



Mistaken Identity: How well do you really know millennials?

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Millennials are an influential force, spending an estimated US\$226 billion on travel this year. Perhaps they aren't the biggest force in the industry just yet, but they are the fastest-growing segment. Their impact will not only re-shape leisure travel, but business travel as well. By 2020, half of the workforce will be millennials. Major hotel chains have rolled out new brands and initiated renovations to aging properties, targeted specifically to attracting more millennials.

With their buying power growing, it's important to ask: How well do you really know millennials? Below are a few of the common misconceptions we've heard:

Assumption #1: They shun touristy places. The more obscure the location, the better, right? Not necessarily so. Off the beaten path doesn't mean all millennials are looking to pick up and head to remote locales like Mongolia. What matters most is creating an authentic, unique experience wherever they are. Places like New York and San Francisco remain top travel destinations, but budget-oriented millennials might opt to stay on the outskirts like Oakland or New Jersey, where there are easy transportation connections and more reasonable hotel prices. "The millennial leisure travelers we see are typically seeking ways to make a trip to San Francisco more affordable," said Garrett Ritter, general manager of the Hilton Garden Inn Oakland/ San Leandro. "They want to enjoy all that the city has to offer, but save on things like parking and lodging. We recognize that, and even provide free shuttles to the local subway station to bring them into the city."

Assumption #2: They are frugal spenders. Millennials are willing to spend money, but the value of what they're paying for is closely scrutinized. More than anything, millennials want to create a memorable "experience" when they travel—defined by where they eat, what they do and the people they connect with.

They're willing to splurge on things that add to their experience—for example, eating at a top local restaurant or getting a relaxing spa treatment. Hotels can stand out as part of that experience through customized services or recommendations, or simply by developing an attractive, yet affordable profile to appeal to price-sensitive travelers.

Assumption #3: They are spontaneous, last-minute planners. Nimble travelers love a good last-minute deal, but research shows many millennials are forward-thinking planners that like organized activities. A recent study conducted by Expedia found that approximately 33% of millennials like to go on vacations where activities are organized for them, compared with 27% of Gen Xers and 25% of Baby Boomers. Further, millennials are more likely to book a trip through a travel agent than other generations, according to an American Society of Travel Agents survey. It's important to keep in mind that not all millennials are fresh out of college – it's a diverse group that encompasses individuals who are in many different stages of life, including young professionals who may have less flexibility with vacation schedules and young married couples with small children who are less likely to be spontaneous travelers.

Assumption #4: They favor a do-it-yourself approach. Despite Airbnb's rising popularity touting a more authentic travel experience, millennials still prefer hotels when they travel. Why? Personalized service is still important. Sites like Yelp and TripAdvisor are a millennial traveler's best friend, enabling them to discover interesting spots on their own. But a recommendation from a hotel staff member about a local hot spot or event can be just as influential to their experience. Fully, 93% of travelers in an American Express Survey said that personal service can't be replaced, especially when something goes wrong.

Assumption #5: They are self-absorbed. Millennials love sharing their experiences and recommendations via social media—and while it's “about them” to a certain extent, they also have a strong drive to help others. Millennials are highly sensitive to creating a positive social impact on the world, with corporate social responsibility initiatives heavily influencing their purchases and investments. How does this play out in the travel setting? “Voluntourism” and social impact trips have been a growing trend in recent years. Decisions about where they stay while traveling may be partially influenced by a hotel brand's environmental footprint, or activities they offer to “do good” in the local community.

While we've just dissected what many people get wrong about millennials, it's also important to remember that they aren't all “the same.” A 32-year old young professional with kids will have highly different preferences than a 20-year old college student. Instead, it's important to start by finding your niche and

asking, “What kind of travelers do we want to attract?” Then, consider how this younger generation’s travel habits may be indicative of broader changes in the travel market that are influencing all age groups.

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