



The Psychology of Travel – Economic Behavior

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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.

Why do people travel? Travel professionals ask themselves this question every day when planning marketing campaigns and other attempts to get the consumer to travel with them or to their destination, property, attraction, etc.

This STAR will provide information on the psychology of the traveler – what motivates one to visit other places and spend money on travel. Instead of the usual look at demographics and psychographics of a particular market, this report will be a series that looks at the overall psychological motivators that drive people to travel. This first installment in the series is a look at the economic behavior behind travel.

Through understanding these economic motivators, one can develop marketing and product development strategies that take into account these factors of human nature and attempts to meet those needs.

This series of STARs can be used in tandem with every other market- or product-based resource provided by the Strategic Development Council. NTA members can add the demographic information of various groups – like the Baby Boomers or Future Seniors – to this psychological information to get a better overall picture of specific travelers.

Economic Behavior

When asking the question of why people travel, many ideas immediately materialize: a change of scenery, relaxation, adventure, meet new people, exposure to new cultures,

education, work. The list can be endless. And, while these motivations are certainly valid, there are other psychological motivators that contribute to travel that have been studied by psychologists for years.

In the leisure travel industry, there are a number of factors that influence decisions about where to travel, how to get there and what to do. Some of the more tangible reasons people today travel include:

- Change in life stage – as people age they can now devote time and money to travel and what they have perceived during their child-rearing years as “the good life.”
- Incentives – many companies provide travel as a reward for a job well done.
- Promotions – frequent flyer miles, discounted hotels and cruises and other loyalty programs make travel more affordable and more top of mind.
- Industry Growth – the competition in today’s industry keeps prices down and makes travel more affordable overall.

However, these are more tangible, measurable reasons for travel. Human behavior and psychological motivators play a part as well. Economic psychology, or how humans react to economic conditions as they perceive them, can be vital for travel professionals to understand the many hidden motivators that drive people to travel.

Economic behavior is human decision and choice with regard to the use of scarce resources (e.g. money, time, energy) to satisfy needs. For example, the discretionary income available for travel, the weeks or days one can allocate for a vacation and availability of alternatives are examples. Economic behavior, particularly from tourists, is almost always motivated behavior. It is guided by preferences, expectations, goals, values and norms and has a certain level of involvement.¹

Tourists know that there is not one single place or type of trip that is the best. One selects a place they want to go – maybe it is a new experience or a repeat of a past experience that was especially positive. Add to this the idea that a number of factors come into play with the tourism product. It is a combination of transportation, lodging, food and other destination-related activities. Perhaps the trip is packaged by a professional, such as a tour operator, or done in pieces by the consumer. Regardless, a number of factors come into play that can either make or break the experience. A huge selling point for tour operators is that they help to control those outside forces that can make for unpleasant experiences as well as the economic satisfier of providing more and better service at lower prices. These factors can help tour operators capitalize on their ability to create a seamless vacation experience when appealing to the traveler’s economic motivator.

There are a number of other psychological motivators that can be identified, such as:

- Power and ego – many people select a travel package or destination to satisfy their ego. They wish to appear wealthy and well traveled to feed their need for prestige.

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

- Romance – many destinations have the reputation for being the most romantic place to visit. This is often a motivating factor, depending on the traveler.
- Cultural experiences – many travelers view the opportunity to come into contact with new and different people, food, customs, etc. as their prime motivation for traveling. They seek experience and learning.
- Social contact – another strong motivator is the desire to interact with others. This can often be seen with seniors, many of whom may be alone due to the death of a spouse and desire contact with others. This is also a factor in why group packaged travel is so popular with this demographic.
- Trends – one of the reasons that NTA studies consumer travel trends is to help NTA members identify the “next big thing.” Many people travel to destinations or want to go to certain restaurants or attractions because everyone is going there. Simply put, it is the cool thing to do now. Staying ahead of up-and-coming destinations and travel trends is one way to attract a younger demographic and keep packaged travel fresh and exciting and to attract those travelers motivated by image.²

However, when it comes to economic behavior, the here and now is often one of the biggest motivating factors. Travel, however much the psyche may need it for the relaxation factor, is more often than not considered a luxury item that, in rough economic times, can be eliminated from the family budget. As all travel professionals know, when the economy is solid and unemployment is low, travel is booming. Naturally, the opposite is true when the economy is in a downturn. When concerned about loss of employment, mortgage and car payments, saving for college tuition or, in the case of many seniors, loss of income due to lower interest rates the idea of spending hundreds or thousands of dollars to travel is not top-of-mind for many.

J. Walker Smith of the Yankelovich Monitor recently discussed the economic uncertainty that consumers will face in 2003. This uncertainty, according to Smith, will set the tone for everything that consumers do in 2003 and is expected to worsen as unemployment figures released at the end of 2002 were actually worse than forecasted. And while these unemployment numbers aren't exactly reflective of the number of people without jobs, they create that fear and uncertainty that causes consumers not to spend.

To help motivate spending by consumers during a time of economic uncertainty, Smith suggests stability and reassurance. Consumers want reliability and a place to turn if things go wrong. Also, as discussed, consumers are much more savvy and desire high-end products at value prices. Regardless of the current economy, consumers who spend just to show how much money they have are becoming a thing of the past. Finally, marketing messages during these economic times can be light, funny and tongue-in-cheek but not too optimistic. Consumers won't buy it and mistrust will grow.³

While the travel industry will generally experience an upturn in a good economy, many argue that the rise of the Internet and the deals that it offers travelers will not diminish.

² *Fundamentals of Tourism and Travel*, Module 2, 1999.

³ Yankelovich Monitor Live, “A Look Ahead to 2003,” December 18, 2002.

Consumers today want to be in charge – they want control. Believing that they got the best deal available to them may not always be motivated by the desire to save money. As consumers grow more and more accustomed to researching prices and purchasing online, they may not settle for the first quoted price, regardless of their current economic situation. In fact, some people view this as gamesmanship – comparing the price they received with their fellow travelers to see who did the best.

Another thing to consider is that in either a booming or a sluggish economy, consumers will always be time impoverished. There is only so much time to be had and making the most of the travel experience – and the time spent on that experience – is crucial. Travel professional must realize this and offer the little extra conveniences and added value that can help in overcoming price.

What does this mean for me?

As one reads this report, the question of what this information can do for them and their particular business is natural. Simply put, an understanding of the many “whys” that result in a consumer deciding to take a vacation can be key in designing product that meets their needs and creates business for a tour operator or tour supplier’s product or makes a destination desirable. When it comes to economic behavior, the desire or motivation to travel can often be offset by the consumer’s current economic state.

However, if NTA members understand the relationship between the economy and the motivation to travel, they can better design a plan to make the most of a good economy or survive a downturn. For the tour operator, the fact that they can offer the best value for the price is a huge selling point, particularly in a slumping economy. Consumers can satisfy their need for relaxation without feeling they have compromised their budget.

Another key idea to keep in mind is that money is not the only resource that is considered when looking at economic behavior. Time and energy are both resources that can be scarce for today’s consumer and are economic factors. A trip that saves time in planning and makes the most of the time spent on the trip is ideal for today’s consumer. Again, this time factor could contribute to the rise in travel sales on the Internet. These sites allow consumers to quickly see what is available, book it at a good price and they’re done.

Researchers have repeated this message over and over as of late – people today are time-impooverished. Today, the American obsession with time is replacing the obsession with money. People will give up money to get time – they’re buying it. J. Walker Smith noted that people want simplification and technology can provide that. The “one-button interface” is very popular. This was equated to the “popcorn” button on a microwave. Consumers can buy what they want with one click. However, Smith warns not to take the simplification too literally. Consumers want simple without giving up convenience, quality or making a lifestyle change.⁴

NTA tour operators, tour suppliers and DMOs can take the information contained in this report and use their strengths to play to these economic motivators. Power and ego, cultural experiences, romance – these are all motivators that NTA members can keep in

⁴ Yankelovich Monitor Live, “A Look Ahead to 2003,” December 18, 2002.

mind when developing ad campaigns and product that may speak so loudly to the consumer that it can overcome the time, money and energy scarcities. With an understanding of economic behavior and how this behavior affects decision-making when it comes to travel, a company can obtain an advantage over its competition and speak directly to what is motivating their customers.

The technology available in the travel industry today can provide the simplicity and high-tech perks that consumers want. However, as travel has always been a “people” industry, travel professionals who utilize the high-tech while keeping the high-touch, family atmosphere will find themselves on top of the pack. They’ll offer the simplicity consumers desire while not alienating them and making them feel as if there isn’t a person on the other end to which they can turn.

Inherent in its makeup, the travel industry has a great product to reach the psyche of the consumer. However, there are outside factors – like the economy – that are hard to overcome regardless of the product or the message. By learning the economic factors, both good and bad, that are part of the consumer’s decision-making process, NTA members will be well equipped to successfully meet the challenges.