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CUSTOMERS' CHANGING DEMANDS IN CONTEMPORARY SOCIETY: THE PROFILE OF EXISTING AND FUTURE TRAVELLERS

ABSTRACT

This paper examines European leisure industry trends to 2010 and the demands that will be placed on tourist firms and destinations in order to remain competitive. To this end, the paper makes projections for the key factors that will shape tourism in 2010, taking WTTC forecasts as a starting point. These data indicate slight growth in the number of European tourists travelling abroad, which contrasts with 30% growth in this field during the period 2005-2010. ETC data are employed to analyse general demographic trends, lifestyles, prices, and changes in tourist activities.

The 2010 scenario suggests: a drop in average spending per tourist; the splitting of holidays throughout the year; rapid growth in the reasons driving tourists' choices; the need for new ways of organising holidays and destinations as a result of population ageing; the entry of young immigrants into the market; and growth in Internet sales and marketing channels, driven by the expansion of low-cost carriers.

The study finishes with a description of leisure types, revealing their dynamic nature and the way they are shaped by economic and leisure factors, as well as the requirements tourist companies will have to fulfil in order to be competitive. The study forms part of broader work, which will culminate in a Delphi study by European experts.

1. OBJECTIVE AND METHODOLOGY

This study forms part of wider-ranging work on the main features of tourist trips up until 2010 and will culminate in the Delphi study by European experts. Its points of departure were: 1) the scenario drawn up by "The World Travel & Tourist Council", in which the main parameters for the industry were forecast for 2015; 2) an analysis of demographic trends, life styles, experience value, prices, etc.; 3) forecasts of travel growth; and 4) trends in tourist activities. Drawing upon these data and projections, an attempt was made to chart changes in European leisure and the demands the 2010 scenario will make of tourist companies and destinations.

2. THE CURRENT STATE OF AFFAIRS

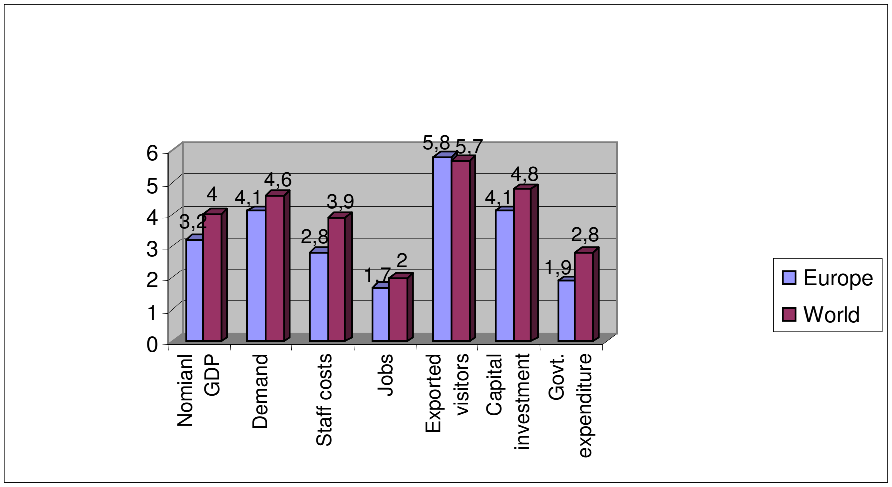
2.1 Forecasts for 2010

The study carried out for the *World Travel & Tourist Council, WTTC* for 2015[i] covers a set of macroeconomic indicators in the tourist industry up to 2015. Data for Europe was compared with global data to come up with the following scenario (Table 1):

- Annual growth of 6.8% in the "export" of European tourists: 6.8% (compared with 5.7% world-wide). Europeans will increasingly travel to destinations beyond the continent.
- Annual growth of 4.1% in tourist demand in Europe (compared with 4.6% world-wide). The number of visitors to Europe will remain similar to that in the previous decade.
- A 2.9% growth in average annual spending per tourist (compared with 3.9% world-wide). The trend towards spending less on each trip will become more accentuated (however, as shall be seen, this will be offset by the increasing number of trips).
- Annual capital investment of 4.1% in the industry in Europe (compared with 4.8% world-wide). There will be strong attraction of capital both from other sectors and the tourist industry itself.

TABLE 1

INTER-ANNUAL GROWTH FORECAST EUROPEAN TOURISM PARAMETERS 2005-2015



Source: WTTC, 2005

2.2 General trends

Continuing with the analysis of general trends in the tourism and leisure industry carried out by the *European Travel Commission, ETC*[ii], the following salient points emerged:

- Demography: the older segment of the population will be much larger and therefore there will be greater demand for: quality; safety provisions; better transport; easier access to buildings, open spaces, cities, and tourist destinations; and greater demand for singles holidays. The immigrant population will also be much larger, requiring tourist destinations that are suitable for their life cycles and that cater to large volumes of people travelling back to their countries of origin.

- Lifestyles and the quest for new experiences: the reason for taking holidays appears to be a more important component of segmentation than status, age, and educational level. Experience, personal satisfaction, and emotions are the fundamental elements of a holiday. Accordingly, package holidays need to provide the "real McCoy", body care, healthy food, and quality interpretation of the local landscape and heritage. Holidays are being split up in shorter periods throughout the year and seasonal trends are becoming less marked. Tourists are taking a more active part in making their travel plans and hence are becoming more demanding when it comes to added value and meeting standards.

- Sustainability: both tourists and agents in tourist destinations are setting greater store by sustainable development. In this context, the concept of sustainability involves the adoption of various economic, social, and environmental criteria to ensure integrated management of a tourist destination. It covers the rational and harmonious use of landscape and heritage to serve people. Pursuing a policy of sustainable tourist development increasingly requires co-operation between the public and private sectors.

- Transport: great ease of use, inter-modal facilities, accessibility, connections that are either direct or through hubs, high speed trains, fewer buses, greater service frequency. The growing popularity of cruises should also be noted. The proximity of airports and communication networks will undoubtedly affect the siting of second homes. We can already see the way second homes are springing up around airports, the seaside, and in beauty spots. In the medium to long term, half of these second homes will end up as time-share properties and the other half will be owned outright.

- Prices: low-cost carriers are already having a significant impact on the industry and this will continue to be the case for much of the period examined here. Low-cost carriers date back to the late 1990s. Although low-cost flights initially seemed merely a symptom of the occasional price war, by the end of the decade the "low-cost" phenomenon had spread to all tourist sub-sectors (including hotels, rail journeys, car hire, cruises, package tours, etc.).[iii] Clients view the low-cost sector from two viewpoints that may seem contradictory but are not. On the one hand, over half those interviewed (60%) [iv] stated that they did not want to pay more than the going rate. On the other hand, exactly the same proportion of respondents said that they were prepared to pay more for quality. In other words, quality is important but price has become the purchasing criterion. This has led to customers distrusting indiscriminate cross-pricing policies. Tourists have developed an idea of how much each component of a package holiday costs and are prepared to go on searching until they find this price.

- Communication and marketing: the webs run by companies and on-line travel agents have become the centre for communication with customers. Although travel agencies and tour operators have played a crucial role in the development of mass tourism over the last fifty years, both sales and information are fast shifting to the Internet. Low-cost airlines are largely responsible for sucking large numbers of customers into the web. Kotler[v] has changed the marketing paradigm from: production of goods and services, then managing customers to a holistic marketing approach in which the sequence is: customers, channels, demand, supply, and assets. In this new scheme, grasping what customers want, their expectations, place of purchase, and price come before all the other factors. The new position of Internet regarding commercial and communication function is changing the role of marketing teams. KPMG [vi] presents an interesting dialectic: in the USA and Canada, in 45 and 49% of cases, respectively, the cheapest room are provided by corporate agents. In Europe, 46% of the cheapest rooms are to be found on-line.

2.3 Forecast growth in journeys

The average working week in Europe is 38.2 hours long. France has the shortest working week at 35.7 hours, while Slovakia has the longest at 40.9 hours[vii]. The hours worked will drop very slightly over the next few years. France's decision to scrap the 35-hour working week has put an end to the debate over shorter working hours for the time being. The number of days' holiday are also unlikely to increase. However, schemes for more flexible working hours will increase, as will salary based on the number of days off, tele-work, and sub-contracting. This will make it much easier to combine days off with weekends, making it possible to travel at any time during the week, month, or year.

The number of days holiday will not increase. However, there is already a rise in holiday travel during days off. It has become clear that Europeans have shifted the emphasis from work to free time and leisure[viii].

Examining the various bodies of labour law in Europe reveals that holidays average 25.3 days a year, to which one should add the national holidays in each country (in the EU, these average 10.8 days a year)[ix] If we add to these the free weekends enjoyed by practically all Europeans (say, an additional 76.5 days a year), the total comes to 112.6 free days a year per head.

Based on the WTTC aforementioned forecasts, we foresee a 29.3% global increase in European holidays in the period up to 2010 (Table 2), however we consider this will be spread very unevenly, depending on the kind of break considered:

- Long holidays: slight growth
- Short holidays: strong growth
- City or countryside breaks: strong growth
- Day trips: slight growth

As will be seen, short holidays, and city / countryside breaks will undergo strong growth compared to the other formats, continuing the trend seen over the last few years. These are the formats driving the growth of the number of trips. People who currently do not go away will begin to take long holidays but the process will be a slow one. The same applies to days out.

TABLE 2

MORE TRIPS

STRONG RISE IN THE NUMBER OF ACTIVE HOLIDAY DAYS

Annual holidays and public holidays (EU, 25,3 and 10,8 days; total 36,1)

	Present	2010 Forecast	%
Long holiday	1 (x 8 days)	1,2 (x 8 days)	
Short holiday	2 (x 3,5 days)	2,7 (x 3,5 days)	
City or countryside break	4,2 (x 1,5 days)	6,5 (x 1,5 days)	
Day out	8,7 (x 1 day)	10 (x 1 day)	
Total days	30	38,8	29,3%

2.4 Trends in tourist activities

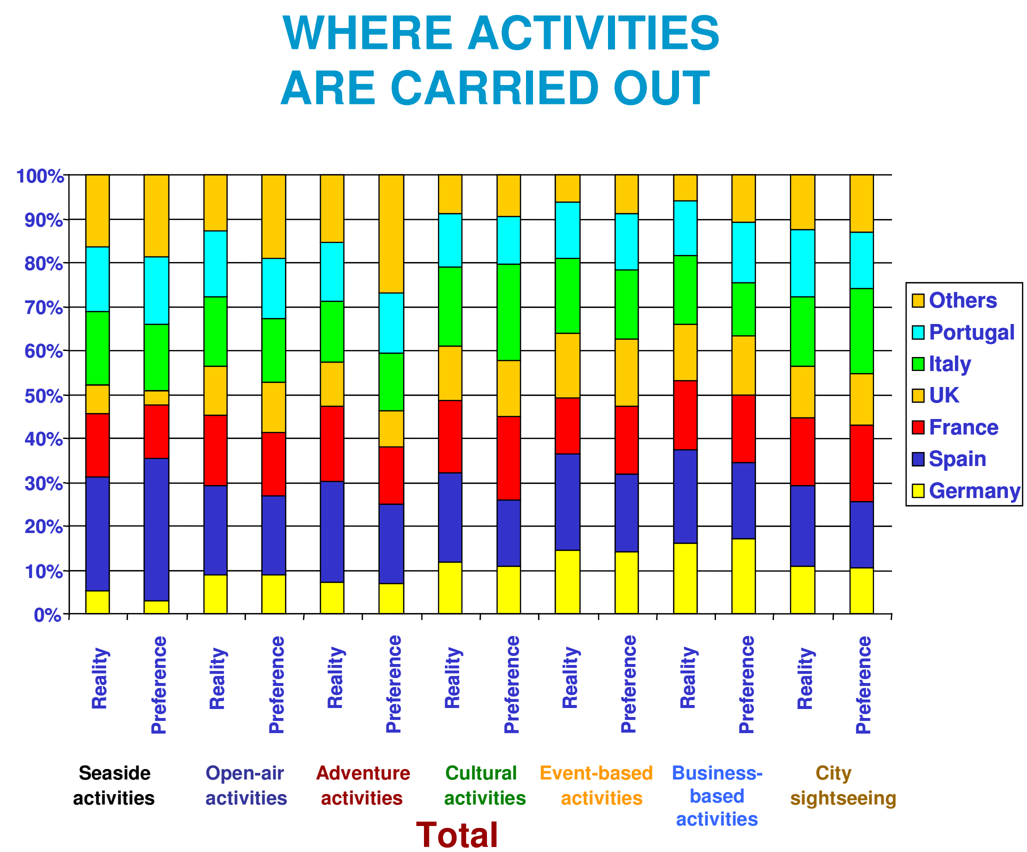
We shall now look at trends in tourist activities, based upon the ESADE survey of Comparative European Leisure Types[x]. The main trends are:

- Seaside breaks - slow growth
- Long distance tourism - moderate growth
- Events, sports, adventure, relaxation, and " change of air" breaks show steady growth
- Inland, open air, city and countryside breaks, health and wellness breaks, and training and information breaks are all undergoing strong growth.

Breaking down these trends by countries (Table 3) gives a picture of European holiday activities[xi]. Six countries - Germany, Spain, France, the UK, Italy, and Portugal - are listed on the vertical axis, and tourist and leisure activities (odd columns: journey reasons; even columns: expectations and wishes). The main aspects to emerge are:

- Spain remains very attractive in the seaside tourism category
- France is strong in cultural activities
- Italy is strong in cultural activities and city tourism
- The remaining countries are strong in seaside holidays, and fresh air and adventure categories.

TABLE 3



3. GENERAL FEATURES OF THE 2010 SCENARIO

3.1 European leisure trends

We shall begin with a brief description of leisure types[xii]. “Well-established Types” make up 10% of the European population analysed in the study. People in this group like culture and socialising, and are in one of the highest income groups. The average age of people in this group is just short of 50.

“Workaholics” make up 14% of the European population analysed in the study. People in this group are interested in culture and education but like to mix these things with work. The average age of people in this group is 44 and they are big spenders.

Hedonists make up 12% of the European population analysed in the study. People in this group are interested in entertainment, sport, and socialising. They have middling salaries and their average age is 36.

"Committed Types" make up 8% of the European population analysed. They like sport, the open air, culture and are much more interested in socialising than in individual activities. They have middling to low incomes and their average age is 41.

"Social Freaks" make up 13% of the European population analysed. They like socialising, sunbathing and the seaside, and entertainment and fun. They have middling incomes and are not interested in innovation. Their average age is 44.

"E-Freaks" make up 12% of the European population analysed. They like entertainment and fun, multimedia, educational activities, and sunbathing and the seaside. They are more individualistic and are not interested in group activities. They have middling incomes and their average age is 30.

"Routine Types" make up 21% of the European population analysed. They are slothful types, with a low level of education. A high proportion of them are married and they have fairly low salaries. Their average age is 39.

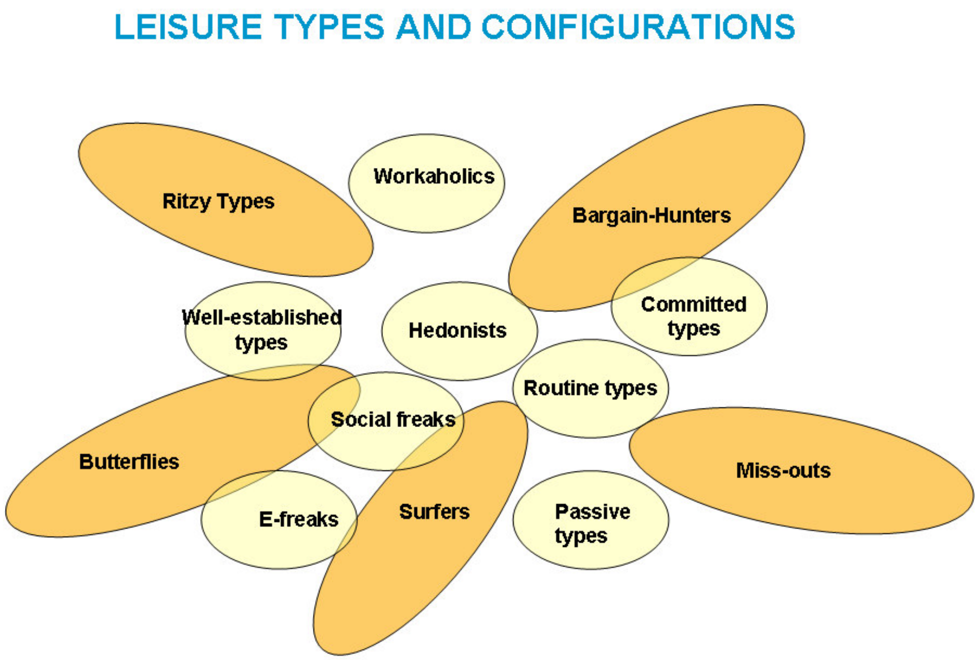
Lastly, "Passive Types" make up 11% of the European population analysed. They prefer passive multimedia, socialising with relatives and neighbours, and they show little interest in parties and innovation. Their average age is 59.

Both the make-up of leisure types and the percentage of people in each type are dynamic, not stable. Accordingly, along with these eight leisure types, we have identified five driving forces that either attract or repel them, driving them or holding them back, as the case may be. These forces will shape their short-term development (Table 4):

- "Ritzy Types", who always seek the most expensive items.
- "Bargain-Hunters", who go to any lengths to get the cheapest price.
- "Butterflies", who want to see everything when they travel.

- "Surfers", who prefer to see everything on television or the Internet rather than attending events.
- "Miss-outs". It should be remembered that a quarter of Europeans have to scrape to make ends meet and have no money to spend on travel.

TABLE 4



Although there is a trend towards blending of tourism and leisure in Europe, the leisure types and five driving forces identified above reveal considerable regional and national differences between the way Europeans use their leisure time. In order to dynamically monitor these differences over the next few years, one needs to consider the set of parameters employed in conducting the study[xiii]:

- Degree of consolidation in the national labour market.
- Application of flexible working hours
- Salary and pensions structure
- Leisure structure
- The importance of leisure versus work

The parameters are interrelated: the first three cover the level of economic development in each country. The two last ones cover the importance given to leisure and what form leisure takes.

We have put the economic parameters along one axis, and the importance given to leisure along the other. The results are shown in Table 5. Summarising:

- Germany, the UK, France, and Italy appear in the upper quadrant, while Spain and Portugal are placed in the opposite quadrant.
- "Workaholics" and "Social Freaks" appear in the upper quadrant and the "Passive Types" and "Committed Types" in the lower quadrant. The arrows indicate the movements between countries and leisure types as economic circumstances and attitudes shaping leisure change.

TABLE 5

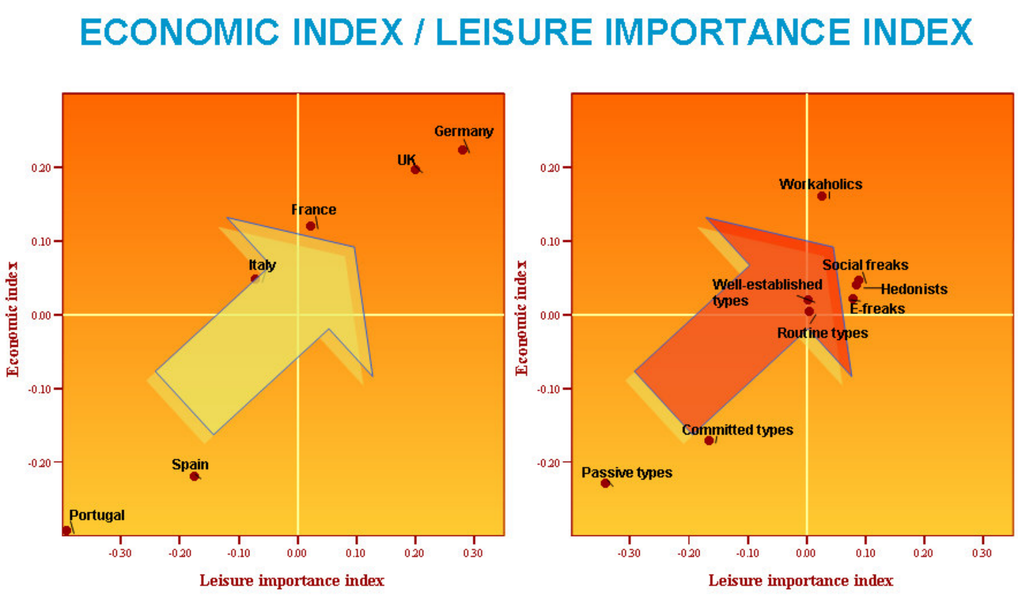
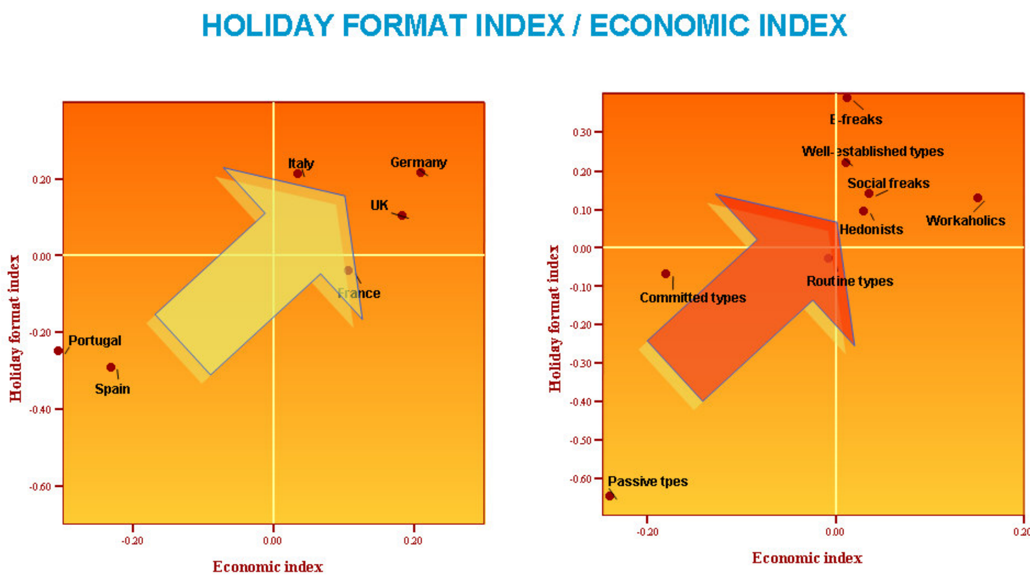


Table 6 compares economic development with the format in which holidays are taken. The relationship shown here may appear to contradict that in the foregoing Table, given that leisure behaviour does not show a direct link to the holiday formats chosen. For example, Spain and Portugal have a much more seasonal pattern of leisure (i.e. a greater tendency to take one long holiday rather than other kinds of holidays - possibly because of the long, hot summers in these countries) but all leisure types fall in the upper quadrant with the sole exception of “Committed Types”.

TABLE 6



3.2 What the new scenario for 2010 means for tourism companies and tourist destinations if they are to be competitive.

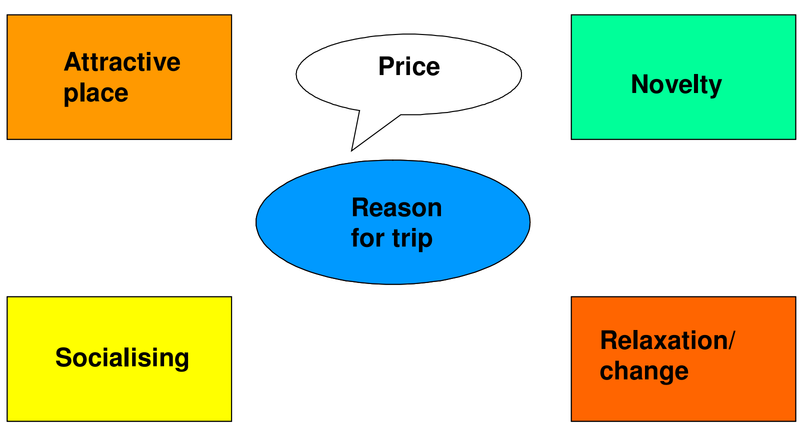
Regardless of the holiday format chosen, the reasons for choosing a particular kind of holiday, the channel chosen for making the booking, and the price demanded by tourists over the next few years, one thing is sure: European travellers make very clear demands on carriers, and on tourist destinations [xiv] (See Table 7):

- An attractive place with comprehensive services and a pleasant setting providing the desired experiences. This requires well-integrated services in order to deliver customer satisfaction. As Schmitt put it, experiences, feelings, thoughts, acts, and relationships that "give customers' aesthetic pleasure and elicit enthusiasm"[xv]

- Something new, that is to say the ability to retain what is authentic while gradually introducing complementary elements to keep tourists and leisure-seekers hooked.
- A place in which to relate to others and chat with family, friends, spouse/partner, and other people in an atmosphere that is a complete change from work or home.
- Relaxation/change, understood as activities or relaxation that contrast with one's daily routines back home. Accordingly, relaxation/change may be more or less active, depending on the nature of one's normal daily routine.
- Price. To these four elements shaping the tourist industry's response to new consumers, one can add a fifth - cheapness. A recent development is the way new customers are demanding cheap prices. This is part of the fallout from the boom in low-cost carriers. Cheap air fares have fostered demand for bargain basement prices in other tourist sub-sectors (hotels, trains, car hire, cruises) and have been exploited by tour operators offering seaside package holidays to force rates down even further.

TABLE 7

DESTINATION REQUIREMENTS FOR EUROPEAN TOURISTS 2010



Breaking down the conditions required by the tourist industry at the holiday destination[xvi], we can distinguish between tangible and intangible items.

3.2.1 Tangible items

Tangible components include all physical elements, structures, infrastructure, facilities, staff, craft products, foodstuffs etc. that help deliver customer satisfaction and provide the kind of experience sought by tourists.

3.2.2 Intangible items

Intangible items fall into three groups: global items, consistency items, and hospitality items.

Global intangible items cover the structuring of what is on offer and the extent to which it forms a harmonious whole. They affect the way the value of individual items is turned into products. These items define a holiday destination's identity and require an effort to ensure that the existing features of the resort meet contemporary requirements. Here, environmental quality is a key requirement since it allows tourists to come into contact with the area and its heritage. Other requirements include: branding (a feature that confers the resort with a personality of its own, differentiates it from the competition, and provides stable added value); public information; and price (which has now become a key aspect in reaching a purchasing decision).

Intangible consistency items are:

- Access and connections - the ease with which the tourist destination can be reached by land, sea, or air.
- The extent to which the destination delivers what it promises (climate, atmosphere, etc.).
- Cleanliness and hygiene (this should always be provided).
- A quality health service (this should always be provided).
- Clear guidance.

- Risk prevention (based on knowledge of weather risks, accidents, crime, social upheaval, terrorist attacks, over-booking, etc.).
- Knowledge in dealing with exceptions to the rules.

Intangible hospitality items are:

- Reception, welcoming events, and informing tourists of what they need to know about establishments and the holiday destination.
- Helping tourists through either electronic means or on the ground to get what they are seeking.
- Entertainment and the provision of a wide range of activities from which to choose.
- Aids to interpretation in order to help tourists get the most out of the holiday destination's Nature attractions, heritage, and sports facilities, etc.

4. CONCLUSIONS

a) The number of European tourists travelling to destinations in the continent and further afield will grow by around 6.8% per annum in the period up 2010. While European demand for tourism will be about 4.1% per annum, average spending per capita will fall by 3%, continuing the trend found in the previous period.

b) These general data allow us to estimate growth of almost 30% in European journeys during the period 2005-2010, with a predominance of short holidays and city and country breaks, and with no change in the number of days out (currently around 8 per annum).

c) Tourists' want experience, feelings, and satisfaction from their holidays. This phenomenon will accentuate the trend towards splitting up holidays throughout the year and increase the reasons motivating tourists choices.

d) Demographic forecasts stress the greying of the tourist population, which will require new approaches towards organising holiday products and destinations for older visitors.

e) The growing number of immigrants in the population will stimulate demand and require new products that are quite different from the ones suitable for older tourists.

f) Holiday destinations clearly need to incorporate sustainable development, with all that entails in economic and social terms.

g) The marked trend towards the use of the Internet sales channel (whether through on-line agencies or reps) already seen between 2000 and 2005 will become stronger in the period up to 2010.

h) Travel will become easier as low-cost carriers continue to expand. This trend will shape a new network of European air hubs with their own leisure facilities.

i) Demand for seaside holidays will rise very slightly and be strongly linked to: events; sports; adventure activities; a change of air; city and country breaks; culture; fitness; health; training and information.

j) Following the theory of leisure types and the forces driving them, we envisage that each of these segments will be shaped by the following economic and leisure aspects:

- The consolidation of the labour market
- The spread of flexi-time
- Salary and pension provisions
- Leisure structure
- The importance given to leisure vis-à-vis work

k) Based on the 2010 scenario, the competitive position of tourist firms will depend on their ability to satisfy tourists' demands in ways that fit in with: holiday type; tourists' reasons for their choices; and the price that holidaymakers are willing to pay.

l) There are thus four main factors shaping demand: 1) the attractiveness of the holiday destination; 2) the newness of what is being offered; 3) the way holiday component parts make up a well-designed whole, and 4) low price, which has recently become another key factor as a result of the proliferation of low-cost carriers. Tourist companies and holiday destinations will thus design their products and services to cater to a given target market.

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