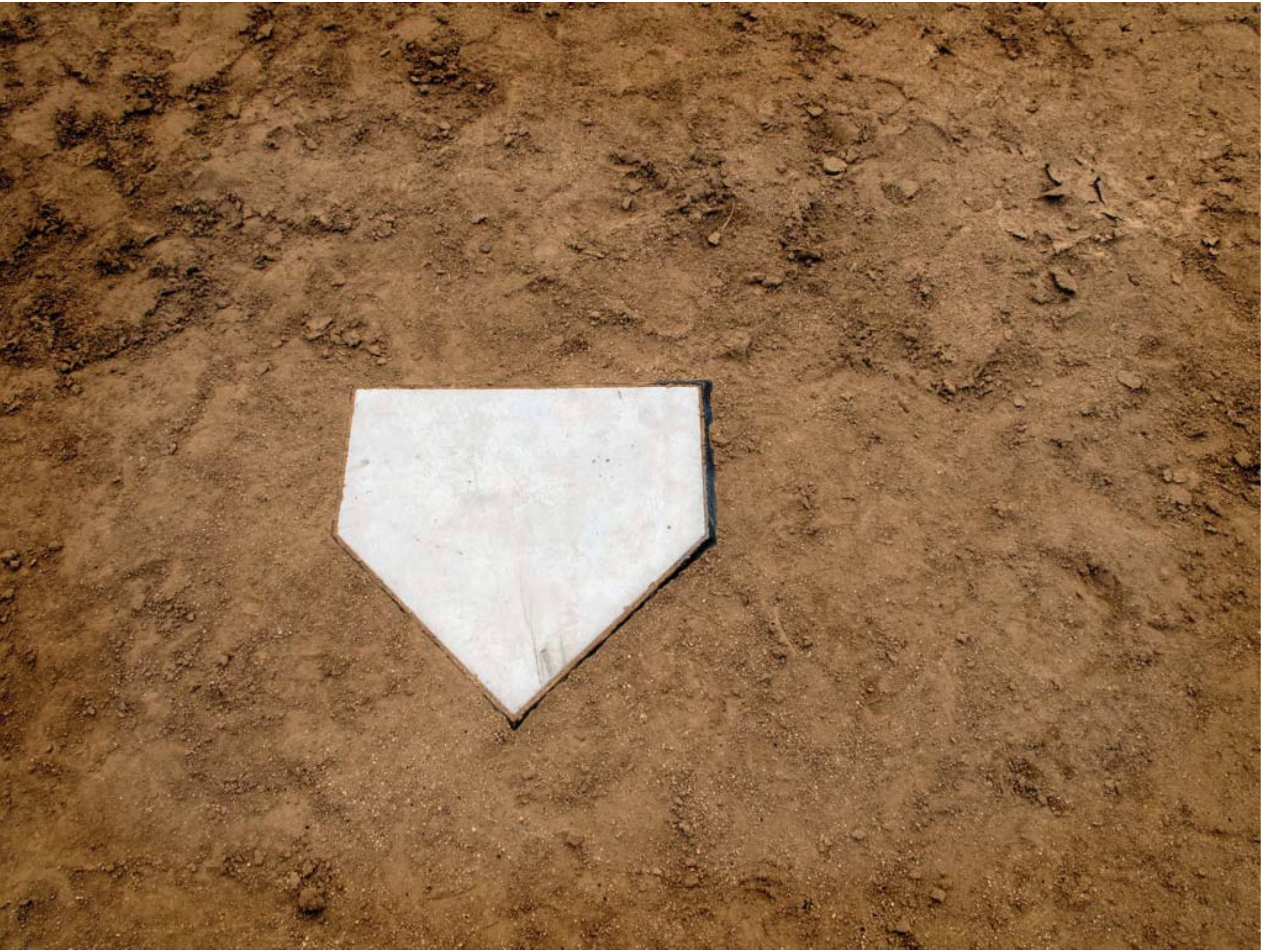
CRACKING THE MYSTERY OF TRAVELER BEHAVIOR

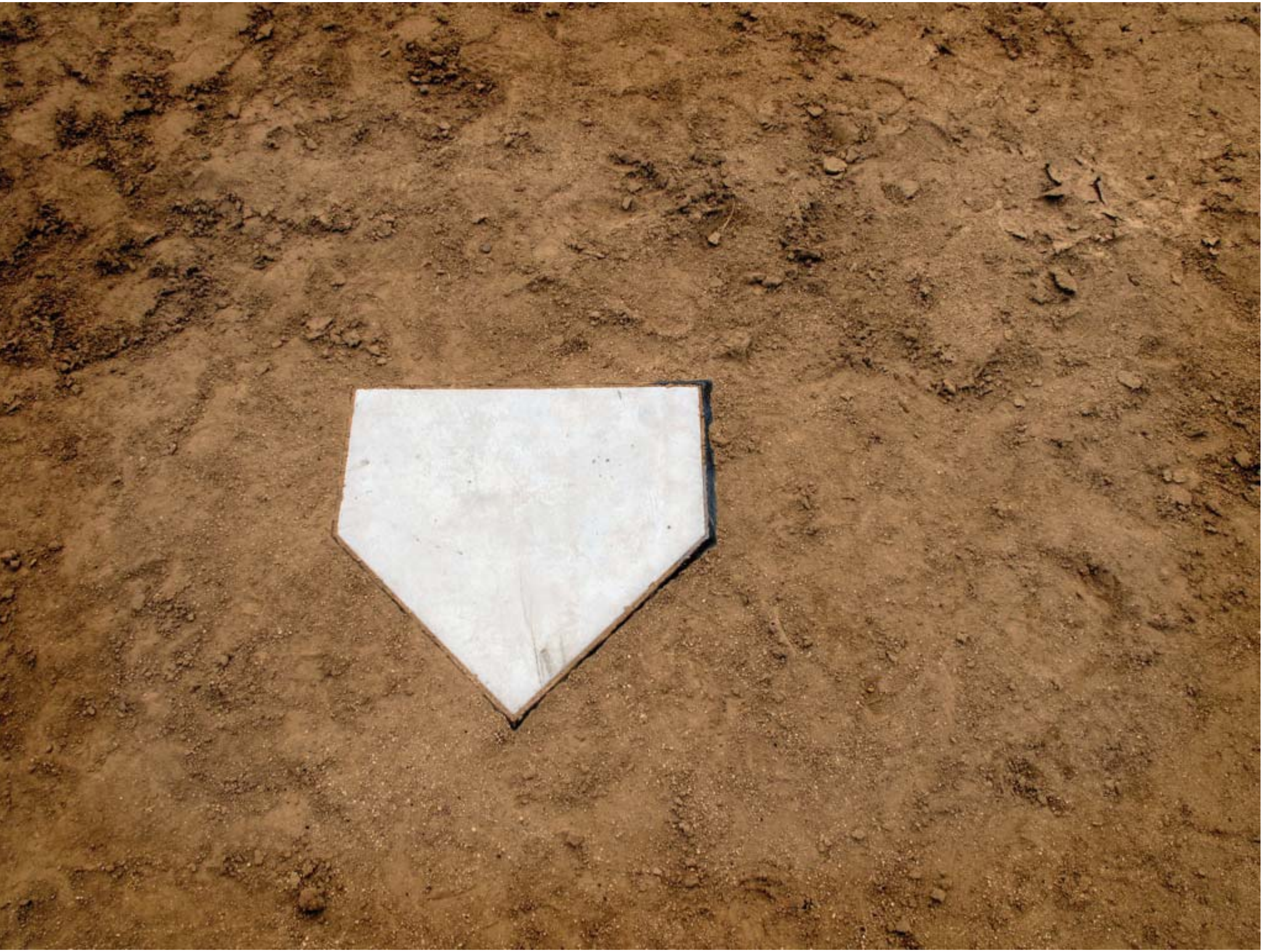
HOW IT MIGHT AFFECT SUCCESS

October 8, 2014

MMGY GLOBAL


RED






330


330

“There is nothing more deceptive than an obvious fact.”

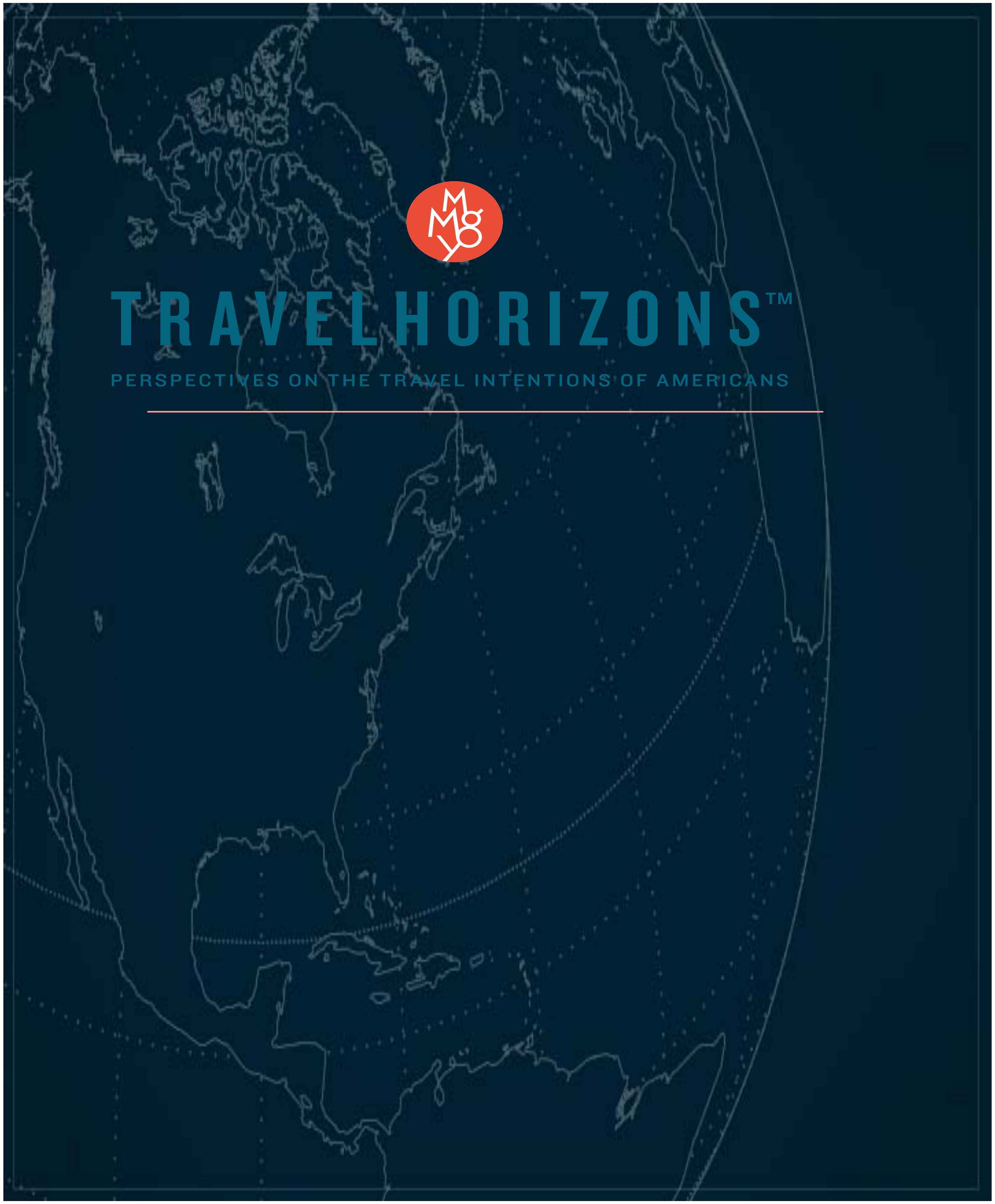
Arthur Conan Doyle

THREE TOUCHPOINTS FOR TODAY

1. The Road Ahead
2. Making the Right Connections
3. Marketing Considerations

THE ROAD AHEAD

1



travelhorizons™

travelhorizons™ Wave III 2014
PREPARED AND PUBLISHED BY:

Methodology:

- The Wave III 2014 *travelhorizons*™ survey was conducted from August 1 – August 8;
- Responses were received from a nationally representative sample of 2,371 residents of the U.S. 18 years of age or older, including:
    - 1,892 active leisure travelers (those who reported taking at least one leisure trip during the previous year);
    - 1,173 active business travelers (those who reported taking at least one business trip during the previous year).

A Brighter

HORIZON LINE

53% agree

"Although the recession is over, I still don't feel or act like it is."

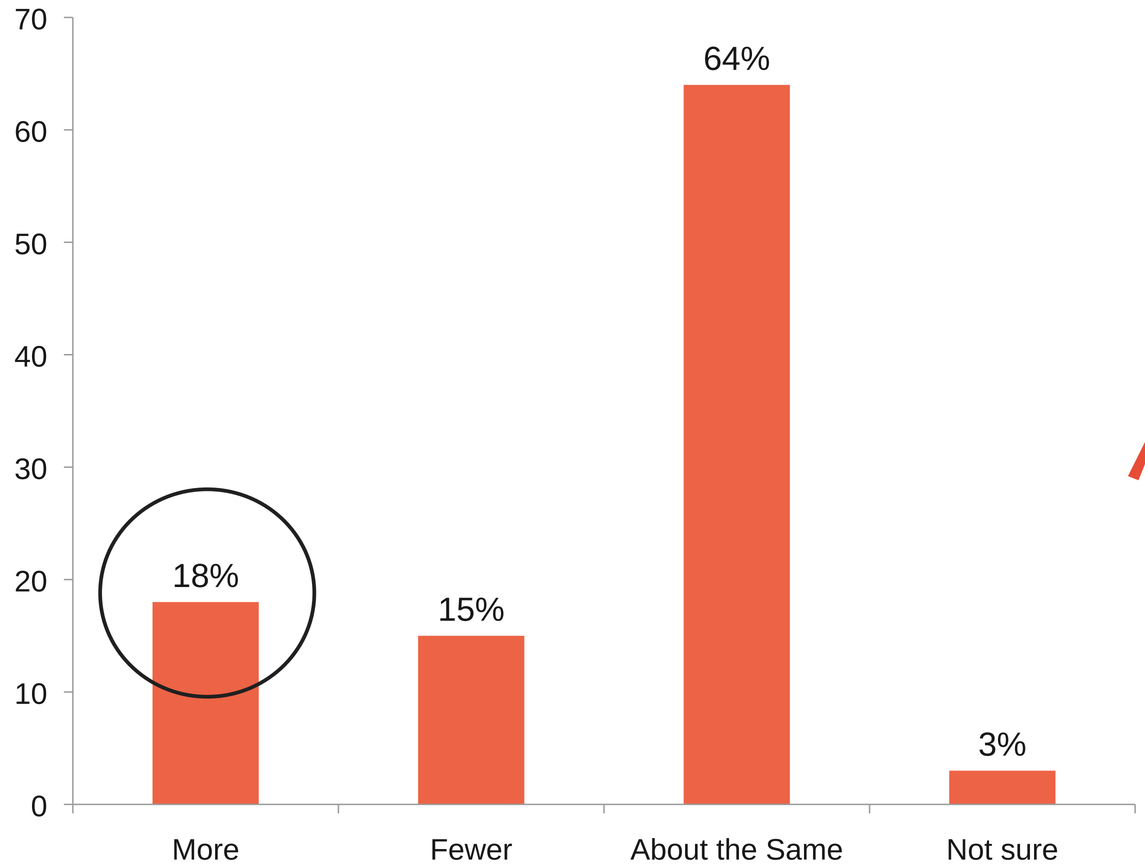
(Down from 58% in July 2013)

6 in

10

LEISURE TRAVEL INTENTIONS

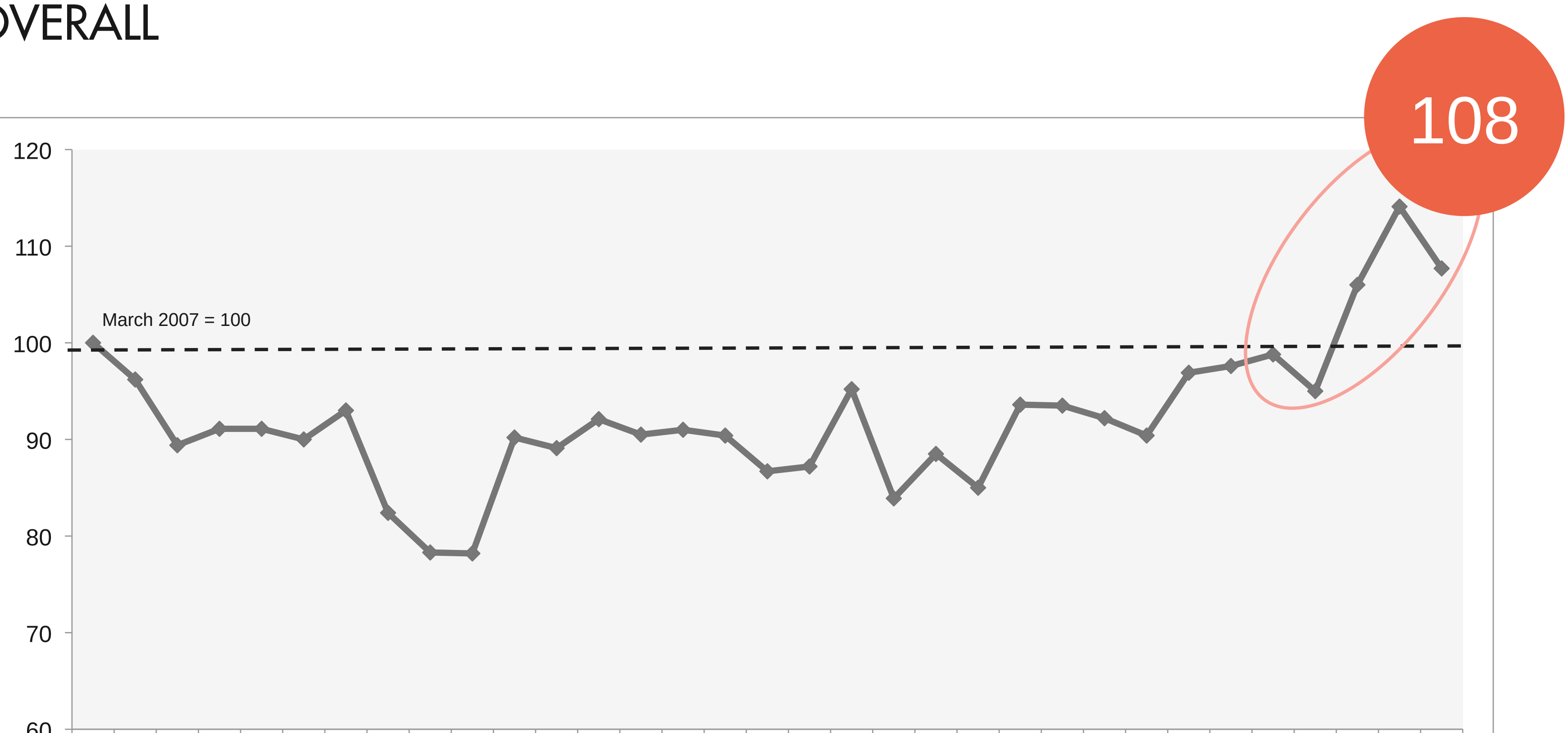
Leisure trips during next year compared to last year.



"MORE"
SURPASSES
"FEWER"

Source: Portrait of American Travelers, MMGY Global, 2014

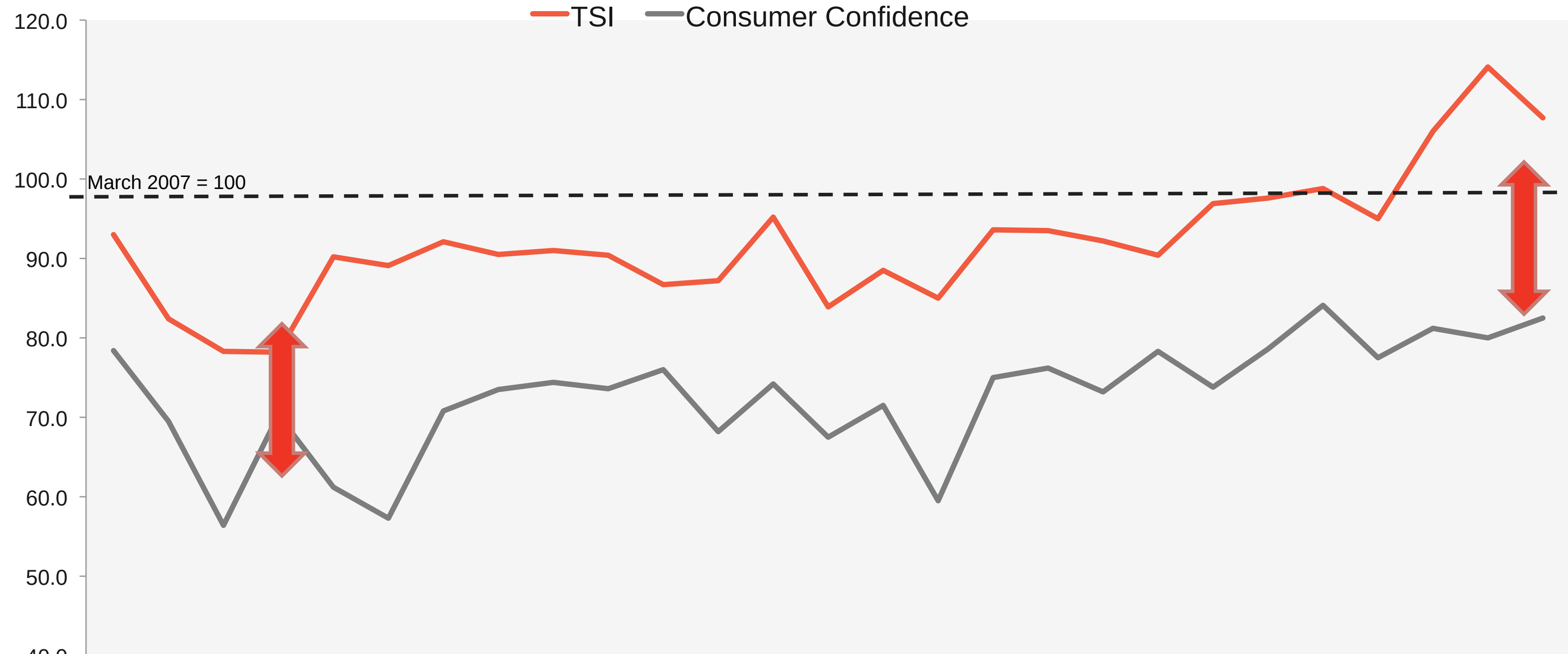
TRAVELER SENTIMENT INDEX™
OVERALL



	Mar 07	Apr 07	Jun 07	Aug 07	Oct 07	Dec 07	Feb 08	Apr 08	Jul 08	Oct 08	Feb 09	Apr 09	Jul 09	Oct 09	Feb 10	Apr 10	Jul 10	Oct 10	Feb 11	Apr 11	Jul 11	Oct 11	Feb 12	Apr 12	Jul 12	Oct 12	Feb 13	Apr 13	Jul 13	Oc 13	Feb 14	Apr 14	Jul 14
Overall	100	96.2	89.4	91.1	91.1	90.0	93.0	82.4	78.3	78.2	90.2	89.1	92.1	90.5	91.0	90.4	86.7	87.2	95.2	83.9	88.5	85.0	93.6	93.5	92.2	90.4	96.9	97.6	98.8	95.0	106.	114.	107.

Source: MMGY Global, *travelhorizons*™, Wave III 2014

TRAVELER SENTIMENT INDEX™
TRACKING WITH CONSUMER CONFIDENCE



	Feb 08	Apr 08	Jul 08	Oct 08	Feb 09	Apr 09	Jul 09	Oct 09	Feb 10	Apr 10	Jul 10	Oct 10	Feb 11	Apr 11
TSI	93.0	82.4	78.3	78.2	90.2	89.1	92.1	90.5	91.0	90.4	86.7	87.2	95.2	83.9
Consumer Confidence	78.4	69.5	56.4	70.3	61.2	57.3	70.8	73.5	74.4	73.6	76	68.2	74.2	67.5

	Jul 11	Oct 11	Feb 12	Apr 12	Jul 12	Oct 12	Feb 13	Apr 13	Jul 13	Oc 13	Feb 14	Apr 14	Jul 14
TSI	88.5	85.0	93.6	93.5	92.2	90.4	96.9	97.6	98.8	95.0	106.0	114.1	107.7
Consumer Confidence	71.5	59.5	75	76.2	73.2	78.3	73.8	78.6	84.1	77.5	81.2	80	82.5

“The reality is that supplier pricing power is on the rise, which may be affecting demand and spending patterns.”

THE MACRO-TAKE

1. Positive traveler sentiment bodes well for continued growth into 2015, if pricing stabilizes.

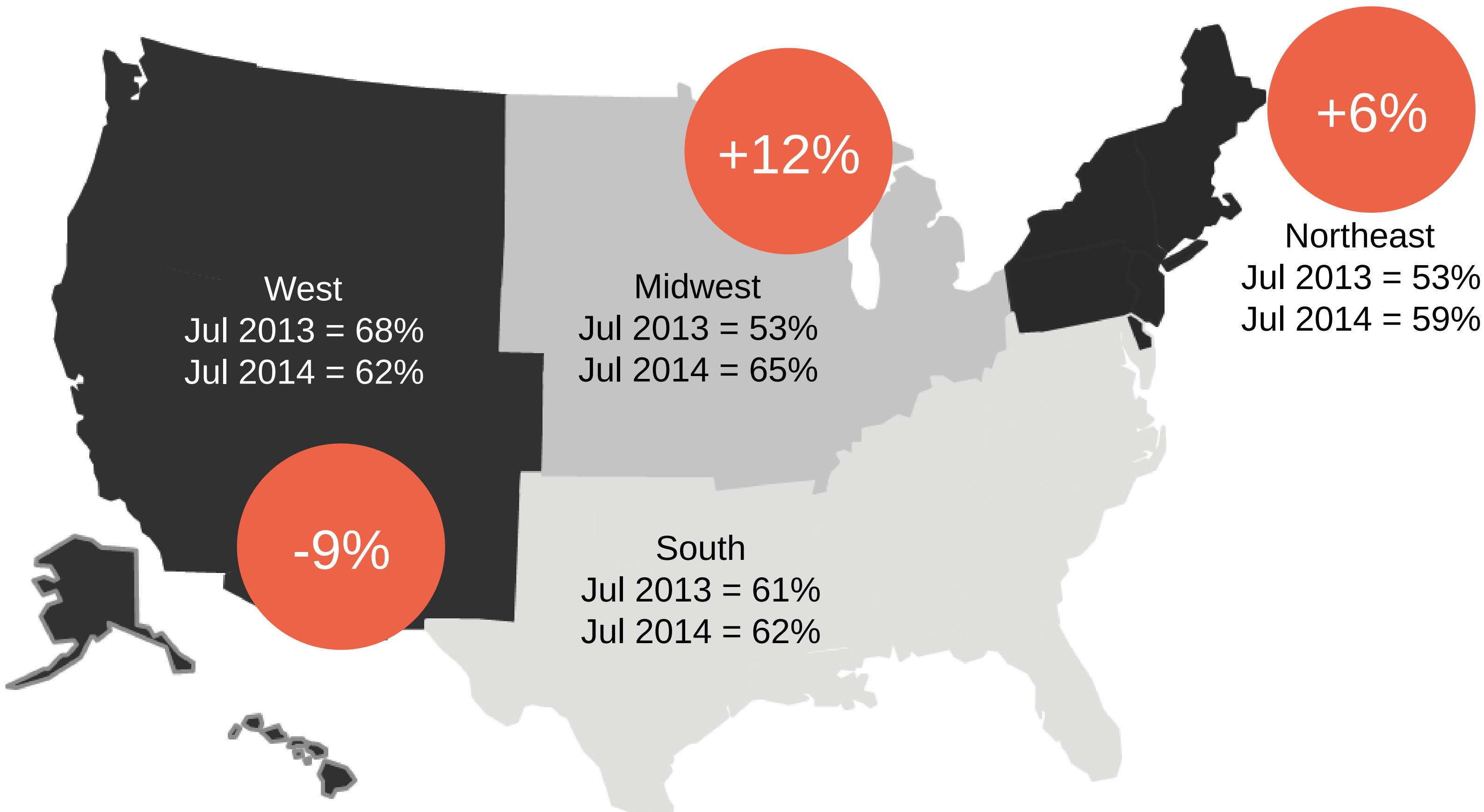
2. But demand has translated into pricing power for suppliers, who have taken advantage.

3. Core markets remain strong and long-haul patterns are re-emerging from mid-2000s

WHO IS DRIVING THE MARKET?

2

MIDWESTERN TRAVELERS DRIVE FUTURE INTENT

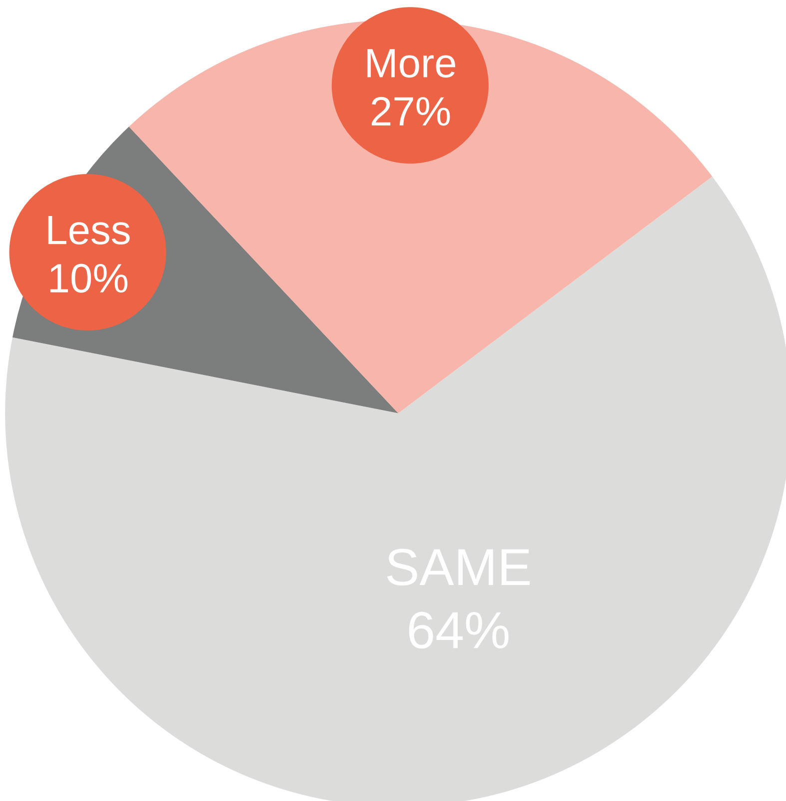


Q17: Over the next six (6) months do you plan to take any leisure trips of 50 miles or more one way from home, or that will include an overnight stay?

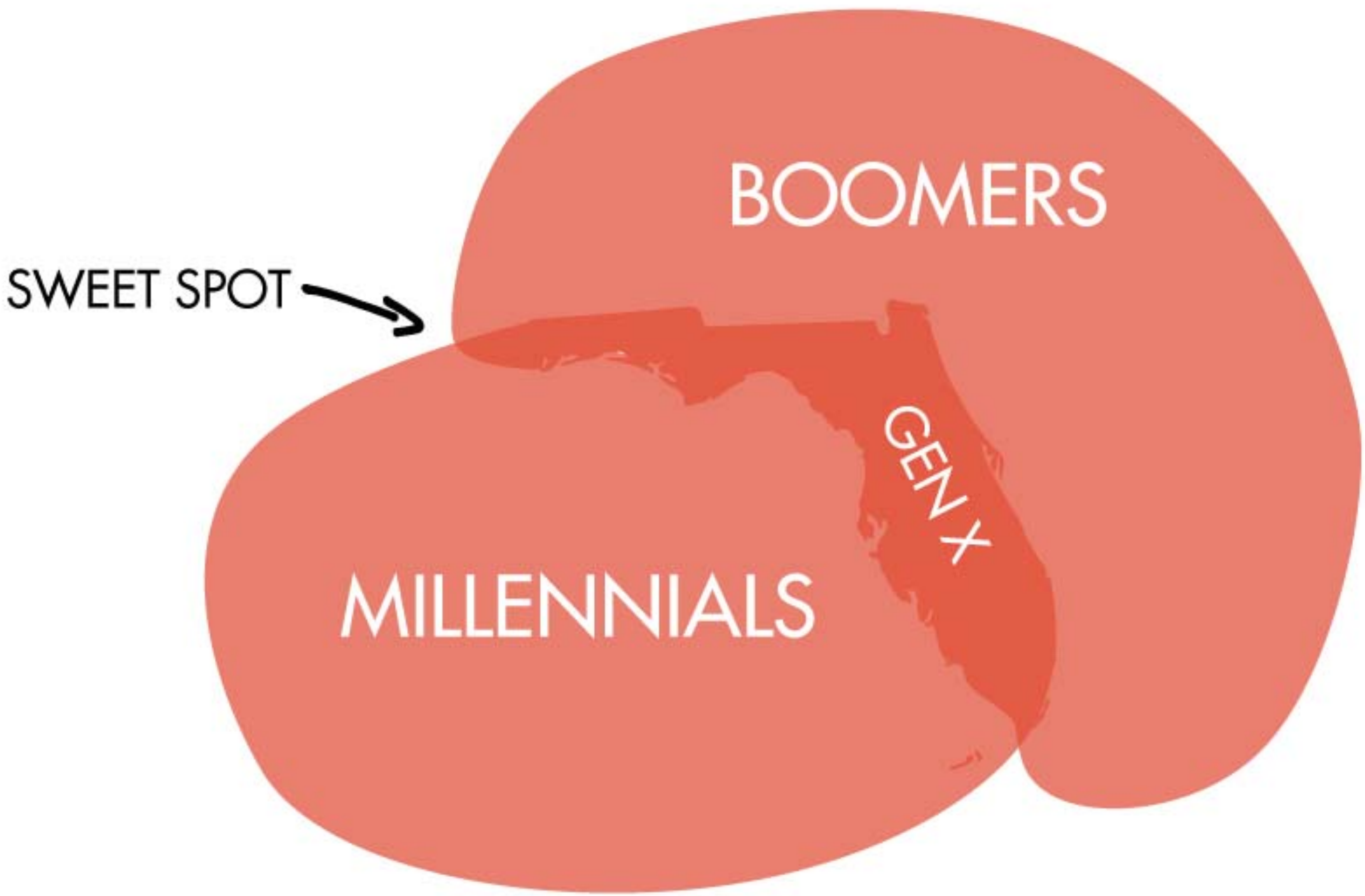
Source: MMGY Global, *travelhorizons*™, Wave III 2014

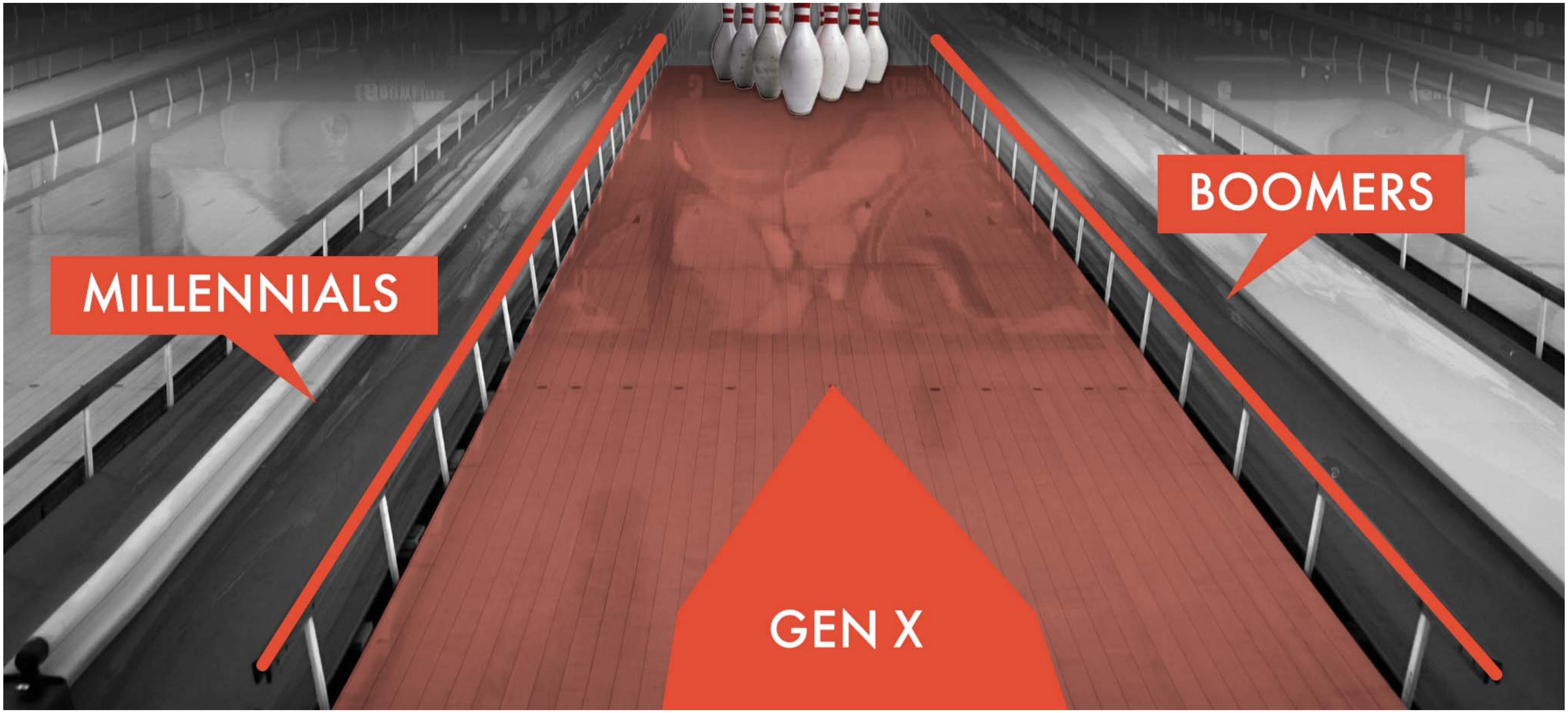
AFFLUENTS
LEADING THE WAY

Expected trips this year vs. Last year

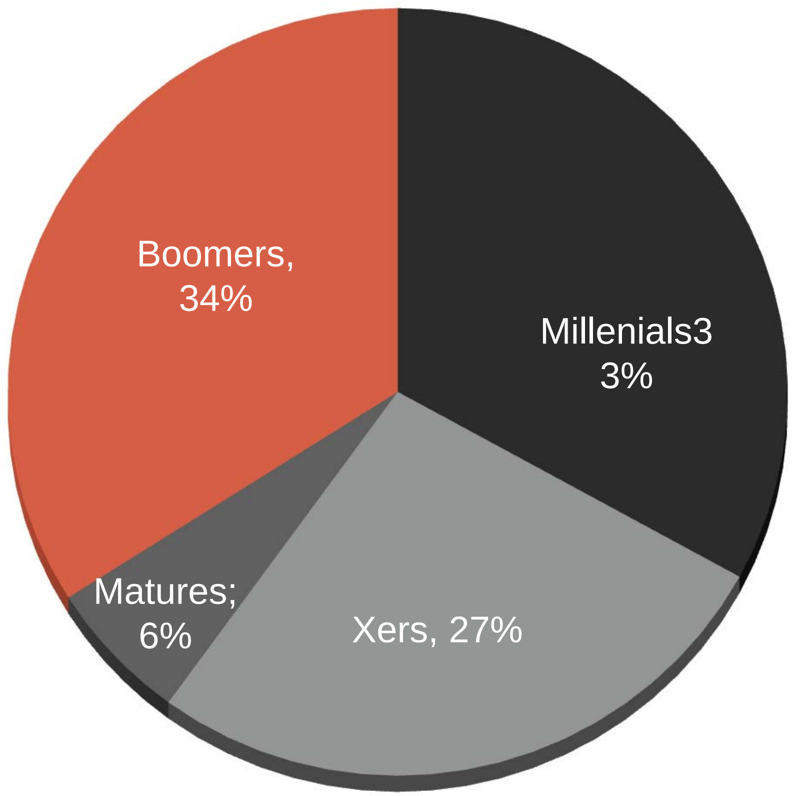


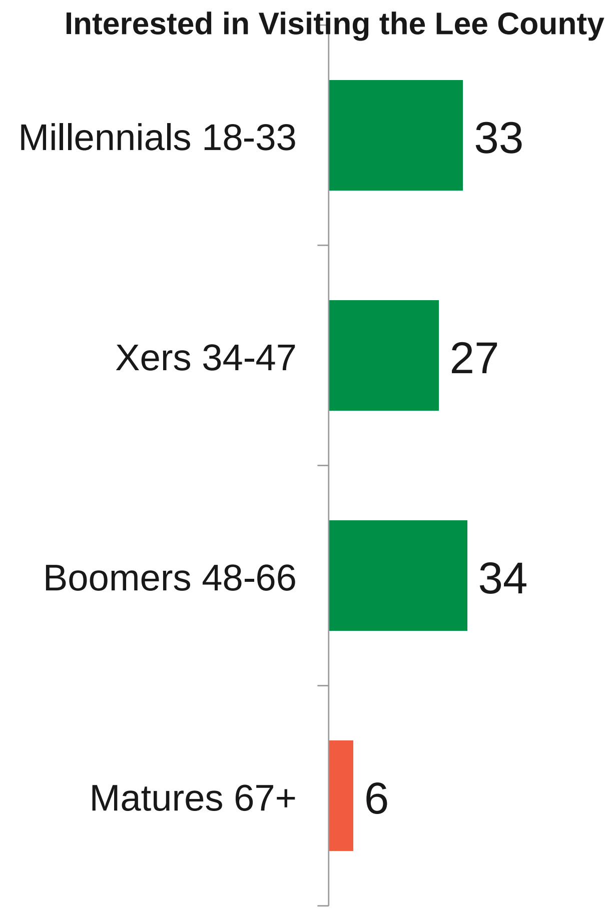
	$50K-$124K	$125K-$249K	$250K+
More Trips	18	18	27
The Same	64	62	63
Fewer Trips	18	19	10


BOOMERS
SWEET SPOT
GEN X
MILLENNIALS


MILLENNIALS
BOOMERS
GEN X

INTEREST IN THE BEACHES OF FORT MYERS & SANIBEL SPANS GENERATIONS





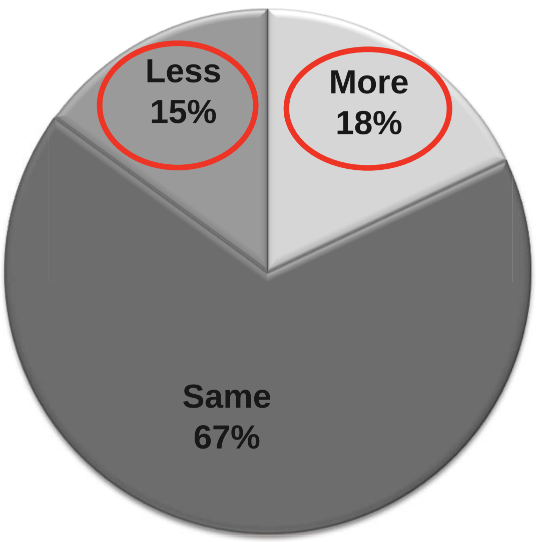
Millennials: Adult consumers born since 1979.
Xers: Adult consumers born from 1965 through 1978.
Boomers: Adult consumers born from 1946 through 1964.
Matures: Adult consumers born before 1946.


VS.

OPTIMISM INDEX

MILLENNIALS LEADING FUTURE INTENT

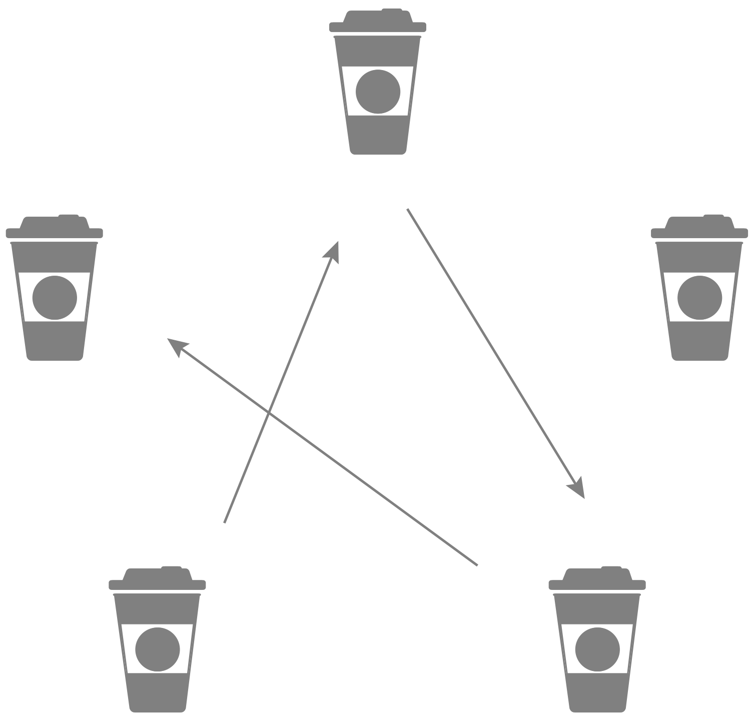
Expected Leisure Trips Next Year Versus Last Year



Total Leisure Travelers

	Millennials	Xers	Boomers
More Trips	21	18	17
The Same	62	64	65
Fewer Trips	17	18	18
Net ∆	+4	**0**	**-1**

BUT PLEASE UNDERSTAND THAT THEY ARE NOT LOYAL



39%

Personally, I do not like to follow brands

MILLENNIALS ARE FREQUENT TRAVELERS

MILLENNIALS	BOOMERS
4.6 2013 Trips	4 2013 Trips

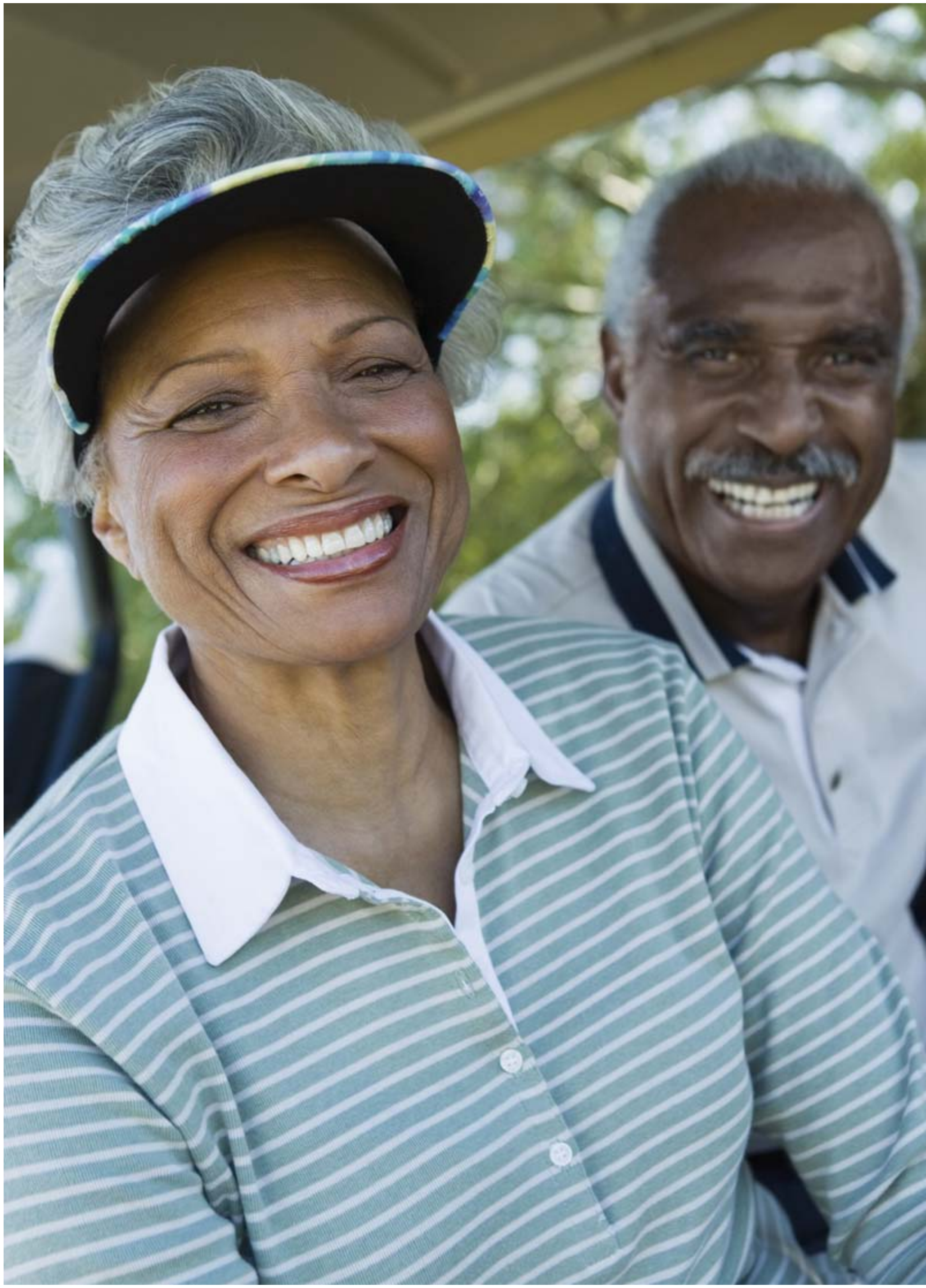
MILLENNIALS AND GENX LEAD THE WAY IN FUTURE SPENDING

Average Vacation Spend per Household	Total	Millennials	Xers	Boomers	Matures
During past 12 months	$4,429	$4,499	$4,341	$4,070	$6,168 [abc]
During next 12 months	$4,946	$5386 [c]	$5,007	$4,285	$6,305 [c]
Difference	$517	$887	$666	$215	$137

#1REASON
GENXers
Travel
is to
‘break away from the routine’

TRAVEL MOTIVATION

MILLENNIAL	Explore
GEN X	Escape
BOOMER	Relax



1 billion

60+

By 2023

A WORD ABOUT MATURES

TRAVELING DIFFERENTLY

SOLO TRAVEL

32%

Millennials

FAMILY TRAVEL

51%

GEN X

PARTNER TRAVEL

73%

Boomers

Source: MMGY Global, *travelhorizons*™, Wave III 2014

WHO SEEKS THIS GROWING TRAVEL EXPERIENCE?

MULTI-GENERATION

11%

Millennials

Source: MMGY Global, *travelhorizons*™, Wave III 2014

MILLENNIALS: ACQUIRING EXPERIENCES

70%

Seek the opportunity to eat different and unusual cuisines

60%

Seek participation in unique guest experiences that reflect local culture

BOOMERS: PLAYING IT SAFE

68%

Choose a hotel based on previous experience.

11%

Desire a non-branded or all-new experience.

MILLENNIALS: LIVING IT UP

…

55%

Prefer a hotel that is elegant inside.

48%

Are willing to pay more for true luxury.

BOOMERS: VALUE SEEKERS

Influential when selecting a Hotel/Resort…

68%
Value for the price

57%
Free Breakfast

MILLENNIALS: LEAVING THINGS TO THE EXPERTS

28%

Used a traditional travel agent in the past 12 months

3

Trips organized through a travel agent.

BOOMERS: TAKE CARE OF THEMSELVES

50%

Booking direct with hotel is most convenient

24%

Are relying on more sources of advice than ever before when making travel choices

MILLENNIALS: LESS CONVENTIONAL

Vacations in the next six months will involve…

15%

Taking a Train

12%

Extending a Business Trip for Leisure

Source: MMGY Global, *travelhorizons*™, Wave III 2014

SILVERCAR

Wimdu
travel like a local

Cookening

CARSHARING igo

RYANAIR
THE LOW FARES AIRLINE

HomeAway

VRBO
from HomeAway

FLIGHTCAR
RUNS ON (CAR)MA

airbnb

Cuvée

LHW
THE LEADING HOTELS
OF THE WORLD, LTD.

airlink
mobile

RelayRides

Vayable

BOOMERS: FRUGAL

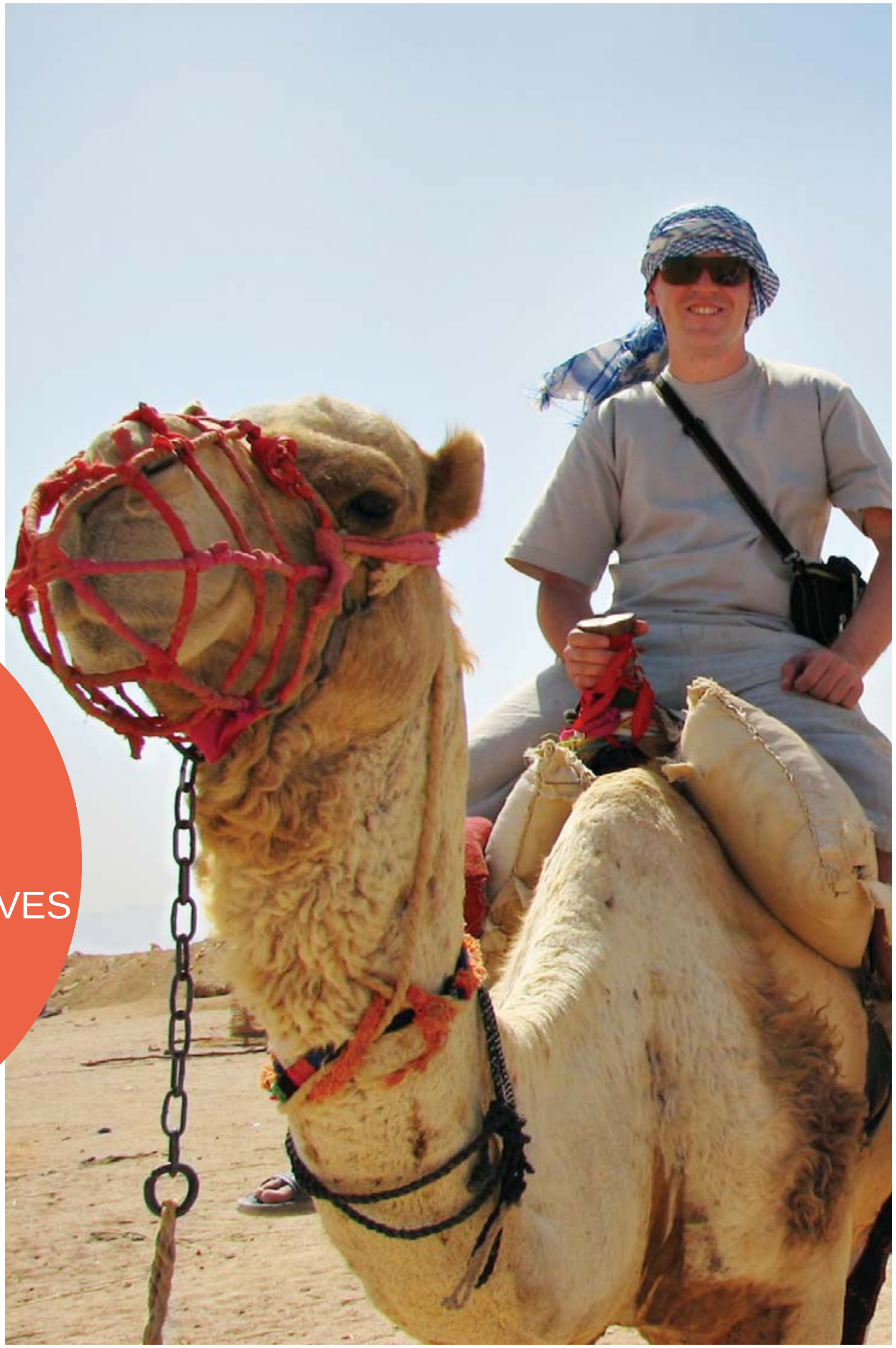
86%

I buy the best quality product I can given the price I want to pay

67%

True luxury doesn't have to cost more.

SO WHAT DOES THAT MAKE GENXERS?



28%

DON'T DEFINE THEMSELVES W/A GENERATIONAL LABEL

SOME REALITIES ABOUT TRAVELER GENERATIONS

1. Generation X travelers are a valuable market that is defined less by itself but more by those who've come before and after.
2. Focused marketing efforts at each end of the generational spectrum will impact larger demographic markets.
3. All travelers seek value, but cost is not the only driver of value. Experiences and validation are crucial.
4. Craft your message carefully based on your core demos.

MARKETING CONSIDERATIONS

3

MOBILE REALLY IS THE CENTER OF THE WORLD

“THE DEVICE-ENABLED TRAVELER”
AN ESTABLISHED CLASS

SOURCES FOR TRAVEL DECISIONS – THE FUNNEL

1	2	3	4
IDEAS/INSPIRATION	ADVICE/RATINGS	COMPARE FEATURES/PRICING	MAKING RESERVATIONS
Family/friends 45%	Family/friends 32%	Internet search engines 41%	Travel service provider websites 28%
Destination websites 35%	Internet search engines 30%	OTAs 37%	OTAs 25%
Internet search engines 34%	Travel review websites 29%	Travel service provider websites 35%	Internet search engines 15%
Advertising/Paid content 31%	OTAs 25%	Hotel/resort promotions 31%	Destination websites 13%
Printed visitor guides 28%	Destination websites 21%	Online visitor guides 26%	Hotel/resort promotions 11%

FROM MARKETS OF MANY, TO MARKETS OF ONE

PHOTO: JEWEL SAMAD/AFP/GETTY IMAGES

HOW PEOPLE SHARE AND CONSUME PEER-TO-PEER TRAVEL INFORMATION

86% IN PERSON

60% BY PHONE

54% EMAIL

28% SOCIAL MEDIA

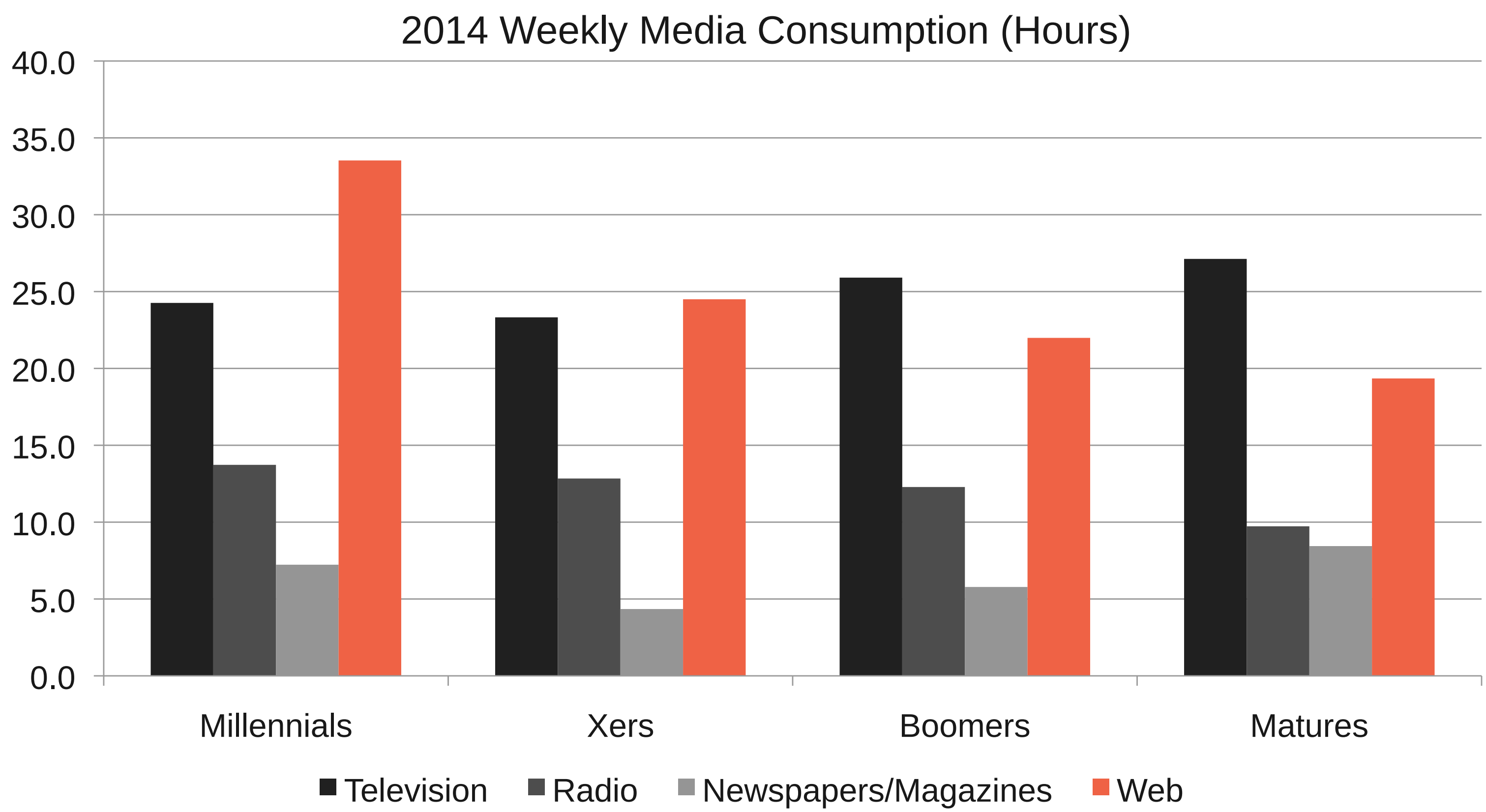
19% TEXTING

10% INSTANT MESSENGER

9% MAIL

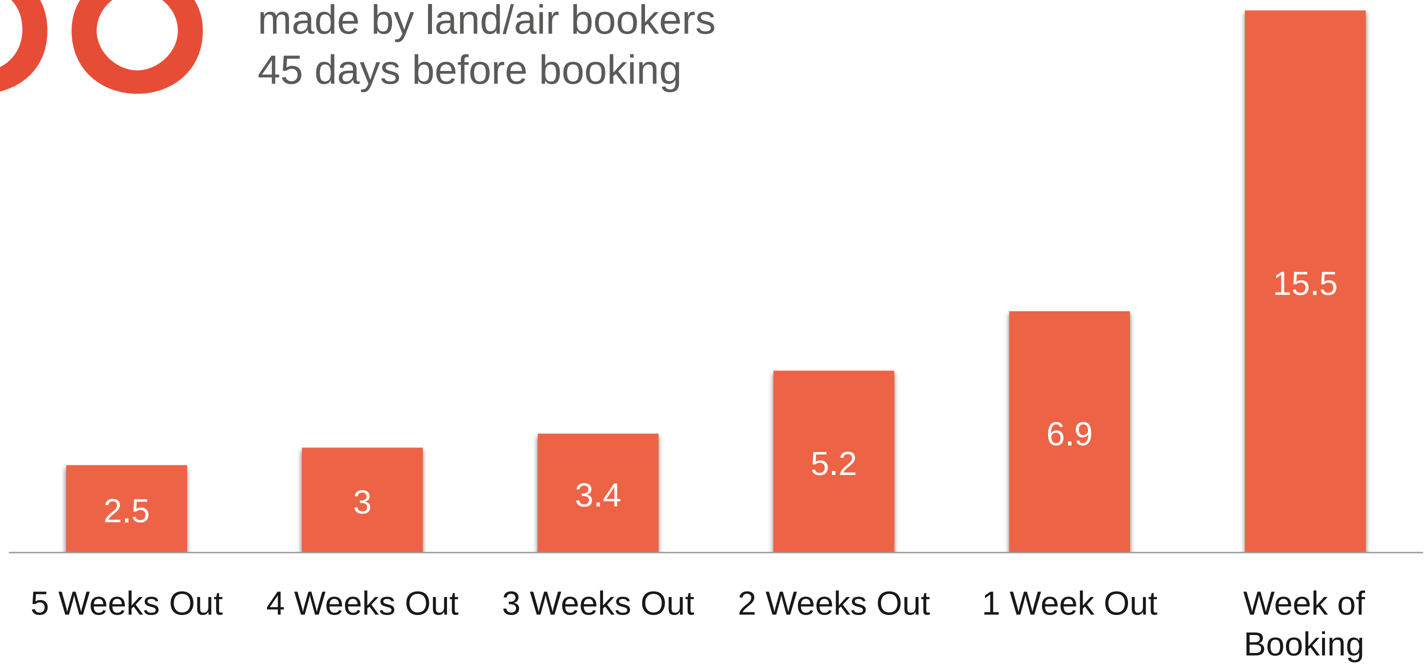
4% VIDEO CHATS

WEEKLY MEDIA CONSUMPTION



38

Number of visits to travel sites made by land/air bookers 45 days before booking



Average Travel Site Visits per Week

WHO IS NOW THE LARGEST INFLUENCER OF HOTEL BOOKINGS?

A) PRICELINE

B) EXPEDIA

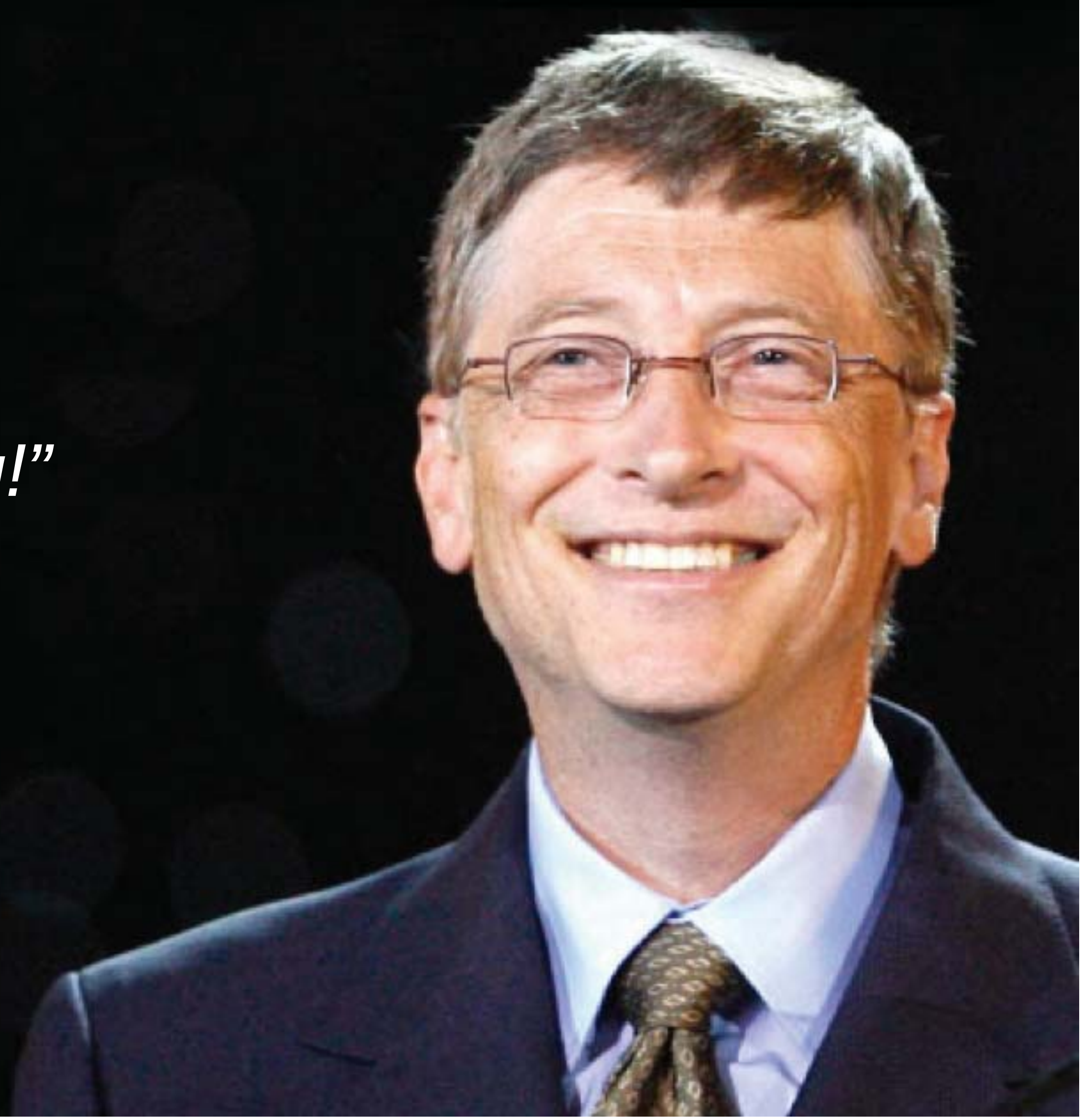
C) FACEBOOK

D) HOME-BASED TRAVEL AGENTS

tripadvisor®

1996 –

“Content is King!”



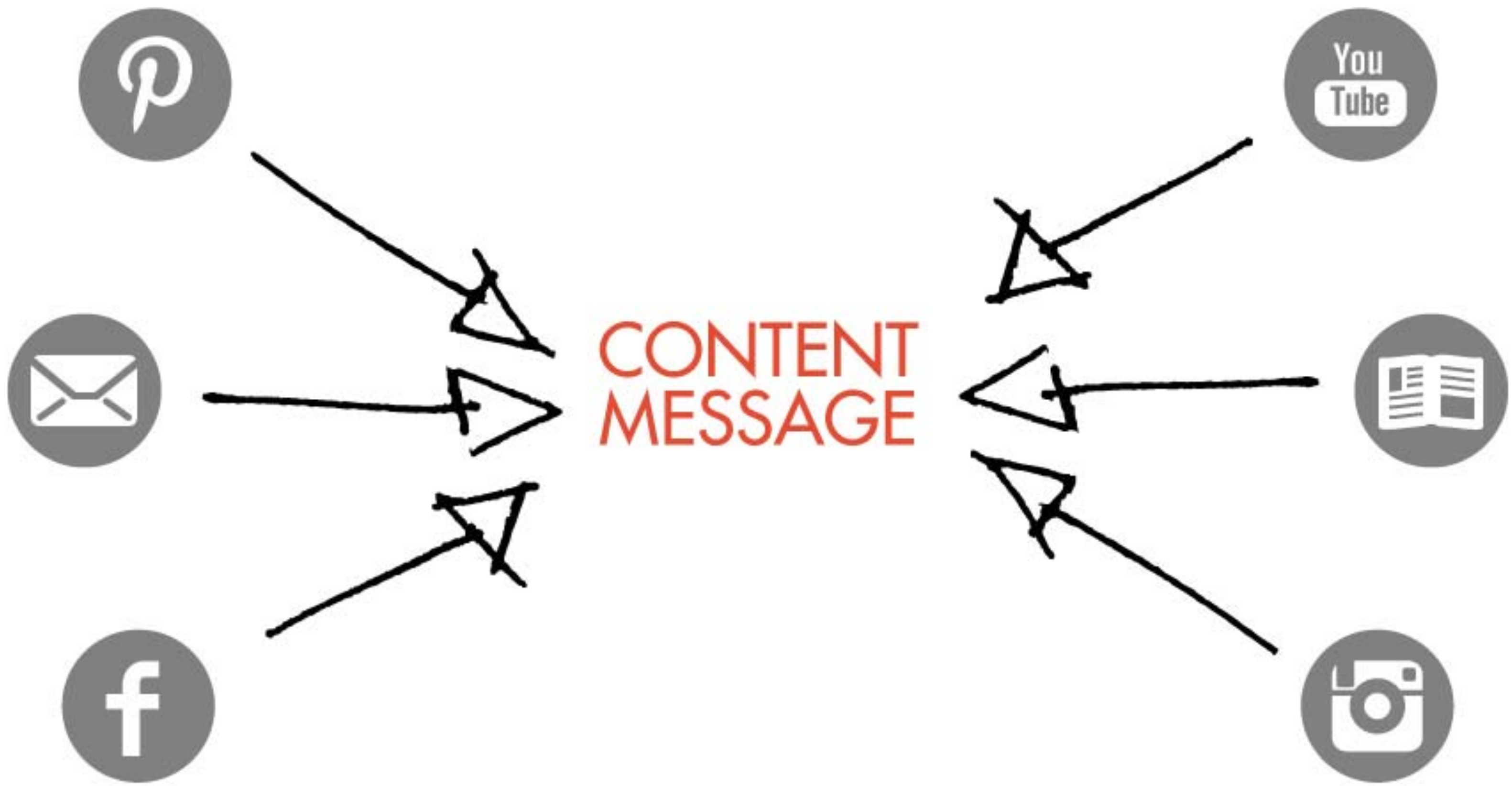
"DIGITAL DOWNTIME" ENABLES DISCOVERY

76% agree

Technology helps me to relax & unwind

62% agree

I often go online for no particular reason, just to pass the time.


CONTENT
MESSAGE
You
Tube

SOCIAL STATUS

25% Agree

I post my vacation photos on social media sites to make my friends & family jealous.

MILLENNIALS 18-33	GEN X 34-47	BOOMER 48-66	MATURES 67+
37%	29%	16%	6%

32% Agree

I like using social media to share a record of my travel experiences.

MILLENNIALS 18-33	GEN X 34-47	BOOMER 48-66	MATURES 67+
49%	36%	20%	6%

FOR SOCIAL CONTENT
YOUTUBE CHALLENGES FB

79	aged 25–34	88
63	aged 45–54	71
50	aged 55–64	63

FOUR THINGS TO CONSIDER

4

1. Audiences are varied and nuanced.
2. Consistent content, offer design, and narrative across channels is critical to success.
3. Don’t buy into generic assumptions about traveler behavior – understand funnel, device and traveler relationships for your brand.
4. Many different sources are intrinsic to travel planning across demographics. Grow awareness by understanding facts.

Awareness Test

THANK YOU

@claytonreid