



The Psychology of Travel – Consumer Behavior

January 2003

The Strategic Travel Action Resource – or STAR –is a timely, topical, brief report replacing what was currently referred to as an Industry Report. The STAR adds to it an element of strategic thinking and planning for the future. In every STAR, NTA members will be able to understand exactly why this research is relevant to them and go away with a better understanding of how they can relate the information to their business and future planning.

The Psychology of Travel series is the first of the STARs to be produced. The series of reports will look at various aspects of why people travel and the psychological motivators that guide them.

?

The Psychology of Travel STAR series takes a look at general consumer behavior and how that affects peoples desire to travel. The area of consumer behavior is highly researched and studied as marketers continually review consumer behavior and how it affects purchase decisions. This report is a very general overview of consumer behavior and can be used in tandem with other STARs in this series to help increase understanding of the consumer and the factors that are at play in their decision-making processes.

The actual psychology behind consumer behavior is based on several factors – ego involvement, loyalty and commitment, family decision-making, influence of friends and relatives and novelty seeking.¹ All of these factors have been studied by psychologists to better understand the forces behind these behaviors.

Ego Involvement

The largest portion of psychological research on travel and tourism is in the area of ego involvement. As stated in an earlier section, tourists are often highly involved in the decisions surrounding their travel experiences. With today's access to information, the industry is facing arguably the most informed consumers ever. Acquiring knowledge and being an active participant is an ego boost for consumers. They want the product

¹ Economic Psychology of Travel and Tourism, John C. Crofts and W. Fred van Raaij, The Hawthorne Press Inc., 1994.

providers to know that they are smart, informed and will not be sold something that they do not want.

One great example which most tour operators, tour suppliers and destinations are keenly aware is the rise in travel planning and booking over the Internet. Sites like Expedia, Travelocity and others have placed the product out there – at often incredible prices – and put the consumer in control. Often times this even turns into gamesmanship among the traveling public. Consumers are interested in the price that others paid for the same flight, hotel room, cruise and will compare the deal they got to those of their fellow travelers – priding themselves on finding the better price or vowing to do more research and get a better deal the next time.

As Peter Yesawich states in his research, the new consumer core values of autonomy, enjoyment and activism fit perfectly in the Internet's model of placing the consumer in control and making the best product for the lowest price mentality take over. In fact, when asked the following questions in a 2001 survey, the percentages correspond to respondents who replied YES to the following questions:

- ?? It is important to feel in charge of your own life – 85%
- ?? You will compromise your principals to achieve this – 51% (down from 63% in 1998)
- ?? You rely on your own instincts – 72% (up from 62% ten years ago)
- ?? Your IQ is higher than average – 64%²

By looking at this data, one can see that the majority of consumers not only think of themselves as well informed and in charge of their life, they also believe they are smarter than most other people. This is a huge psychological consideration when working with and selling to these consumers. Their ego and belief in their own instincts and intelligence is very important – and very high! This should not be compromised or depleted by the travel professional's treatment of them as an informed consumer.

Loyalty and Commitment

Price loyalty, in many respects, is replacing brand loyalty. Consumers want to participate in the creation of product, no longer a “one size fits all” world. They also want to turn existing brands into their own and control the transaction. All of this has been influenced by the amount of information supplied today via the Internet.

In the travel industry, loyalty clubs such as frequent flyer/traveler programs are designed to create this commitment from consumers. This is related to the above statement of price loyalty replacing brand. Consumers will go with the best deal, not necessarily the same airline, hotel or tour operator they used last time. Therefore, companies attempt to hold customers by making it too expensive for them to switch. For example, if a traveler earns points or rewards by staying at a particular hotel or traveling with a certain company, a price difference of \$50 or \$100 is not enough to lose the perceived value they have within the rewards program. Therefore, the company keeps the consumer not

² *The Triple Witching Hour*, Peter Yesawich, Yesawich, Pepperdine & Brown, NTA Tour Operator Spring Meet, April 2001.

so much for the loyalty to their brand but more to the rewards the consumer will ultimately receive.

There are a number of strategies that can be employed to obtain loyalty from consumers. As all business people know, it is cheaper to keep a customer than to get a new one. However, loyalty in today's competitive environment is hard to come by. By studying psychological factors that play into a consumer's loyalty and commitment to a company and its product, programs to garner that loyalty have a better chance of succeeding.

Everyone is very aware of the rewards programs developed by airlines and hotels. However, tour operators could consider similar loyalty programs. Rewarding repeat travelers with discounts or a points system whereby the traveler can earn points toward extra amenities or prizes like digital cameras, travel books, etc. can be as effective as expensive mailings or other marketing campaigns designed to retain customers. While many tour suppliers already have programs, those that do not could follow these models to develop a loyalty program.

Friends, Family Influence

As destinations, tour operators and tour suppliers spend millions of dollars to influence buying decisions, it is always smart to keep in mind that advice from family or friends is a huge influencer in buying decisions. These are people who are trusted by the consumer and, in turn, their suggestions are valued.

More and more, children influence family decisions. As is discussed in the MAP on Family Travel, children under age 12 spent or influenced the spending of \$500 billion in 1997. That is an average of \$12,500 for each of the United State's 40 million kids.³ There is a constant stream of information stating how families rely more and more on the input of their children in making decisions. This is also particularly true with Boomers and their children. Also from the Family MAP, we learned that Boomers are twice as likely to travel with children and, of all traveling families with kids, 62 percent of them are headed by Boomers.⁴

While most research on family decision-making as it relates to travel focuses more on how travel brings a family together and how to make trips "kid friendly" to attract the family market, it would be smart for travel professionals to understand that kids today have influence and more of a voice in decisions than ever before. Therefore, studying the psychological motivators of children and their demographic is as necessary as studying that of their parents.

Influence by friends and other relatives can be just as strong. Again, these are trusted friends whose value and judgment are accepted. This group has a strong influence over decision-making. In fact, NTA's *2001 Packaged Travel in North America* study showed that when planning a vacation, 26 percent of group packaged travelers and 17 percent of independent travelers in the United States relied on friends or relatives' advice as a

³ *American Demographics*, Rachel Weissman, "Mouse in the House," February 1999.

⁴ *Market Assessment Plan on Family Travel*, National Tour Association, 2000.

source for planning. Twenty-two percent of Canadian packaged travelers relied on this source for trip planning.

Another reason to consider friends' advice as a strong influencer in decision-making is the fact that they may also make up the travel party. While 58 percent of packaged travelers traveled with their spouse or partner, the next highest group was friends, with 30 percent (compared to the U.S. norm of 17 percent). This even outweighed packaged travelers who traveled with their children (25 percent). The same held true with Canadian packaged travelers with 50 percent of group packaged travelers traveling with a spouse or partner, 24 percent with friends and 9 percent with children.⁵

This adds additional layers to the study of consumer behavior. Not only does a company have to be concerned with influencing the buyer directly, they must also overcome any objections or previous bad perceptions that any number of friends and family members may have. However, if these influencers are identified and considered in the equation, the company will have a better shot at understanding the buying behavior and overcoming some obstacles.

Novelty Seeking

This aspect of consumer behavior is probably the most well known to travel professionals. It is no shock that the search for new experiences is a key motivator in the reason people travel. Researchers have also stated that vacationers taking novel trips (those to places that are not familiar) seek more advice on the destination and spend more time and money during the trip than do travelers who take more commonplace trips.⁶

The National Tour Association always strives to provide its members with information on various market segments and cohorts. This is in an attempt to provide information that will help tour operators design more creative itineraries and look for unique destinations and attractions. All of this will add to the novelty of a travel package and pique the interest of travelers, especially with the arrival of the Baby Boomers into today's new senior market and the generations behind them that have disposable income and are emerging as the new consumer. These groups do not want to take the same vacation every year – a majority of them are well traveled from years of family vacations and work-related activities that have taken them to any number of destinations. Therefore, they must find motivations in new, unique experiences.

What does this mean to me?

Understanding consumer behavior is one of the top jobs for all marketers. To sell a product, one must understand their consumer and what motivates them. The information in this STAR not only provides NTA members with an overall view of consumer behavior and the driving forces behind that behavior, it also can help as a general overview of the consumer psyche when reading the other STARS in this series.

⁵ *2001 Packaged Travel in North America*, National Tour Association, October 2002.

⁶ *Economic Psychology of Travel and Tourism*, John C. Crofts and W. Fred van Raaij, The Hawthorne Press Inc., 1994.

There are any number of factors that affect a consumer's decision making. Travel professionals not only have to appeal to the ego of the consumer with a product that makes them feel important and in control, they must also deal with outside influencers – like friends, family, co-workers and others. Additionally, the STAR points out that loyalty today may be more fleeting than in the past with consumers often looking at price over brand. With that being the case, there are ways to make your company a bigger part of the consumer's life. The number one way to accomplish this is through loyalty programs. While tour suppliers have been the ones to really incorporate this strategy, tour operators could utilize these models and develop a customer loyalty program that could prove to be extremely successful.