INTRODUCTION

This think piece brings together research findings, VisitScotland marketing insight and general global tourism industry thoughts on this generation. It is aimed to shed some light on this generation and give a few tips to the Scottish tourism industry on how to capture this audience.

The Millennial generation is one of the largest generations in history – even surpassing Baby Boomers. The term ‘Millennial’ or ‘Generation Y’ is a demographic cohort following Generation X. There are no precise dates for when the generation starts or ends, most researchers use birth years ranging early 1980s to late 1990s’ or early 2000s. In 2016, this generation is anywhere between 16 to 36 years old.

Treating this generation as one unit can be problematic. Millennials are not a uniform and homogenous group with a common set of values and behaviours. Within the generation itself lies an enormous range in their life stage, career and disposable income and therefore there might be a difference in how younger (16-24) and older (25-36) cohorts of this generation behave. But perhaps the one thing that binds them all is a strong desire to enrich their lives through travel.

Technology plays the most prominent role – the older Millennials grew up in the age where computers were reaching mainstream whilst the younger members matured on social media and smartphones. In fact, there has never been a generation that is more connected, digitally savvy and demanding. Smart technology, unique design, high quality and local experience are imperative to the Millennial traveller. And as the prominence of Millennial consumption grows, the tourism industry is potentially up for the biggest disruption in decades.
KEY INSIGHTS

• In 2015, the Millennial market generated 3.8 million trips, 18 million nights and £1.269bn in Scotland. Millennials spent an average £332 per trip, £70 per night, and stayed in Scotland for 4.7 nights (GBTS, IPS).

• Domestic Millennial visitors (aged 16-35) to Scotland generated 3 million trips, 9.2 million nights and £745 million in expenditure in 2015. On average, the domestic Millennial visitors spent £250 per trip, £81 per night, and stayed in Scotland for 3.1 nights in 2015 (GBTS).

• Overseas Millennial visitors to Scotland generated 0.8 million trips, 8.8 million nights and £524 million in expenditure in 2015. On average, the overseas Millennials spent £619 per trip, £59 per night, and stayed in Scotland for 10.4 nights in 2015 (IPS).

• Millennials tend to move away from materialism – they often choose to spend money on experiences such as travel rather than possessions and their spending on experiences is only set to increase.

• Millennials tend to prefer unique experiences over cookie-cutter ones. This applies to anything from off-the-beaten-track destinations, to adventure activities, quirky accommodation and local food.

• Sharing economy is a very popular concept with this generation for its features such as connection with local communities, creation of authentic local experiences, and value for money.

• Given their career stage, they are still relatively price sensitive, wanting more for less. However, whether travelling for leisure or business, Millennials show selective spending. They may stay at an expensive boutique hotel during one trip and opt for a budget quirky accommodation on the next.

• The generation trusts their peers. They will follow the recommendations of their friends and family via social media, and are less likely to respond to straightforward marketing messages.

• They are very social – they take their family and friends on holiday and mingle more with other travellers or locals while away than any other generation.

• Over one third of Millennial visitors to Scotland used social media to plan their holidays here and they also have higher propensity to use social media as information sources while travelling.

• Millennials travel with many devices and are connected all the time. They expect excellent Wi-Fi connection and a great user-friendly website experience.

• Big hotel brands are adapting to Millennial demands on hotel design and services. These travellers do not spend lots of time in their hotel room; they use lobby spaces to both work and socialise. Changes are being made to food delivery, lobby design, common social spaces and more efficient use of space in hotel rooms.
LIVING ABOVE OWNING

Millennials may not be the most cash rich generation now, however they are predicted to become the majority of workforce and outspend their parents’ Baby Boomers generation by 2030. And this spending power will be used on one of their biggest passions: travel. Millennials are more likely to spend money on travel and experiences rather than possessions. With regard to leisure travel, many of the differences between Millennials and older generations reflect life stage factors such as disposable income, their marital status, whether there are any children in household, how demanding their jobs and careers are and how much annual leave they have available.

Millennials believe passionately in work-life balance and take as much break time as they can. For this generation, happiness is not as focused on career or possessions. Living a meaningful and happy life is about creating and sharing memories made through spectrum of experiences. Having an open to mind to trying new things, Millennials appreciate anything from classical music concert to cliff jumping. Regardless of whether children are present in the household, they are much more likely to travel for a hobby, outdoor adventure, shopping, and special events such as weddings, entertainment, and food and wine festivals.

SPLURGING ON A BUDGET

Their ability to spend is often a talking point among sceptics. However it should not be assumed that as a younger generation at the beginning of their careers, they are unable or unwilling to spend on travel. Millennials do splurge, but often selectively; this generation is happy to spend high amounts on experiences that are important to them.

For example, in one trip they may spend a weekend at a luxury boutique spa hotel that they flew to with a budget airline, and at the next trip they may stay at a cheap quirky hostel and take part in an upmarket gin-making experience. Or they may have a specific budget for food during a trip and choose to splurge on one fine dining experience and then spend the rest on budget meals.

However, they are said to generally spend less on flight transportation while travelling for leisure compared to older generations. The key to success is to work out what services and experiences are important to them and are willing to spend more on.
SENSE OF ADVENTURE

Millennials show interest in spending time and money on a variety of experiences and travel as much as possible both domestically and internationally. They show less interest in the usual destinations that their parents tend to favour.

Their general sense of adventurousness manifests itself in their interest in other exotic cultures, ethnic cuisines and novel activities often in remote or off-the-beaten track places. This does not mean they always have to travel far – many unusual adventure activities can be enjoyed closer to home. Millennials are good at driving tourism to less visited urban areas, often in their own cities, that soon become firmly engraved on the tourists map as other generations start to follow.

NEVER ALONE

This generation is a very social bunch. They appreciate time spent out-and-about with their loved ones. They are much more likely to take a leisure trip for the purpose of visiting family and friends. In addition, they are much more likely to travel with friends or family, or mingle with other people while staying at their destination. Travelling or taking part in activities with others helps to deepen their relationships and makes Millennials feel more connected to other people, the community and the world.

This generation’s craving for experiences is in many ways fuelled by fear of missing out. In a world where friends’ experiences are widely broadcast, the fear of missing out propels millennials to take part and engage. FOMO is no longer just a cultural phenomenon – it is spread like an epidemic via newsfeeds and social media.
SEARCH FOR QUALITY & NOVELTY

Millennials are also responsible for a seismic shift within the hospitality industry. They are reluctant to spend on accommodation as much as their parents do. However, this does not mean that this generation is willing to budge on quality. The quality of hostel accommodation and camping continue to rise with the creation of Poshtels (posh hostels) and glamping opportunities and big-brand luxury hotel groups are now tapping into this market by lunching diffusion brands at a cheaper price point.

Chain hotels in general may need to re-create themselves and move away from focus on consistency to offering unique amenities and experiences that will help them to stand out. As this generation is always in search of novelty, well designed boutique hotels and concept-based accommodation with injected personality will resonate with them, especially the ones that give guests a genuine cultural experience.

AUTHENTICITY & LOCALITY

A genuine cultural experience is perhaps one of the reasons why sharing economy based accommodation such as AirBnB are becoming increasingly popular. Despite the general consensus, the biggest motivator to use AirBnB for Millennials is not the price, as it is the opportunity to live like a local and immerse oneself in the local culture. Therefore accommodation with a strong focus on locality, lifestyle and insider knowledge will continue to attract this generation.

CHANGES IN ROOM CONSUMPTION

A Millennial business traveller consumes hotel rooms in a different way. Millennial guests no longer want to sit in their rooms to wait for their food so traditional room service might be on its way out. Some hotels are now rethinking both menus and food delivery to suit to these changes – e.g. by changing to more grab-and-go options and delivery anywhere in the hotel as well as brown bags and cool boxes that can be picked up from the lobby. One third of Millennials prefer working in the lobby, desk size in rooms has been therefore decreasing to give way to other services a modern traveller would appreciate.
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- VisitScotland Research
DEMANDING GENERATION

Technology, design and price are three key areas that influence on Millennials’ hotel accommodation choices. As a constantly connected and thrifty generation, unless Wi-Fi signal is ultrafast or unique (such as on plane), they generally expect Wi-Fi to be free. Big brand hotels are now using Millennials’ attachment to mobile devices to their advantage – it is not uncommon for a hotel to utilise smartphones as door keys or as a tool to in-room entertainment.

FLYING WITH MILLENNIALS

Millennials travel less often for business, but when they do, they report spending for a plane ticket as much as older generations. This is due to Millennials’ higher likelihood of buying flexible tickets, booking last minute, making flight changes and taking advantage of extra services such as Wi-Fi, extra leg-room seats, and in-flight entertainment.

Once at the airport, they also tend to use more airport amenities than other generations – particularly internet connections, charging stations, food and retail stores and ATMs. On-board they are more likely to pay for Wi-Fi, watch downloads on their devices and watch in-flight entertainment.
COMMITMENT ISSUES

There is a general assumption that Millennials are not loyal to brands, however that is not completely correct. Millennials can be very loyal – but generally to the brands that know how to cater to Millennials’ different needs. This may involve offering a broad range of rewards that are quick to earn and redeem. The more unusual and unique the rewards, especially when tailored around experiences, the more successful the loyalty programme. So for example, this may mean that airlines could offer in-flight perks such as Wi-Fi or entertainment while a hotel could offer spa services or points to cover portion of their stay etc.

INFORMATION VS. INSPIRATION

Millennials spend on average 25 hours per week online and lots of this time is used on contributing and consuming social media. They have the highest engagement on social media compared to other generations and the majority of Millennials book their trip based on inspiration from websites and social media with travel themed content.

Millennials’ gravitation towards sharing and consuming user-generated content has often a lot to do with their own sense of identity – social media helps them to create their personas and broadcast them to their friends.

Unsurprisingly, the majority of Millennials tend to use social networks to also engage with their favourite brands and their content. However, they are a tough crowd to market to - they are immune to most traditional marketing messages as they have been exposed to it all since childhood. When it comes to seeking ideas or advice on travelling, they are less likely to be impressed with a company’s ad for a cookie cutter experience. It is important that brand content enables Millennials to share their dreams, imagination and personal goals.

They rely on social circles in making purchase decisions. It is therefore not unusual for Millennials to gather information from as many people as they can before making a decision.

Social circles are not the only source of information. Millennials also consult blogs, review sites and companies’ website to help them make purchasing decisions.

Compared to older generations, the difference is also in how Millennials conduct their product research before purchase – it is not done by sitting at a desk. Millennials rely on their smart devices to research and purchase products on the go. They report higher usage of travel apps on their smartphones, including TripAdvisor, Google Maps, Hotels.com, Expedia, Kayak and airline apps.
10 OPPORTUNITIES FOR THE SCOTTISH INDUSTRY

Although most Millennials are just now beginning to develop their travel preferences, the window of opportunity to win their business – and their mindshare – is limited. Forward looking companies are taking actions now. The payoff may not be immediate, but smart, with investment that can be capitalised upon in the years to come.

1) HOW YOU CAN CAPITALISE ON MILLENNIALS

Whilst Millennials may have less spending power compared to older generations, they do splurge on travel experiences that matter to them. This conspicuous spending means that marketers need to understand how this generation prioritises different services. One way to approach this is to sell travel services, such as flight, hotel stay and a tour separately, or use pay-as-you-go system where customers pay for any extra services (such as TV, Wi-Fi, towels or even toiletries) separately. They are also much more likely to seek special deals and respond opportunistically to low prices and interesting packages.

2) BE UNIQUE BUT AUTHENTIC

A concept based accommodation (anything from a castle, to a lighthouse, camping pod, treehouses, brochs, churches or even boatels) will be increasingly popular with this generation. However, any accommodation provider can be successful if they promote and deliver authentic local cultural experiences. This can encompass anything that will enable Millennials to immerse themselves into the local culture and local communities – such as provision of information on local dining establishments, organising events in partnership with local community and activity centres, and accommodation designed to highlight local unique features etc.

3) BRING EVERYONE TOGETHER

Millennials crave human interaction. Create gathering spaces, events or opportunities where they can mingle with other customers and a local community. This can encompass anything from organising weekly themed nights, live music events, local food trucks or local whisky/ gin/ beer tastings. Helping Millennials to immerse themselves in the local culture will help them to feel emotionally connected to the local community.
4) ONLINE BOOKING IS A MUST

This generation may seem demanding where online booking is no longer an option, it is a necessity. Some homestay providers worldwide (including B&Bs and guesthouses) have now started to use booking engines such as AirBnB to show their availability. Given that a half of AirBnB users are of the Millennial generation, that is one way of promoting to this generation for as long as the provider showcases focus on locality and authenticity.

5) ACCOMMODATE TO GROUPS

Given their very social nature and tendency to travel in groups, there is an opportunity for tourism companies to provide group promotions and services that allow for easier group or small event planning and booking via websites and social media.

6) START WITH MOBILE WEBSITE FIRST

They are avid mobile users and are connected online all the time. It will be increasingly beneficial to have mobile friendly websites, enable mobile bookings and payments, convenient mobile charging stations and whenever possible, provide consistent, reliable and free access to fast internet. This enables Millennials to share their unique moments with your company as they happen.

7) CREATE INSPIRING CONTENT

Millennials appreciate marketing that is not pushy and that shows you have their interest in mind, not their wallet. The online world and specifically social media is the best way to connect with this generation. Millennials love discovering extraordinary content on social media, blogs and websites that they can share, like, tweet, pin, forward or comment on. Think outside the box for innovative and fun content that inspires sharing and online engagement.
8) IDENTIFY THEIR DEEP DREAMS AND THEY WILL BE YOUR AMBASSADORS

 Millennials care about how they are seen by their peers online. Highly personalised and relevant content enables this generation to build their own sense of identity that they can project via social media. An effective advert turns their dreams, imagination and personal goals into a shareable content. A good example is Hostelworld’s ‘Meet the world’ campaign. The ad shows young travellers that share a cliff diving experience and make new friends in the process. This advert successfully speaks to Millennial generation because it celebrates genuine travellers taking part in a once in a lifetime adventure rather than selling hostel accommodation. Tap into Millennials’ search for their own identity and think how you can help them to identify themselves with your brand and soon they will become your own ambassadors.

9) INSPIRE WITH INFLUENCERS

 Use influencers to tell your brand’s story. This does not necessarily mean partnering with bloggers with the biggest online audience. An influencer with a smaller audience often has more passionate followers than celebrities. They can be therefore just as powerful if they are able to target individuals involved in online communities built around specific travel passions – like outdoor adventure, food & drink, travelling with pets etc.

 For example, mountain bike trials have a generally strong, albeit small following. However, the short movie Ridge from 2014 featuring the Scottish trial cyclist Danny MacAskill testing Skye’s Cuillin Ridgeline became viral, receiving worldwide exposure and gauging over ten million views within five days of its release. The video showcased one of Scotland’s most stunning landscapes, highlighting its mountain biking opportunities. It also served as a great inspiration for visitors with interest in adventure outdoor activities to come to the country and experience it on two wheels.

10) HOW TO MAKE THEM LOYAL

 Millennials can be very loyal customers. Companies just need to find out what rewards Millennials appreciate from their brand and make them easy to earn and flexible and quick to redeem.
APPENDIX

Sources based on a collection of VisitScotland research findings and global tourism industry sentiment.

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CONTACT US

Insight Department  
VisitScotland  
Ocean Point One  
94 Ocean Drive  
Edinburgh EH6 6JH

T: 0131 472 2222  
research@visitscotland.com  
www.visitscotland.org

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