Misunderstanding Generation Y: Risks for Tourism Managers

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ABSTRACT

Generation Y has become more than simply a label used to describe people born between 1980 and 1994, it has become a symbol of a proposed new culture said to be unlike any before it, with a unique set of values, skills and behaviors that transcend geography and ethnicity. The consequences of this emerging culture are only just beginning to be discussed in higher education as these individuals become the core group of college students and in human relations as they enter the workforce. But Generation Y also represents a significant market for tourist operations. So are the claims made about this group true? And what are the implications of these claims for tourism managers? Both longitudinal and cross-sectional research is needed to reduce the risks that tourism managers face in dealing with this new generational cohort. This paper demonstrates the value of such research by describing a specific study that utilised time series data to examine the emergence of Generation Y in a major tourist destination in Australia, the Great Barrier Reef. The overall pattern of results suggested that the use of generational cohorts as a market segmentation tool was valid and that Generation Y was indeed emerging as a group of travellers with a unique pattern of characteristics, motivations and expectations. The data in the study showed that emerging youth markets are not like those in the past and this has implications for the provision, marketing and sustainability of current tourism activities.

INTRODUCTION

Change and risk are two closely linked concepts in all aspects of human life including tourism. Typically we assume risk is a necessary companion to management or business change and often the risk associated with a change is used as a reason for not changing. What is problematic for many people to evaluate is the risk of not changing as we have difficulty analysing trends and predicting future conditions. This is particularly true in tourism where consistent time series or longitudinal data are difficult to find because tourism has only recently been recognised as a major social and economic phenomenon worthy of study by government and other researchers. This paper seeks to demonstrate the value of such research by describing a specific study that utilised time series data to examine the emergence of a particular generational cohort, Generation Y, in a major tourist destination in Australia, the Great Barrier Reef.

The idea of using age and/or generation as a market segmentation tool is not new to tourism research. The increasing attention being paid to senior tourists, for example, both reflects and recognises that the aging of Baby Boomers creates new tourism markets and that these Baby Boomer seniors are different from older travellers in the past (Gilleard & Higgs, 2002). Baby Boomers have captured the attention of tourism researchers and managers because of the large size of this generational cohort and their affluence (Shoemaker, 2000) and because many tourism researchers and managers are themselves Baby Boomers. Other generational cohorts have yet to be given the same sort of research attention in tourism, although a number of social

commentators have begun to discuss in the broader public arena the notion that there exists a generational cohort that is profoundly different from all those that have preceded it – Generation Y. While a number of different labels and birth years have been used to describe this cohort, Generation Y is the most common label and it is most commonly used to describe people born between 1980 and 1994 (Gorman et al, 2004; Howe and Strauss, 2000).

Much of the material currently available describing Generation Y has been provided by commercial consultants and social survey research companies focussed on specific populations and client issues. Much of the information that is publicly available on Generation Y is about brand perception and attitudes towards work. This information is however, limited in that few, if any, methodological details are provided and often quite contradictory claims are made leading to very disparate conclusions and recommendations. Generation Y is also emerging as a topic of interest in the academic literature but the focus has been primarily on information and technology use (Gardner & Eng, 2005) and attitudes to learning and education (Oblinger & Oblinger, 2005). Very little is known about Generation Y in terms of travel and tourism behaviour and, as in other areas, many contradictory claims have been made. For example, a recent Australian news article reporting on a tourist survey claimed that Australian Generation Y members were travelling less than previous younger age groups (a decline of 15 percent over a five year period) and instead spending discretionary income on entertainment media and electronic equipment (Burke, 2007). This claim contrasts with another article published two months earlier claiming that 70 percent of Australian Generation Y members had already travelled internationally (Sydney Morning Herald, 2007).

For tourism managers Generation Y represents a substantial market and having contradictory and limited information about their values, characteristics, and attitudes towards travel, limits manager's abilities to effectively market to, and manage, this travel segment. If youth travel markets are changing then doing business without information detailing these changes is risky. One way to reduce this risk is to examine the nature of these changes and explore the processes underlying them. This study sought to compare and contrast tourists in different age groups over time, in order to determine if and how Generation Y travellers differed from other age groups and generational cohorts. The study had the overall goal of determining what, if any, changes may be required from tourism managers to meet the requirements of this emerging tourism market.

METHOD

The data used in this study were collected in a series of surveys conducted over an eight year time period from 1996 to 2002 with tourists visiting the Great Barrier Reef region on the North-eastern coast of Australia. A total of 6431 survey questionnaires were completed by visitors on commercial tour operations to the Great Barrier Reef with an overall response rate of 73 per cent. The surveys were conducted in English, German, Mandarin and Japanese with passengers on a wide variety of reef tours in a range of locations throughout the region and were distributed in two ways. The first method of distribution involved direct contact with visitors on day trips. As these boats returned to the coast, research interviewers approached all passengers judged to be older than 18 years. The second method of distribution relied on the support of tourism staff and was used with overnight and extended tours and in these cases the staff approached visitors at the end of the trips and asked them to participate. These visitors completed the survey and posted it back to the research team. The survey questionnaire included questions gathering demographic information, travel behaviour (including travel party, previous experience

in the region and type of reef travel undertaken), reef travel motivation, activity participation, and satisfaction with the reef tourism experience.

The Great Barrier Reef (GBR) is a world heritage site covering an area of nearly 350,000 square kilometres and is one of Australia's leading tourist attractions. Loker (1993) and Buchanan and Rossetto (1997) report that the GBR is a particularly important destination for younger, international, long-stay, independent travellers. These 'backpackers', as they are commonly labelled in Australia, are aged 31 years or less and are the main markets for specialist reef tours and dive trips (Moscardo, 2006).

RESULTS AND DISCUSSION

The challenge in studying age cohorts over time in tourist settings is to distinguish between three processes – maturation of individual travellers as they move through different lifecycle stages, changes across generations or cohorts, and development of the destination. Figure 1 sets out the six groups used in the present study with their sample sizes and the key comparisons that could be made between them. Each of the three processes proposed as potentially underlying change should exhibit a different pattern of results. If there are generational or cohort differences then the analyses should find key significant differences for those comparisons highlighted by the thickest arrows. That is, the youngest age groups should be significantly different from each other over time and there should be significant differences between the first two groups and the rest of the sample in 1996 but between the first and second groups in 2002. If maturation or development across the life cycle is the key process then the major significant differences would lie between each of the three age groups regardless of the year of the survey. If destination development is the key then the main differences should lie across the two survey years with minimal differences within each year.
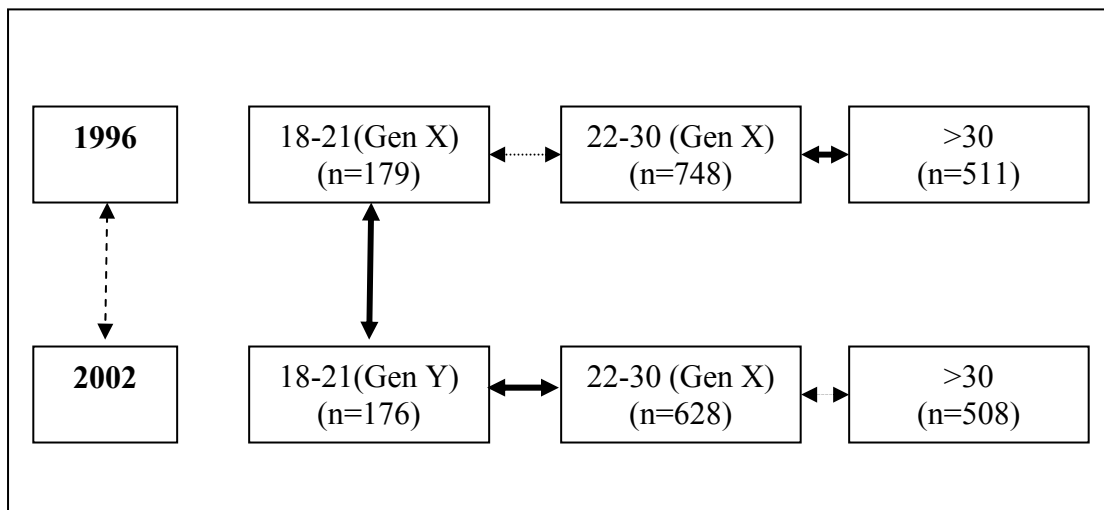

Figure 1. Main Groups and Possible Comparisons

It is most likely that more than one process is involved and so the analyses were conducted in two main stages using a series of analyses of variance and chi-square statistics to compare and contrast the different age groups across the two time periods examined. The first

stage looked at the three age groups within each of the survey years to check for maturation versus cohort differences. The second stage of the analyses compared all groups to each other and over time.

Table 1. Age Cohort Differences Over Time for Travel Behaviour Variables

	1996			2001		
	18-21 (Gen X)	22-30 (Gen X)	>30	18-21 (Gen Y)	22-30 (Gen X)	>30
Usual Place of Residence						
Australia	20%	26%	26%	15%	26%	55%
North America	16%	24%	29%	45%	13%	15%
Europe	30%	19%	22%	30%	52%	18%
Asia	34%	31%	23%	10%	9%	12%

Overall chi-square = 705.1, p<0.05; chi- square between age groups in 1996 only = 58.2, p<0.05; chi- square between age groups in 2001 only = 338.3, p<0.05.

Previous Visits to Great Barrier Reef						
0	70%	64%	65%	81%	62%	60%
1	17%	20%	23%	8%	16%	17%
2	3%	3%	3%	3%	5%	7%
>2	1%	7%	5%	1%	5%	10%
Regional Resident	9%	6%	4%	7%	12%	6%

Overall chi-square = 147.2, p<0.05; chi- square between age groups in 1996 only = 25.9, p<0.05; chi- square between age groups in 2001 only = 63.7, p<0.05.

Visited Other Coral Reefs before	37%	44%	47%	26%	38%	42%

Overall chi-square = 34.4, p<0.05; chi- square between age groups in 1996 only was not significant; chi- square between age groups in 2001 only = 15.9, p<0.05.

Travel Party						
Alone	7%	9%	6%	5%	11%	5%
In a couple	14%	51%	61%	4%	35%	37%
With a family group	28%	10%	21%	33%	13%	29%
Family & friends	4%	2%	2%	7%	5%	9%
Friends	37%	26%	16%	25%	31%	13%
Organised group	15%	7%	8%	22%	3%	3%

Overall chi-squares were significant for all the travel party categories, chi- squares between age groups in 1996 were significant for categories except Alone and Family & Friends; chi- squares between age groups in 2001 were significant for all categories.

Time spent away from home						
< 1 week	35%	40%	38%	23%	30%	37%
1-2 weeks	15%	30%	35%	13%	11%	24%
2-3 weeks	10%	6%	13%	34%	12%	15%
>3 weeks	40%	24%	14%	30%	47%	24%

Overall chi-square = 585.8, p<0.05; chi- square between age groups in 1996 only = 180.7, p<0.05; chi- square between age groups in 2001 only = 185.3, p<0.05.

Table 1 provides a summary of the results of analyses conducted on travel behaviour variables. A detailed examination of the pattern of results in this table shows evidence for all three possible patterns of change. For example, the usual place of residence has changed substantially for all age groups across the two years reflecting the development of the destination in different origin markets. But there were also substantial differences between the age groups within each year suggesting maturation effects. Finally, there were also differences between the age groups across the years supporting an argument that there are cohort changes as well. In general, across all the variables in Table 1 the largest differences were between the youngest group in 1996 (Generation X) and the youngest group in 2001 (Generation Y) and then between the Generation Y and Generation X groups in 2001. In summary the core differences between Generation Y reef visitors and other groups appeared to be that they were more likely to come from North America, to have less experience with reef destinations, and to take shorter trips.

Table 2. Age Cohort Differences Over Time in Information Source Use

	1996			2001		
	18-21 (Gen X)	22-30 (Gen X)	>30	18-21 (Gen Y)	22-30 (Gen X)	>30
Information Source						
Auto association	0%	4%	4%	2%	1%	3%
Brochures from outside region	18%	21%	22%	14%	15%	17%
Brochures from inside region	25%	29%	19%	26%	28%	29%
Internet	4%	4%	2%	21%	15%	16%
Television	1%	0%	1%	4%	4%	6%
Friends/family	56%	50%	45%	50%	43%	37%
Travel Agents	34%	50%	50%	15%	20%	20%
Newspapers	18%	16%	22%	18%	22%	32%
Guidebooks	15%	16%	19%	29%	28%	27%

Overall chi-squares were significant for all the information source categories except guidebooks, chi-squares between age groups in 1996 were significant for all categories except Brochures outside the region, Internet, Television, Guidebooks; chi-squares between age groups in 2001 were significant only for Family/friends, Travel agents and Newspapers.

Table 2 provides a summary of the differences in the target groups on information source usage. The cohort differences are not so clear in this table with the largest differences being between the two time periods with all the 2001 groups more likely to use the internet and guidebooks for information and less likely to use travel agents. Generation Y respondents were, however, distinctive in their low usage of travel agents. While Generation Y reported the highest usage of the internet, the actual rate of 21 percent seems low given that widespread internet use is often cited as a factor underlying the distinctive attitudes and behaviors of this cohort (Gardner & Eng, 2005).

The next set of analyses are summarised in Table 3 and these focussed on what the respondent actually did while visiting the Great Barrier Reef region. Again, while all three change processes are evident, the largest changes were between the two youngest groups across the two years and between the Generation Y and Generation X respondents. In this case Generation Y respondents were less likely to participate in SCUBA diving and sailing, choosing instead larger boats with a focus on more general marine activities. Generation Y also appeared to be less interested in adventure activities and specialist tour operations than earlier groups of younger travellers.

Table 3: Age Cohort Differences Over Time in Reef Trip Behaviours

	1996			2001		
	18-21 (Gen X)	22-30 (Gen X)	>30	18-21 (Gen Y)	22-30 (Gen X)	>30
Reef Trip Type						
Large boat to reef	44%	31%	46%	70%	46%	55%
Small boat to reef	25%	26%	26%	5%	13%	9%
Island trip	17%	37%	26%	22%	25%	24%
Dive trip	14%	6%	2%	3%	16%	11%
Overall chi-square = 496.4, p<0.05; chi- square between age groups in 1996 only = 104.9, p<0.05; chi- square between age groups in 2001 only = 61.2, p<0.05.						
Reef Activity Participation						
Swimming	67%	72%	63%	65%	56%	47%
Fishing	6%	10%	3%	3%	6%	7%
Sailing	28%	13%	9%	1%	1%	1%
Snorkelling	68%	79%	63%	75%	71%	62%
SCUBA diving	38%	31%	15%	23%	35%	16%
Glass bottom boat	45%	47%	59%	28%	19%	375
Overall chi-squares were significant for all the participation categories, chi- squares between age groups in 1996 were significant for all categories; chi- squares between age groups in 2001 were significant for all categories except Fishing and Sailing.						

The survey respondents were also asked to rate the importance of a number of reef trip motivations on a scale from 1 not at all important to 5 very important. The use of rating scales allowed the researchers to employ a two-way ANOVA to simultaneously explore the effects of age, time of survey and the interaction between these two independent variables. All the results of these ANOVAs are presented in table 4. These results suggested that overall the largest differences in motivation ratings lay between the two years with much more varied scores across all the age groups in the 2001. Despite these year differences, two motivations were still significantly different between the youngest age groups across the two years. These were experiencing excitement and rest and relaxation, which were both more important for Generation Y respondents.

Table 4: Age Cohort Differences Over Time in Reef Trip Motivations

	1996			2001		
	18-21 (Gen X)	22-30 (Gen X)	>30	18-21 (Gen Y)	22-30 (Gen X)	>30
Motivation						
Be with family/friends	2.7	2.8	2.3	2.4	2.1	2.3
Escape from everyday stresses	2.7	2.9	2.8	3.9	3.9	3.9
Do something new & different	3.5	3.4	3.3	4.5	4.4	4.4
Be physically active	3.6	2.9	2.8	3.2	3.2	3.2
Experience nature	3.5	3.4	3.4	4.6	4.6	4.6
Experience some excitement	3.3	3.1	2.9	4.2	3.6	3.6
Rest and relax	3.0	3.2	3.1	3.7	3.8	3.8

Numbers are mean ratings on scale from 1 not to all important to 5 very important

Results of ANOVA	Overall F	F for Age groups	F for Year	F for interaction of Age x Year
Statement				
Be with family/friends	**38.9**	2.6	**85.0**	2.6

Escape from everyday stresses	**178.0**	1.8	**494.3**	1.8		
Do something new & different	**355.4**	**9.6**	**842.1**	0.3		
Be physically active	**22.5**	**3.8**	**45.1**	0.9		
Experience nature	**557.4**	0.7	**1467.4**	0.9		
Experience some excitement	**176.1**	**86.0**	**440.5**	**10.2**		
Rest and relax	**96.6**	1.2	**255.0**	**3.1**		

Results significant at the p<0.05 level are in bold

The final analyses, presented in Table 5, were of differences in reef trip evaluations. The results for the first two trip evaluation variables showed no cohort or maturation effects. Across all the age groups it seems that reef visitors in 2001 were more satisfied with their experience suggesting improvements in the tour operations in general. The patterns for the second two variables were less clear. These variables could not be subjected to significance testing as they were answers given to open-ended questions. Multiple answers were possible and all the answers were recoded according to the major themes that were identified and these are listed in table 5. The two most obvious features of Generation Y visitors in these two variables were a greater emphasis placed on activities and less emphasis on experiencing the reef itself in terms of the best feature of the reef trip, and a greater emphasis on trip planning information and less emphasis on reef education in suggested improvements.

Table 5: Age Cohort Differences Over Time in Reef Trip Evaluations

	1996			2001		
	18-21 **(Gen X)**	**22-30** **(Gen X)**	**>30**	**18-21** **(Gen Y)**	**22-30** **(Gen X)**	**>30**
Mean overall enjoyment (0 not at all – 10 very much)	8.2	8.2	8.2	8.7	8.5	8.7

Overall F = 13.3, p<0.05, F for Age not significant, F for year = 42.5, p<0.05, F for interaction not significant.

Recommend reef trip						
No	2%	1%	1%	0%	1%	1%
Don't know	10%	7%	7%	6%	3%	3%
Probably	22%	32%	27%	28%	24%	20%
Definitely	66%	60%	65%	66%	72%	76%

Overall chi-square = 88.9, p<0.05; chi- square between age groups in 1996 not significant, p<0.05; chi- square between age groups in 2001 only = 16.2, p<0.05.

Best Features						
Activities available	56%	58%	54%	72%	69%	69%
Reef educational experiences	2%	2%	2%	1%	0%	0%
Reef itself	13%	11%	14%	6%	7%	7%
Wildlife	23%	23%	21%	17%	19%	15%
Service quality	2%	2%	45	2%	1%	1%
Suggested improvements						
More planning information	22%	40%	32%	34%	24%	19%
More reef education	16%	17%	14%	10%	14%	16%
More facilities	6%	6%	7%	10%	17%	18%
Improved safety	7%	4%	5%	10%	11%	10%
Better service quality	4%	2%	2%	5%	6%	6%

SUMMARY AND IMPLICATIONS

The results provided evidence of all three processes- changes resulting from development of the destination, changes resulting from the maturation or development of tourists as they age and move through different lifecycle stages, and cohort or generational differences. However, when both destination and individual maturation are taken in to account, Generation Y tourists still displayed significant differences to the other age cohorts on a number of variables. The results also provided some consistency with previous claims about Generation Y. For example, this group were more likely to travel in a family group which is consistent with a tendency for Generation Y individuals to stay at home longer (Huntley, 2006). They were also more interested in escape, novelty, and excitement, a pattern consistent with their early exposure to a wide range of entertainment and leisure experiences (Aleh, 2000). It has been claimed that Generation Y is more risk averse and conservative than previous generations (Smith, 2005/2006) and in the present study Generation Y reef visitors were less physically active especially in higher risk activities such as diving. There were also some findings that were not consistent with previous claims. The relatively low rate of internet usage, for example, seems not to support claims made about internet usage as a defining feature of this cohort. It has been suggested elsewhere that internet usage may have been overstated and may appear because of a heavy reliance on online survey methods to study this group (Broos & Roe, 2006).

In the specific destination that was studied, the Great Barrier Reef, a number of characteristics that were found to be associated with Generation Y Reef visitors can be linked to particular challenges for tourism managers. In particular, this group were more likely to use the internet and guidebooks for travel information, to take shorter trips, and have less travel experience. The Generation Y respondents in this study also differed significantly from all other groups in that they were less interested in nature education activities and much more concerned about gathering specific tour information in order to plan their reef experiences to maximise value for money. The first of these challenges presented by these Generation Y characteristics relates to the importance of nature education as a tool to support sustainable tourism to this destination. Nature education or interpretation has been used as a key strategy to influence tourist behaviour and minimise negative impacts. The Generation Y tourists in this study were significantly less interested in this aspect of their reef experiences suggesting that reef tourism managers may need to reconsider strategies for communicating with tourists and influencing their behaviour. Secondly, the Generation Y tourists were also more demanding in terms of organising their reef experiences to maximise value for money. Reef tour operators who can provide for this need are likely to gain a competitive advantage with this group.

Finally, the changing pattern of behaviours has implications for a number of smaller and more specialised reef tour operations. As noted earlier, in the last decade tourism in this destination region has relied heavily on longer stay visitors and in particular on the young independent travellers referred to as backpackers. The data in the present study suggests that emerging youth markets to this destination are not like the backpackers that have dominated in the past and this has implications for the provision, marketing and sustainability of current tourism activities in this destination.

The overall pattern of results suggested that the use of generational cohorts as a market segmentation tool is valid and that Generation Y is emerging as a group of travellers with a unique pattern of characteristics, motivations and expectations. The study showed that not all claims made in the media about Generation Y are supported by evidence and that not all claims may apply to specific tourism destinations. This study also demonstrated the value of

longitudinal data sets in providing the information necessary to evaluate and describe changing patterns of tourist behaviours. There is a risk associated with misunderstanding Generation Y and tourism research is a key element in managing this risk.

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