Capturing the Asian Millennial Traveller

ASIA
TRAVEL LEADERS
SUMMIT

Commissioned by:

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Knowledge partner:

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Executive Summary

Over the next decade, Millennial Travellers (born between 1981 and 1995) will enter their peak earning and spending years, creating a tremendous opportunity for the travel industry. Approximately 60 per cent of the world's Millennials reside in Asia, of which about a third originate from either China or India. Successfully capturing this next wave of consumer demand will thus require players to understand and cater to the preferences of Asian Millennial Travellers (AMTs).

MILLENIALS DIFFER BY COUNTRY

Millennials differ by region, but even more so by country. The Chinese, for instance, are the largest spenders amongst the AMTs and have a clear preference for 'big name' destinations. The Indonesians are at the other extreme, opting for budget airlines and accommodation and partial to taking impulse holidays if the right deal is offered. The Indian traveller, meanwhile, is second only to the Chinese in terms of spending per trip. However, Indians tend to opt for cheaper accommodation, spending more on flights and food. As with the Indonesians, the Singaporeans are deal-seekers. This has less to do with budget constraints, than with the desire to get the most bang for their buck. Thus, it is important to understand the preferences of each set of travellers and the differences between them in order to attract their patronage.

AMTs DESIRE FLEXIBLE TRAVEL AND VALUE AUTONOMY AND CONTROL

Across all four of the countries we surveyed in depth, we found that AMTs consistently voiced a desire to have greater control and autonomy over their travel experience - to be able to do what they wanted, when they wanted it. They expressed strong aversion to being forced into highly regimented, 'military style' schedules that required early wake up calls and a race to cram as many attractions as possible into a single day. As many as 64 per cent reported using free and easy or wholly independent travel arrangements on their last leisure trip, while only 22 per cent used a packaged tour where the entire trip was taken care of. Of course, each country exhibited further nuances; the Singaporeans being the most desirous of control and the Indonesians showing the least interest in it.

AMTs THRIVE ON GATHERING AS MUCH INFORMATION AS POSSIBLE

With travel, the choice of sources of information used by the AMTs depends on their comfort and trust levels (e.g., whether the source was recommended by a close family member or by an unknown online reviewer) as well as their knowledge and sophistication level, especially in terms of technology (e.g., use of online and mobile applications). They refer to online sources as well as travel review and social networking sites. They also, surprisingly, still rely heavily (and, indeed, more so than the non-millenial travellers) on traditional sources such as magazines, newspapers and travel agents. This need to compare multiple sources appears to be mostly necessitated by a paucity of good quality sources.

AMTs EXHIBIT A DISTINCT LACK OF BRAND LOYALTY

Although brand awareness of travel service providers appears to be high in Asia, airlines and hotels have largely been unable to persuade AMTs to exhibit any amount of brand loyalty. In part, this is due to the fact that the traditional value proposition of brands in offering familiarity and reliability has been diminished by a world awash with user reviews. For AMTs, price, convenience and other such considerations play a far more important role in determining their choices. Given that Millennials are highly brand conscious and engaged in other consumer goods sectors, it appears that much more can be done to capture the hearts and minds of the AMTs.

WHAT IS NEEDED TO CAPTURE THE OPPORTUNITY

AMTs are, or will soon become, a new kind of traveller demanding a different set of value propositions for their money. While this will bring a new set of challenges, it will also present opportunities for the travel industry. In order to capture this diverse market, companies will need to ensure that they understand and deliver what AMTs are looking for. While there is no definitive solution as yet, there are some strategies from adjacent sectors that could be leveraged as thought-starters:

- **Know your audience**: At first glance, this appears to be a painfully obvious point. Most companies, however, tend to hedge, anchoring on a model that "covers all bases" rather than investing disproportionately in the right channels and partners. For instance, given the Indonesians' strong preference for word-of-mouth recommendations from trusted friends and family, and 60 million strong Facebook members, a presence on this social networking site is likely to yield better returns than intermediaries like TripAdvisor or Agoda.

- **Facilitate customised travel**: Rather than selling a pre-packaged experience, companies should instead seek to sell tools that allow AMTs to craft their own personalised experience. They can do so by dropping bundles in favour of a basic offering that can be enhanced add-ons, a model popularised by low-cost carriers. Besides providing customers with the customisation they are looking for, such an approach facilitates adoption from new customers, particularly those from price sensitive segments.

- **Build trust**: Increasingly, consumer-led marketing is playing a critical role in creating high-impact campaigns due to the perceived authenticity of the messages. Creating platforms and opportunities for engagement is thus critical, and companies need to be prepared to have a dialogue with AMTs, responding to both positive and negative feedback. Ultimately, it will take authentic, peer-reviewed content to inspire trust in AMTs.

- **Create next generation loyalty programmes**: In order to maintain a strong relationship with the consumer, companies will have to find ways of creating continuity and engaging the consumer between travels. One significant tool that travel companies have at their disposal to accomplish this sense of continuity is loyalty programmes. Players will get the most out of their loyalty programmes by refining them to meet the needs of the Millennial generation.

- **Differentiate or disappear**: Rather than banking on familiarity, companies need to develop a unique and differentiated offering that resonates with their target segment. For example, companies like Apple and Starbucks have developed a loyal base of Millennial customers by appealing to different aspects of their persona. Apple's minimalistic yet functional designs appeal to the Millennials' ideal of simplicity, while Starbucks' beverage customisation options appeal to the Millennials' sense of individuality.


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01. Why you should care

THE ASIAN MILLENNIAL GENERATION IS SLATED TO DRIVE THE NEXT WAVE OF GLOBAL CONSUMER AND TOURISM GROWTH

Over the next decade, Millennial Travellers (born between 1981 and 1995) will enter their peak earning and spending years. Their maturation is expected to drive the next wave of consumer and tourism growth.

The Millennial is a different breed of consumer from the boomers and the Gen-Xers. Unlike them, the millennials are digital natives and, perhaps, the first truly global generation to have been brought together by the internet. They are educated consumers, willing to put in the time and having the know-how to conduct extensive research before making purchases. They attach great importance to individuality and self-expression, often sharing their opinions through the internet, particularly on social media sites. What is more, they continuously seek authentic, word-of-mouth information through these same channels, not just from family and friends, but also anonymous reviewers and bloggers.

Despite the wealth of information gathered on the Millennial generation, much of the literature, particularly regarding their travel behaviour, focuses on the US and Europe. Asia, meanwhile, is a significantly more heterogeneous region. This means that merely extrapolating the millennial behaviour of these developed regions to Asia will not work, being over-simplistic at best and misleading at worst.

And there is good reason to spend time and effort to really understand the Asian Millennial – the Millennial generation is one of the largest generations in Asia; in fact, there are about 1 billion Asian Millennials today, constituting approximately a quarter of Asia's total population. Approximately 60 per cent of the world's Millennials reside in Asia, of which almost a third originate from either China or India[1]. Even before entering the prime of their earning power, Millennials already account for almost 35 per cent of the $600 billion that Asians spend on international travel[2,3]. Driven by income growth, the Asian Millennials spend on international travel is expected to increase by 1.6X to $340 billion by 2020[4].

While this is a tremendous opportunity, the travel industry will have to adapt quickly if it wants to capture this nascent market. And now is the time to do so; to influence and help shape how Asian Millennials travel, while they are still discovering and solidifying their consumption preferences.

The usage of acronyms in this report is as follows:

- Regional: Asian Millennial Traveller (AMT); Asian non-Millennial Traveller (AnMT); North American Millennial Traveller (NMT); Middle East and African Millennial Traveller (MEA MT); European Millennial Traveller (EMT)
- Asian countries: Chinese Millennial Traveller (CMT); Indonesian Millennial Traveller (IndoMT); Indian Millennial Traveller (IMT); Japanese Millennial Traveller (JMT); Korean Millennial Traveller (KMT); Singaporean Millennial Traveller (SMT)

1. United Nations ESCAP, www.unescap.org (2013)
2. Visa's Global Travel Intentions Study (2013)
3. Who are the World's Consumers, Deutsche Bank (2012)
4. The Travel Gold Rush 2020, Oxford Economics, Amadeus (2010)

02. What's different about millennial travellers?

At first glance, the results of the survey suggest a high degree of similarity between AMTs and AnMTs. Both groups value travel as a priority in life. They travel to spend time with family, for cultural exploration and to take a break from city life. Both groups also make a comparable number of trips (two trips) and days of vacation per year (eight days); they prefer to travel in small groups (an average of three to four people per group) and to short-haul destinations (less than four hours away).

A closer look at the data and the factors underlying their decision-making processes, however, reveals a few important differences in what's driving their millennial behaviour.

WHAT FACTORS INFLUENCE MILLENIAL BEHAVIOUR?

There are three important characteristics or trends that play a key role here.

Value autonomy and control over own experience

Across all four of the countries we surveyed in depth, we found that AMTs consistently voiced a desire to have greater control and autonomy over their travel experience: to be able to do what they wanted, when they wanted it. As many as 64 per cent reported using free and easy or wholly independent travel arrangements on their last leisure trip, while only 22 per cent used a packaged tour where the entire trip was taken care of.

In general, AMTs expressed strong disenchantment with the packaged tour model. They complained about highly regimented, "military style" schedules that required early wake up calls and a race to cram as many attractions as possible into a single day. They expressed irritation with waiting for others, and for being "herded like sheep" onto large tour buses, and even with the lack of autonomy in choosing their own airplane seats and meals.

What also came through was the fact that they only used packaged tours when there was no other alternative; where getting around on one's own was a challenge, for instance. As one AMT respondent explained in describing a recent trip to North Korea, "some places, you can only go with a tour company." Even then, AMTs are 14 per cent more likely to opt for personalised guided tours that are either based on an itinerary that they themselves have put together, or where the tour group is of a limited size.

Eager to gather and process information on travel from multiple sources

The Millennial generation has oftentimes been referred to as the most technologically connected generation till date. It is thus unsurprising that AMTs are more likely to refer to online sources than AnMTs, although the sites they favour differ slightly. AMTs are more likely to use travel review and social networking sites, while AnMTs are more likely to use official destination and service provider sites. What was more surprising was to find that AMTs still rely heavily (and, indeed, more so than AnMTs) on traditional sources such as magazines, newspapers and travel agents. This suggests a penchant for "more information" rather than "online information." Focus groups across four countries confirm this trend.

This embrace of both traditional and online sources could reflect the fact that AMTs grew up during the transition from an "offline" to an "online" world and are thus accustomed to seeking information from both sources. It may, however, also reflect the fact that many travel sites still lack the depth and richness of information that AMTs seek. As one AMT explained, "although these websites are all the same, they have different focuses and strengths [in terms of coverage of accommodation, activities, tips and tricks for navigating the destination] ….you need to compare."

Heavily engaged with social media

Unsurprisingly, AMTs are more likely than AnMTs to share their travel experiences on social media networks such as Facebook, Instagram and Twitter during or after their trip. They particularly enjoy sharing their experiences real time and having others comment and appreciate those moments with them, even across the ether. This connectivity is not just a function of the tech savvy of AMTs, but also a reflection of the important signalling role travel plays in social status and lifestyle. "I post pictures to make my friends jealous," one AMT candidly remarked. By extension, social networking sites end up serving as a source of inspiration for which destinations to visit. As an AMT explained, "I saw my friend's pictures of Bali and had to go there myself. It was so beautiful."

ASIAN MILLENNIALS DIFFER SIGNIFICANTLY FROM EUROPEAN, AMERICAN AND MIDDLE EASTERN COUNTERPARTS

Much of the research on Millennial travellers till date has focused on the experience of such travellers in North America (NMT) and Europe (EMT). As the survey data shows, however, there are real differences between them and how Millennials from Asia, NA, EU and Middle East and Africa (MMT) travel.

Asian Millennial Travellers (AMTs)

At four days per trip, AMT holidays are the shortest of all the regions surveyed. However, AMTs travel less frequently – on average two trips per year – and largely to destinations that are less than four hours away. Like the Europeans, AMTs are more budget-conscious, with a greater preference for budget accommodation and transportation options. Among the other regions, however, AMTs are the most likely to opt for packaged tours, and to start their travel planning without a clear destination in mind (46 per cent of AMTs vs an average 36 per cent across other regions).

North American Millennial Travellers (NMT)

The NMTs appear to personify the motto "work hard and play harder," taking the most trips per year. They have the highest annual travel spend of all groups, which is likely driven in part by their preference for 4-star and above hotels, and full-fledged carriers. They are also the most willing to spend on activities (2X more likely than the AMTs and EMTs), and to travel long haul.

European Millennial Travellers (EMT)

EMTs appear to travel the most in terms of total days of holiday per year. They are also the most budget conscious of all the groups, although almost half of their travel budget is typically set aside for retail splurging (in contrast with ~30 per cent in other regions). EMTs are the least likely of all groups to opt for package tours or personal guides, to consult online resources and to share their travel experiences with others post-trip.

Middle East and African Millennial Travellers (MMTs)

MMTs take fewer but longer holidays per year compared to the other regions. They spend the most per trip although this is likely a function of the length of their holidays. The majority travels to short-haul destinations and is the most reliant on word-of-mouth as a source of information. While most MMTs (as is the general trend with Millennials) prefer free and independent travel arrangements, they are the most willing of all travellers to pay someone else to plan their travels for them.

EXHIBIT 1

Travel behaviour of MTs by regions

		Asian MT	European MT	Middle East and African MT	North America MT
Travel habits	**Frequency of travel** *Trips per year*	2.0	3.0	2.0	3.0
	Length of stay *Nights per trip*	4.0	7.0	10.0	6.0
	Travel behaviour	▪ Most likely to **travel with family** (almost two-thirds) ▪ More likely than other regional MTs to opt for packaged tours	▪ A third would **travel with friends** ▪ Least likely to take up group tours	▪ Highest proportions of **individual travellers** ▪ More than half opted for free and independent travel	▪ More than half **travels with family**
Budget and spending	**Per trip spend** *USD*	1,548	1,297	2,888	2,500
	Yearly travel spend *USD per annum*	3,096	3,892	5,776	7,500
	Spending pattern	▪ Spend the least on travel per year ▪ Proportion on land transport is highest	▪ Budget spender, although almost half of budget is spent on retail	▪ Spend equal portions on retail and dining	▪ Most likely to spend on activities, more than twice the spend of AMT
Research and planning	**Duration of planning** *Weeks*	9	12	7	12
	Sources of informa-ation	▪ Highest usage of both online and traditional sources	▪ Higher reliance on online sources	▪ Most reliant on word-of-mouth ▪ Lowest usage of online sources	▪ Higher reliance on online sources

PRONOUNCED DIFFERENCES EXIST EVEN BETWEEN COUNTRIES WITHIN ASIA

In Asia, the four countries selected for the deep-dive study (China, India, Indonesia and Singapore) spanned a range of development levels, representing 70 per cent of Asia's population and 50 per cent of GDP. Unsurprisingly, the differences between these countries are large, a function of the different market contexts and constraints they operate within.

Chinese Millennial Traveller (CMT)

The CMT are the largest spenders amongst the AMTs, spending more than 2X that of the average AMT per trip. They are also the least likely to start planning their holiday with a clear destination in mind, although there is preference for popular, "big name" destinations like USA, Japan and Hong Kong. CMTs enjoy comfort when they travel and have the highest proportion of business class travellers (19 per cent versus the AMT average of 11 per cent), and a preference for 4-stars and above accommodation. They are the most likely to opt for a combination of package and flexible travel (58 per cent versus 37 per cent for the average AMT) and 97 per cent of CMTs report sharing their travel experience online, via travel review sites, personal blogs, etc.

Indonesian Millennial Traveller (IndoMT)

IndoMTs are the most likely to travel within the region, and to take impulse holidays (31 per cent versus 19 per cent for the average AMT). They are also the most budget conscious of the AMTs, spending a third of what the average CMT would per trip. Unsurprisingly, they are also the most likely to opt for budget airlines and accommodation. IndoMTs rely on word-of-mouth information on their travel destinations and, like the Chinese, report high rates of sharing their travel experiences on social media post trip.

Indian Millennial Traveller (IMT)

IMTs are second only to the Chinese in terms of spending per trip. They tend to opt for cheaper accommodation (e.g., 1-3 star hotels and homes of friends and family), but spend more on flights (preference for full-fledged carriers) and on food (dining is the top category of spend during their trips). IMTs are the most likely to travel with family and to opt for long-haul destinations.

Singaporean Millennial Traveller (SMT)

As with IndoMTs, SMTs favour in-region travel, and have relatively low spend per trip. They favour free and easy or free and independent travel and are the least likely to engage travel agents to assist in the planning of their trips. Accordingly, they spend a substantial amount of time planning their trips, consulting a wide variety of traditional and online sources for information. SMTs are the second-most likely to travel on budget carriers, but would splurge more on accommodation, opting for 4-star and above or boutique hotels.

EXHIBIT 2

Distinctive characteristics of the MTs by Asian countries

		China	India	Indonesia	Singapore
Travel habits	**Frequency of travel** *Trips per year*	4.0	2.0	2.0	4.0
	Length of stay *Nights per trip*	4.0	5.0	4.0	4.0
	Travel behaviour	▪ Travel as a means to **indulge and take a break from city life**	▪ Travel to **famous destinations** ▪ Travel as a **status symbol**	▪ **Impulse travel** often triggered by cheap **promotions**	▪ Seek **novel travel experiences** ▪ Strongest **reservations about packaged tours**
Budget and spending	**Per trip spend** *USD*	3,505	2,823	1,040	1,389
	Yearly travel spend *USD* per annum	14,020	5,647	2,080	5,555
	Spending pattern	▪ **Budget is secondary** factor of consideration; **spend 2x more** than average AMT	▪ Will spend for **enjoyment of trip** ▪ **Food is the largest** bucket of spending	▪ **Most budget conscious** and often influences choices made	▪ **Deal seeking behaviour** to ensure they get the most out of every dollar
Research and planning		▪ **Reliant on local OTAs** for booking ▪ **Make thorough comparison via multiple sources,** mostly attributed to the lack of good quality sources	▪ **Hesitant to plan on their own** ▪ **Travel agents** are often utilised for cheap, customised travel packages	▪ **Value convenience** and often engaged with **travel agencies** ▪ Highly reliant on **word of mouth** ▪ **Reservations about online or mobile purchases**	▪ Invest a lot of time in planning **elaborate itineraries** ▪ **Savvy and sophisticated** use of multiple sources
Association to brands		▪ **Brand conscious,** especially for 4-star and above hotels, but are less loyal to any particular brand ▪ **Ctrip.com** is the most trusted brand of OTA	▪ Opt for hotel chains or brands with **presence in India -** familiarity	▪ Demonstrate **brand loyalty towards AirAsia** ▪ Less concerned with hotel brands	▪ **Little or no brand loyalty** for both airline and hotel ▪ Decision is usually swayed by deals or promotions


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03. What drives the AMTs' consumer decision journey?

The consumer decision journey (CDJ), as shown in Exhibit 3, is a McKinsey and Company framework developed to ascertain the touch points at which consumers are open to influence. The decision-making process has five distinct phases: trigger; initial consideration; active evaluation, or the process of researching potential purchases; closure, when consumers buy brands; and post-purchase, when consumers experience them. The CDJ also incorporates the role of brand loyalty in the decision-making process. This chapter strives to further understand the travel behaviours of the AMTs, as touched upon in the earlier chapters, along these dimensions and to uncover the reasons for and influences on choice of destination, hotel and airline as well as of travel agency.

EXHIBIT 3

Choices made by a traveller typically span the entire consumer decision journey

3 Active Evaluation
- **Gather information** that is critical to shaping decisions

2 Initial Consideration
- Considerations that influence **choice of destination**

4 Purchase
- **Transition of research to purchase** via most trusted platforms

5 Experience and advocate
- Factors affecting **travel experience** and means to **share experiences**

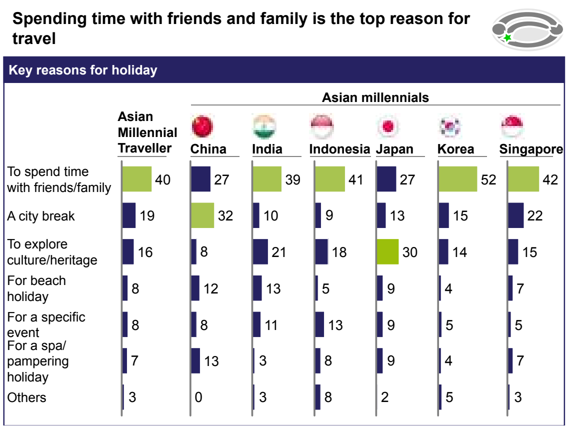
1 Trigger
- **Factors and key motivations** which trigger the need to travel

6 Loyalty
- **Build biases and loyalty** to inform next decision journey

1 | TRIGGER: TRAVEL IS A TIME FOR FAMILY AND PLEASURE

The CDJ begins with the trigger stage, which is the stage at which people start thinking about travel or are motivated to travel. As Exhibit 4 illustrates, the top reason AMTs travel is to spend time with friends and family. Travelling is often an opportunity for the family to bond together for an extended period of time. Apart from family, there are several other circumstances that may trigger the need to travel amongst the AMTs.

EXHIBIT 4

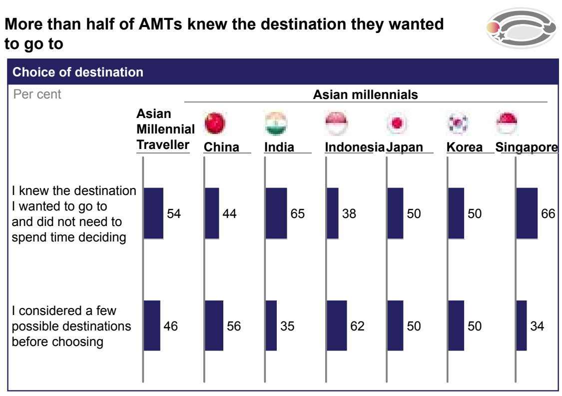


CMTs and JMTs value travel as an opportunity to get a break from the city or the chance to explore and experience various cultural aspects. SMTs view travel as a means of breaking free from monotony, and often seek out novel experiences. IndoMTs, on the other hand, travel for a plethora of reasons ranging from enriching their lives to rewarding themselves upon achieving a milestone (e.g., passing an exam, good performance bonus or pay rise).

2 | INITIAL CONSIDERATION: RATIONALE FOR CHOICE OF DESTINATION DIFFERS AMONGST THE AMTS

Once the need for travel is prompted, travellers typically start off with an initial consideration set of destinations. This may be derived from general awareness, a familiarity with the destination, or a culmination of other factors. Exhibit 5 indicates that more than half the AMTs know the destination they want to go to, although there are other considerations that sometimes influence the final choice made.

EXHIBIT 5



Approximately two-thirds of IMTs know the destination they want to visit— mainly well-known and popular places, e.g., New York, Las Vegas, Paris— and their choice of travel destination is commonly influenced not just by family and friends but also by the media. They seem to be especially intrigued by places where Bollywood movies have been shot.

This is in contrast to the CMTs, where 56 per cent would initially start with a set of considerations. While CMTs, too, typically opt for the famous and established destinations, they may also be prompted to visit places where visas are not a constraint, or places where they can enjoy particular activities. One of the CMT participants indicated that Malaysia came up as the destination of choice for diving while for duty-free shopping or short vacations over the weekend, they would opt for nearer destinations such as Hong Kong, Macau and South Korea.

IndoMTs, on the other hand, are most likely to consider multiple options. Having said this, their choice of travel destination is often bound by budget constraints. Most IndoMTs surveyed appeared to travel within ASEAN: Singapore, Thailand, and Malaysia emerging as the top three destinations.

3 | ACTIVE EVALUATION: PRICE SENSITIVITY, TYPE OF TRAVEL ARRANGEMENT AND SOURCES OF INFORMATION ARE KEY CONSIDERATIONS FOR TRAVEL

In the next phase of the CDJ, travellers start to actively evaluate and research possible options. They may start reading reviews, making comparisons, asking for opinions, and using various sources to research their options in detail. This phase of the process can be lengthened or shortened depending on myriad reasons. Three key factors stand out as critical in shaping decisions: price sensitivity; preference of travel arrangement; and sources of information.

3.1 Price sensitivity varies across countries

Budget and price sensitivity often come out as key considerations for the AMTs. Having said that, there are AMTs who are not willing to do anything that will dilute the enjoyment of their trip. Exhibit 6 offers a snapshot of budget consciousness across the different countries.

EXHIBIT 6

Budget often comes out as a key consideration, although the extent spans a continuum

I am most budget conscious
Budget is the main consideration

I am willing to spend more
Budget is less of a consideration

$ — $$

Per trip spend

Indonesia

$1,040

- **Extremely price sensitive** and the **lowest spenders**
- Plan in advance to **save up enough for the trip**

"I try to go to places with free entry like the Batu Caves in Malaysia"

Singapore

$1,389

- **Make the most out of every dollar spent**
- **Keep a close eye on sales** promo through email signups
- **Take pride in finding a good deal**

"Sometimes there are good deals that are too hard to resist. I will just book first and worry later"

India

$2,823

- **Unwilling to compromise expenses** for a less than "perfect trip"

"If you're travelling with family, you don't want to reduce expenses that might risk anything from going wrong"

China

$3,505

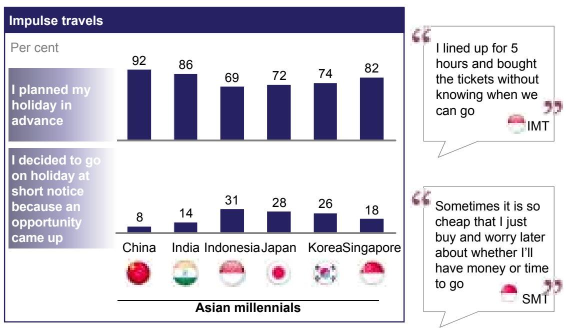
- **Biggest spenders**
- **Budget is secondary** to the need for comfort and good experience

"When I travel I want to indulge. I don't think about budget very much"

At one extreme are the IndoMTs, who are the most price sensitive of all these travellers since tight budgets are a common and significant constraint they face. IndoMTs plan their trips well in advance in order to save up enough for the trip, opt for budget accommodation (3-stars and below) and are the most prominent low cost carrier (LCC) travellers. They are also most likely to be swayed by promotions and deals, particularly those for cheap flights and hotels. Indeed, 31 per cent of IndoMTs (highest among AMTs), as illustrated in Exhibit 7, are impulse travellers who would take a vacation at short notice because an opportunity pops up.

EXHIBIT 7

Some AMTs are swayed by opportunistic discoveries and deals, especially impulse trips amongst the IMTs and SMTs



At the other end of the spectrum are the CMTs, who are the biggest spenders, spending three times more than the IndoMTs. A CMT respondent noted, “You don’t travel that often – only 3-4 times per year. So when you do, don’t be so hard on yourself”. Some CMTs even reported spending two to three times their monthly household income when they travelled.

Thus, while CMTs are aware of cheap deals and promotions, they are unlikely to be attracted by these. Unsurprisingly CMTs are the least impulsive travellers, and a staggering 92 per cent of them plan significantly ahead of time.

Meanwhile, the notion of “value for money” resonates very well with SMTs and IMTs (i.e., to get the most for every dollar spent). SMTs, for one, take great pride in being able to find good deals and would even go so far as to boast about how cheaply they were able to secure their flights or hotels. Many SMT participants admitted to signing up for promotional emails as a first alert on all such deals. IMTs, on the other hand, seek to optimise the budget they have so that they can get their perfect “dream” holiday. They thus report doing research in order to be better informed when negotiating prices with vendors and making tradeoffs, such as opting for an LCC in order to splurge on hotel or food (their top bucket of spend). The other consideration that often dictates travel behaviour is the choice of companion. For instance, AMTs travelling with family are typically not budget constrained as their parents are still taking care of the bills. So they stay in better hotels and look at general family comforts as a criterion. However, their mindset while travelling with friends is very different – back-packing, living in hostels. “All I need is a bed” about sums up the general attitude.

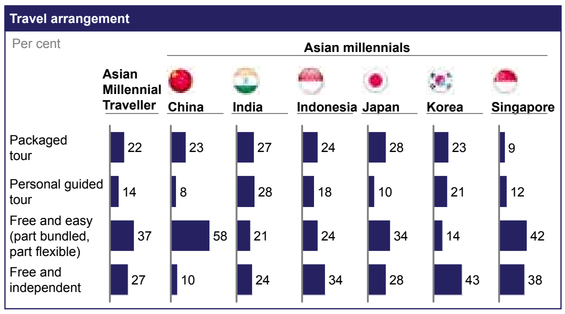
3.2 Independent or partially independent travel arrangements are preferred

As established in the earlier chapter, AMTs are generally apprehensive of packaged and guided tours due to their preconception that these will by their very definition have large, unwieldy groups with inflexible tour agendas. However, the underlying reasons for explaining the general preference for free and easy travel (partially independent – part bundled, part flexible) or free and independent (fully independent) travel vary by country.

- **SMTs:** They are the most concerned with flexibility and control in terms of their travel planning and decisions, and thus most likely of all AMTs to opt for free and independent travel. Their aversion to packaged tours is well illustrated by the fact that only 9 per cent opted for packaged tours in the last international trip they undertook (Exhibit 8).

EXHIBIT 8

AMTs generally prefer free and easy/independent travel arrangements over packaged tours and guided tours



- **IndoMTs:** IndoMTs view planning as a chore. Half the IndoMTs surveyed indicated their preference for either packaged tours or free-and-easy packages, where travel agents played a significant role. Furthermore, IndoMTs also felt that travel agencies provided cheaper deals when they travelled with larger groups of friends and made trips easier to organise.

  For subsequent trips to the same destination, IndoMTs indicated that they would opt for free-and-independent travel since they would then know where to go and where to stay.

- **CMTs:** As for CMTs, more than half opted for free-and-easy travel arrangements. Many attributed their preference to the presence of online travel agencies (OTAs) such as ctrip.com and qunar.com who typically assist with administrative tasks such as visa applications which are often viewed as a hassle. Some CMTs even indicated that such bundled arrangements (i.e., partial package of flight and accommodation) may actually be cheaper.

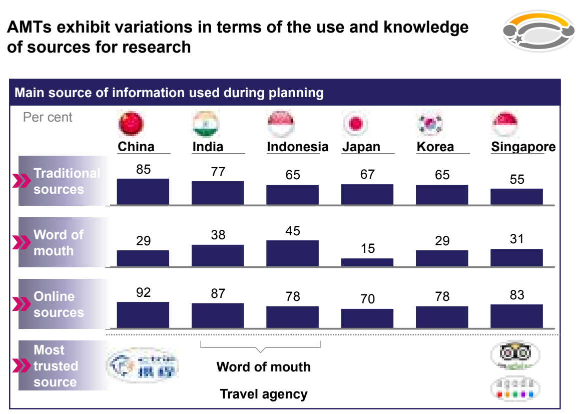
- **IMTs:** IMTs, meanwhile, are hesitant to take on the role of planning their trips themselves and rely heavily on travel agents who offer a combination of low prices, fuss-free planning, and a degree of customisation. For example, IMTs can customise their packages based on preferences of flights, hotels and itinerary. They place the greatest trust in a travel agent that has been recommended by family or friends.

3.3 Thrive on gathering as much information from as many sources as possible

The sheer volume of information available today, through the wide array of communication platforms (e.g., online, face-to-face), is likely to shift how purchase decisions are made. With travel, the choice of sources of information used by the AMTs depends on their comfort and trust levels (e.g., whether the source was recommended by a close family member or by an unknown online reviewer) and also their knowledge and sophistication level, especially in terms of technology (e.g., use of online and mobile applications).

- **CMTs:** They are the most diligent when it comes to using disparate sources, clocking the highest usage of both traditional and online sources of information, as shown in Exhibit 9. While traditional travel guide books and magazines are considered amongst the most reliable sources of information, online sources and OTAs are viewed as the most convenient and up-to-date. Amongst the CMTs, ctrip.com often rates as the top source and is quoted as the best "one-stop-information" available thus far. What becomes clear on interviewing the CMTs is that the need to compare various sources is mostly necessary because of the paucity of good quality sources. Different OTAs offer different aspects of information and promotion: Ctrip.com for instance offers good information; qunar.com offers better flight discounts; while elong.com offers better hotel discounts.

EXHIBIT 9



- **SMTs:** The SMTs, too, are savvy and sophisticated in the use of different sites, with online sources being the preferred option and, in some cases, even mobile applications. SMTs rely on online travel experts, including sites such as Tripadvisor, Skyscanner, Zuji, Kayak and Agoda as some of the more reliable sources of information. They are familiar with the key attributes of each source. For instance, while researching for hotels, they would opt for Agoda for the recent reviews and because it allows them to accumulate points, which may be used for room upgrades or discounts.

- **IndoMTs and IMTs:** It is word-of-mouth that predominantly shapes IndoMTs and IMTs' decision on travel. IndoMTs, for instance, explained that they felt recommendations from their close friends and family were likely to be more credible since they would be more honest than that of an expert or other invested party. Sources like blogs and user reviews were often viewed with suspicion.

TRAVEL BLOGGERS

Travel blogs are an increasingly popular channel among AMTs for planning and sharing their travels (half of all CMTs surveyed have blogged about their trips). Interviews with several millennial travel bloggers shed some light on what visitors to their blogs value:

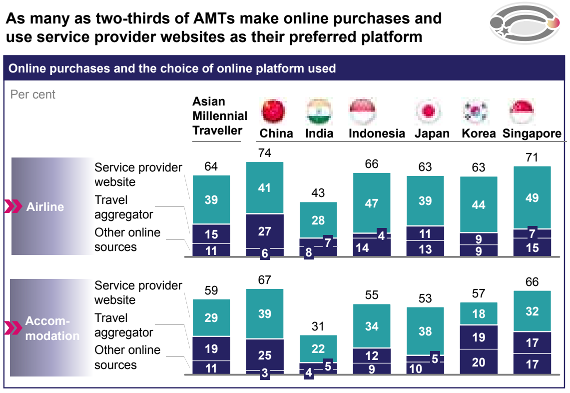
- **Authenticity:** Travel blogs are valued for the authenticity of their experiences and reviews. They are perceived, by Millennial travellers, as being “one of us”, travelling in a manner that is admirable, but also replicable. AMTs particularly value the candid look that photos on blogs provide, especially photos which include the travel blogger. Bloggers seem to recognise the importance of maintaining a reputation their followers trust by providing unbiased reviews. As a result, this perception of authenticity persists even when bloggers post about sponsored trips.

- **Expertise:** Having travelled far more extensively than the average traveller, travel bloggers typically offer travel tips to their followers. These range from the general (e.g., which countries to visit, how to avoid being scammed) to the specific (e.g., where to find the best version of a local dish, cheapest way to get from one particular place to another). Their vast travel experience also enables them to provide broad comparisons of things such as carriers and hotel chains, as well as make recommendations for exotic locations (such blog posts are popular with visitors, especially when information elsewhere on the internet is lacking). Travel bloggers also sometimes post the specific itineraries they followed, which are valuable for the large amounts of research and planning that have been put in.

- **Interactivity:** Travel bloggers are typically savvy with managing their social media presence. Unlike traditional sources, travel bloggers can communicate and interact with their followers via a variety of online channels, answering questions and responding to comments to engage their audience. As opposed to travel guides, travel blogs are dynamic, completely free and can be easily accessed on the road with any data-enabled device.

In addition, both IndoMTs and IMTs also educate themselves through discussions with travel agents. Their preference for travel agents seems to be amplified by their relatively less sophisticated use of technology for research. They identified relatively few websites and online tools for their travel research and planning, often citing Google as their main resource.

EXHIBIT 10



4 | PURCHASE: TRUST IN THE E-COMMERCE SITE IS CRITICAL TO CONVERTING RESEARCH INTO PURCHASE

A large majority of AMTs are comfortable with online purchases, particularly big ticket items such as airline tickets. As Exhibit 10 illustrates, in countries like Singapore and China where online retail space and infrastructure are better established, online air ticket purchasing is as high as 74 per cent. Whereas in India and Indonesia, the online share of retail accounts for less than one per cent, lagging behind the average of 3.5 per cent in Asia[5]. Accordingly, only 43 per cent of IMTs purchase flight tickets online. Instead, they rely very heavily on the physical tour agencies to handle purchasing for them. The notion of "touch-and-feel" being important to IMTs, they most often prefer a personal, single point of contact with the travel agency.

For the most part, IndoMTs also exhibit strong reservations when it comes to online purchases, although less so where airlines are concerned. While about two-thirds would book their air tickets online, there is still a certain fear associated with online booking since it involves money. One respondent cited his past experience with online purchasing where the slow internet connection in Indonesia resulted in a double transaction as a justification for such fears.

Although the role of the OTAs and other online sources is critical during the planning stage, AMTs are more likely to purchase their tickets or accommodation via the website of the service provider itself. They seem to place greater trust in these websites for the actual purchase. This seems to be the case especially for the IndoMTs and IMTs, where OTAs only account for at most 12 per cent of online purchase.

By contrast, CMTs appear to value the service of the OTAs, even at the point of purchase. This is in line with their reliance on OTAs as a critical source of information, where at least a quarter of them have reportedly purchased their air tickets and accommodation.

5 | EXPERIENCE AND ADVOCATE: CONNECTIVITY AND SOCIAL NETWORKING ENHANCE THE TRAVEL EXPERIENCE

Connectivity is an important element of the AMT travel experience. This "addiction to connectivity", as coined by a respondent from Singapore, is critical not only as a means to engage with family and friends back home, but also as a tool to navigate their destination as effectively as possible. For instance, should there be a change in plan or itinerary, the connection to internet and mobile application is critical for accessing research sites and other online sources.

5. Euromonitor 2013

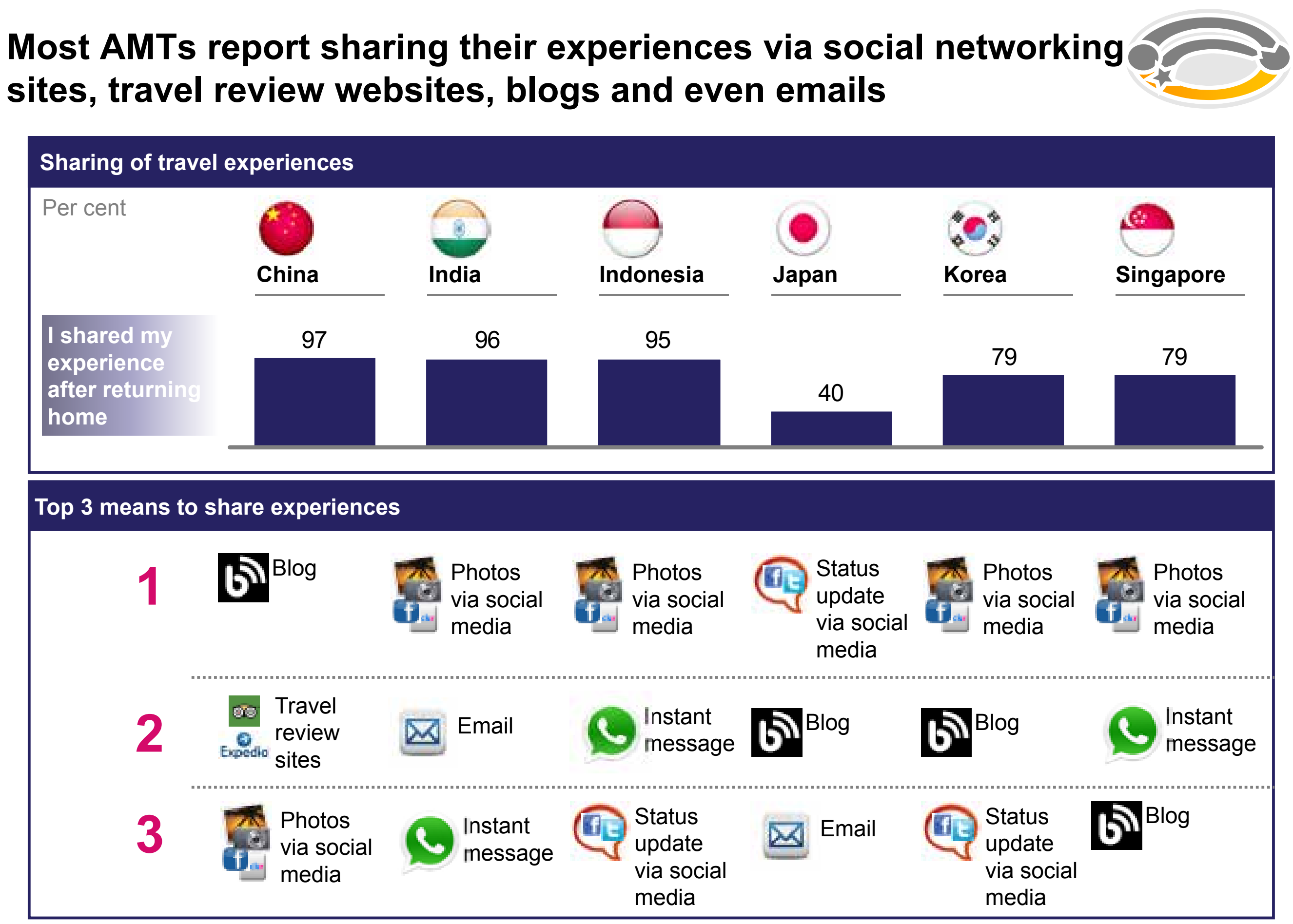
This need for connectivity shapes the choices they make. For both SMTs and IndoMTs, the choice of accommodation is typically influenced by the provision of a free WiFi connection. SMTs are on the lookout for outlets to purchase SIM cards the moment they land at their destination. While CMTs also find it critical to be connected, they would typically make do with roaming services as it is more convenient.

As illustrated in Exhibit 11, most AMTs report sharing their experiences via social networking sites, travel reviews, blogs and even emails.

CMTs share their experiences mostly via social media and microblogs (wechat, sina, weibo, renren) during their trip and upon their return. They post pictures to show their friends that they have been to a particular country. Almost all CMTs (97 per cent) report sharing their travel experience online, via travel review sites and personal blogs.

Similarly, the IndoMTs share status updates and post photos during and after their trip. Some offer tips to friends, becoming key influencers (word-of-mouth) for informing others' next travel decisions. Likewise for the IMTs, 96 per cent report sharing their travel experiences, although they tend to add a more personal touch, sharing via emails.

EXHIBIT 11



Compared to the other AMTs, a substantially lower proportion of JMTs share their experiences. In fact, only 40 per cent indicated they would post their experiences upon returning from a holiday. Thus, as touched upon earlier in the report, JMTs rarely rely on word-of-mouth as an important source of information.

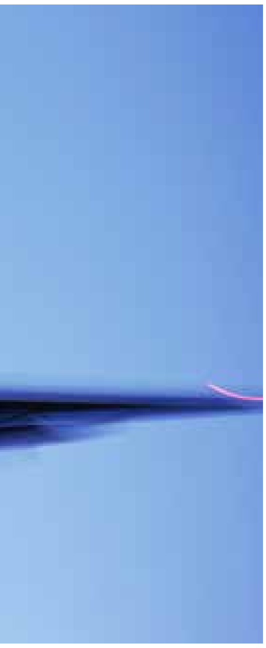
6 | LOYALTY LOOP: A DISTINCT ABSENCE OF BRAND LOYALTY

Although brand awareness of travel service providers appears to be high in Asia, airlines and hotels have largely been unable to persuade AMTs to exhibit any amount of brand loyalty. For AMTs, price, comfort, reliability, and other such considerations play a far more important role than a largely intangible concept such as a brand in determining their choice of flight or accommodation for a specific vacation.

6.1 Airlines are struggling with loyalty

The problem is not one of education – AMTs are, in general, knowledgeable about the various airlines and their offerings. They are also able to name and express their opinions about the many different airlines. For instance, CMTs, among the least price-sensitive travellers of the AMTs, value full-fledged carriers such as Emirates, ANA and Air China for their greater comfort and safety. They are savvy, well-informed travellers who are willing to pay more for what they perceive as superior airlines. Yet focus group studies have revealed that CMTs profess a distinct lack of preference for any particular carrier.

In fact, CMTs and other AMTs exhibit a behaviour which is the direct opposite of brand loyalty which for lack of a better term, we shall refer to as brand disloyalty. While AMTs are indifferent with regard to selecting which particular airline to fly with, they have strong opinions about airlines that they are absolutely unwilling to fly with. The range of reasons why they are brand disloyal to certain airlines is wide, ranging from bad service and lousy food to frequent delays and poor safety records.



The implication here is that airlines need to ensure that they hit some basic, acceptable level of performance across the board in order to avoid alienating AMTs. Cheaper tickets are not an acceptable substitute for basic hygiene. Even price-sensitive IndoMTs have indicated during focus groups that there are airlines they will avoid in spite of low prices. Particularly when they travel with family, IndoMTs want to ensure that the airline is "more comfortable, reliable, and safe". However, once their basic requirements are met, the story changes and price becomes an important driver of airline choice.

Despite, or more likely because of, their strong sensitivity to price, IndoMTs exhibit a resilient demonstration of brand loyalty towards the low-cost carrier AirAsia. AirAsia has achieved a strong reputation for low costs and trustworthiness – a result of extensive marketing campaigns. Their promotions are greatly anticipated and are viewed by IndoMTs as genuinely amazing deals. Their advertising has been so pervasive and their reputation for reliability so stellar that they are often the default option for IndoMTs when booking flights ("when I was looking for an air ticket, my mind just went www.airasia.com"). AirAsia's success in generating loyalty among AMTs is, however, an exception rather than the norm.

6.2 Hotels are not doing much better

As with airlines, hotels have been largely unsuccessful in locking in AMTs to specific brands.

However, AMTs do appear to differentiate more between hotels than they do airlines. While AMTs do not demonstrate the inclination to stick with any one hotel chain, some AMTs do place significant value on being able to stay in big-name hotels that are perceived to be high-end.

For instance, CMTs frequently choose to stay in such hotels (46 per cent opt for hotels rated 4-stars or higher). Besides the obvious reason that high-end hotels tend to be more comfortable and provide better service, CMTs have professed that they also like staying in such hotels as a show of status. This association of certain hotel brands with status is a view that is echoed, to varying degrees, by IMTs and IndoMTs as well. IMTs for one would opt for hotel chains or brands that have a presence in India, appreciating the familiarity they can expect in terms of standard and quality.

But it is not so simple. Being regarded as a famous brand of hotel can also work against the brand. SMTs, a majority of whom look out for unique and customised experiences, seem to be at least partially averse to the generic nature of hotel chains.

04. Capturing the Asian Millennial Traveller

KNOW YOUR AUDIENCE AND MARKET YOURSELF ACCORDINGLY

The differences between Asian Millennial Travellers from different countries are simply too large to ignore. The behaviours are different because their preferences and constraints (given the structure of their country's travel market) are different. In order to capture this diverse market, companies will need country-specific strategies that have been tailored to address the quirks of their millennial audience. To illustrate, let us consider how marketing efforts can be better tailored for AMTs from different countries.

Identify their preferred channels and partners, then invest disproportionately in them

Trusted sources of information differ by country. Companies can thus get more bang for their marketing buck by moving from a model that "covers all bases" to one that prioritises the most important channel for the audience. In Singapore, sites like Tripadvisor and Agoda are a priority since SMTs place great value on the large number of independent, authentic reviews provided. Given the IndoMT's strong preference for word-of-mouth recommendations from trusted friends and family, and 60 million strong Facebook members, a presence on this social networking site is likely to yield better returns. To target IMTs effectively, companies have to be sure that their marketing efforts also reach travel agents, as they are still the primary channel through which IMTs make and book their travel plans.

Tailor brand experience to meet the unique needs of each market

Projecting an image of a classic, must-see travel destination might be appropriate for CMTs and IMTs, who value travel as a show of status. However, such an image will not appeal to SMTs, who are seeking unique track experiences. Instead, destinations might do better at attracting SMTs by promoting lesser known, off-the-beaten track attractions. IndoMTs, on the other hand, strongly value the social aspects of travelling. They might be more easily enticed by attractions that encourage group activities or interactions with friendly locals.

Table 1 further illustrates the type of differentiation that may be required across markets.

TABLE 1

DIFFERENT STROKES FOR DIFFERENT FOLKS

China	India	Indonesia	Singapore
The Discerning Webizen	*The Family Guardian*	*The Budget Socialite*	*The Deal-Seeking Adventurer*
• **Best in class experience for best in class markup** – They are willing to pay a premium for comfort and reputation. Be wary of diluting brand with budget offerings. • **Online, but local** – The Chinese OTAs are increasingly the channel of choice for booking and planning. Ensure products are available and well-marketed on those sites. • **Help them flaunt it** – Travel, which they value as a show of status, is only valuable if everyone else knows about it. Give them something special to show off.	• **Not just the messenger** – Travel agents are key influencers that must be targeted as well. OTAs will become increasingly important. • **Cover all bases** – They really hate it when things go wrong while travelling. Especially with food. • **Family first** –If the travel is international, it's with family, so ensure everything is family friendly. • **They will always have Paris** – Give them the perfect, "classic" vacations (often inspired by Bollywood) that they want.	• **Make it social** – It's why and how they travel. • **Get them to 'like' it** – Social media sites, particularly Facebook, are very important due to the high penetration. • **Budget friendliness** – Avoid being excluded from consideration because of high base cost. • **Promote yourself** – Genuine deals will win genuine goodwill (see AirAsia). From a marketing standpoint, quality of deals is more important than quantity.	• **Niche it** – They are willing to pay for unique and exciting experiences. What doesn't kill them will keep them coming back for more. • **Manage web rep** – Online reputation is everything to the info glutton so respond nicely and quickly to poor user reviews. • **Deal with it** – Clever use of deals and promos, besides effectively marketing to the deal-seeking, could also help with managing inventory.

ENABLE AND FACILITATE CUSTOMISED TRAVEL

As AMTs mature as travellers, we expect to see an increasing desire for two things – customisation and the information they need to best customise their trips. Whether it is for destinations, activities, hotels, or flights, AMTs are very aware of exactly what they want, and are willing to pay to get it. At the same time, they are reluctant to pay for extras that they are not looking for. Companies will need to start thinking differently about their product – rather than selling a pre-packaged experience, companies should instead seek to offer tools that allow AMTs to craft their own unique, personalised experience.

Drop bundles in favour of a basic offering that can be enhanced with add-ons

This is essentially the model that LCCs have popularised. Besides providing customers with the customisation they are looking for, such an approach facilitates adoption from new customers, particularly those from price sensitive segments. The challenge of course is in ensuring that the commoditisation of a company's product is not at odds with their brand, particularly if their value proposition is anchored on a higher-end image and the price premium such branding carries.

Provide user reviews, rewards and product comparisons through convenient online tools

Travel websites that are currently popular with AMTs paint a clear picture of the kind of tools they are looking for:

- Tripadvisor is valued for its vast, extensive collection of user reviews for all things travel. AMTs trust the authentic pictures that other tourists upload and like the granularity of the reviews provided.
- Agoda, an online travel agency that specialises in hotels, is frequented by AMTs due to its rewards programme that allows users to accumulate points that can be put towards future bookings.
- Ctrip, a Chinese OTA, is valued for the convenience it provides by integrating visa application processing – a major pain point for CMTs – into their packages.
- Skyscanner and Kayak are travel meta-search sites that specialise in flights. They are valued for the ease of comparability they offer on routes and pricing. (Note though that most AMTs prefer booking directly with airlines as it is perceived to be "safer".)

There is an overwhelming wealth of information and options available online. Companies seeking to engage AMTs need to ensure that the online tools they provide are both easy to use and reliable. Naturally, such tools will also need to be available on phone applications in this increasingly mobile world.

LEVERAGE CROWDSOURCING TO BUILD TRUST

While AMTs seek information from all sources available to them, they mostly prefer hearing from travellers with first-hand experience through channels like review sites, blogs, social media and their own friends and family. In particular, user reviews were identified by survey participants as one of the most useful functions on a website for trip planning (second only to price comparison). Ubiquitous and easily accessible user reviews mean that every customer has to be treated as a reviewer. Companies will not be able to hide poor service or offerings behind a brand name or obscurity.

Instead, companies should embrace the increasing influence of social media on how Millennials consume. AMTs are spending a growing amount of time online on social networking sites. This restricts their accessibility in terms of direct online touch points. Therefore companies must leverage a social media presence to raise awareness and develop a relationship with their customers.

Increasingly, marketing led by the consumer is playing a critical role in creating high-impact campaigns due to the perceived authenticity of the messages. Creating platforms and opportunities for engagement will thus be critical and companies need to be prepared to have a dialogue with AMTs, responding to both positive and negative feedback. Ultimately, it will take authentic, peer-reviewed content to inspire trust in AMTs.

CREATE NEXT GENERATION LOYALTY PROGRAMMES

The hard truth is that travel companies have it tough because travel is typically short and sporadic. In order to maintain a strong relationship with the consumer, companies will have to find ways of creating continuity and engaging the consumer between travels. One significant tool that travel companies have at their disposal to accomplish this sense of continuity is loyalty programmes. Players will get the most out of their loyalty programmes by refining them to meet the needs of the Millennial generation.

The vast amounts of data that loyalty programmes can generate go beyond aggregate spending patterns and reveal individual spending habits of customers. Such big data implications on future pricing and merchandising decisions are significant and well-documented. By thoroughly segmenting its customers, a company can use its loyalty programme to enable highly targeted offers to incentivise specific, profit-maximising behaviours.

Expand loyalty opportunities

Reward behaviours across the entire customer decision journey and not just at purchase. For example, reward high quality feedback and suggestions. Similarly, reward the sharing of experiences and/or the introduction of friends. Loyalty programmes should be well-connected to social media channels and interactivity encouraged. Gamifying rewards accrual could also be an option for creating deeper interactions with the customer. All these will provide greater opportunities to engage and build a relationship with customers.

One way of expanding the scope of a loyalty programme is to participate in loyalty coalitions with other members along the value chain. Such expanded programmes are more attractive to consumers because they imply greater flexibility in both earning and redemption. At the same time, partners in such programmes benefit from cross-marketing opportunities and the sharing of infrastructural costs.

Online intermediaries such as OTAs or social networking sites have multiple touch points with travellers and could step in as end-to-end loyalty providers. Agoda, a hotel aggregator, is already benefiting from jumping onto the loyalty bandwagon – AMTs are flocking to the website due to its rewards programme ("I book hotels through Agoda to collect points, even though I don't even know what the points are for!").

Lower entry barriers into programmes

Because brand loyalty is often nurtured over time and experience, companies should be careful not to exclude young customers who tend to have stricter budget constraints. Allowing customers exposure to a brand through a loyalty programme during their earlier years can pay off by inculcating loyalty over an extended relationship. Hotel chains are already offering more budget-friendly lines under the same umbrella brand name (e.g., Holiday Inn Express, Fairfield Inn by Marriott, Hilton Garden Inn). The challenge here is to differentiate between a premier and budget line while not putting off customers with a sub-par experience.

Companies can also take the extra step by incentivising entry into loyalty programmes. By appealing to the Millennial generation's need for instant gratification, loyalty programmes can draw first-time customers in by providing sign-up bonuses that offer immediate benefits for joining.

The caveat is that companies will need to be careful about attracting non-loyal customers with loyalty programmes. One solution for minimising this is to have customers pay to join programmes, such that customers end up effectively segmenting themselves based on their willingness to pay for entry, as in the Amazon Prime model.

Focus on experience-driven loyalty

Promotions are another proven method of engaging customers throughout the year. AirAsia's popularity with IndoMTs was earned through its frequent and exceptional special offers. IndoMTs all know about and desire the elusive super deal, such as free tickets, from AirAsia. They willingly subscribe to newsletters and mailing lists just for a chance to get lucky.

The challenge, however, is that promotions alone rarely guarantee loyalty. Instead, what is required is a greater focus on experiences and services. Such rewards are typically harder for competitors to replicate and can change more often to stay fresh and relevant to customers. For instance, Singapore Airlines has a distinct mileage accrual programme (Kris Flyer) and exclusive privilege club (PPS Club). Kris Flyer offers monetary rewards like flight redemptions and upgrades while the PPS Club focuses on experiential benefits like priority treatment and dedicated reception.

DIFFERENTIATE OR DISAPPEAR

We have seen how AMTs exhibit close to no brand loyalty whatsoever to travel companies. One reason is that traditional players are being dis-intermediated and often offer little value to AMTs. In a world awash with user reviews and travel blogs, there is little that is genuinely unknown or risky to a determined and resourceful traveller. A unique, scarce or differentiated offering is required to draw the attention of AMTs.

Rather than banking on familiarity, companies need to develop an image that resonates with their target segment. It is worth emulating companies in the consumer retail products space that have accrued a base of loyal Millennial customers. For instance, Apple evokes an image that aligns well with Millennials' ideals of simplicity with their minimalistic yet functional designs, while Starbucks appeals to the Millennials' sense of individuality, offering a dizzying array of options to customise their beverages.

WHAT LIES AHEAD?

AMTs are, or will soon become, a new kind of traveller demanding a different set of value propositions for their money. While this will bring a new set of challenges, there will also be opportunities for the travel industry. Lessons abound from adjacent sectors on how best to capture the market. Will it be by adopting subscription or freemium pricing models? How about all-you-can-fly promotions (JetBlue has tried this recently)? Or will the key be to leverage social networks through loyalty programmes? Finding out what works and what does not with AMTs begins with understanding who they are and what motivates them.

The travel industry cannot afford to tread carefully around what could soon become their largest source of income. Even the travel behaviours of non-Millennials are rapidly changing as they become increasingly tech-savvy – perhaps even more Millennial-like. Companies will have to manoeuver quickly not just to seize new opportunities, but also to retain their current clientele. It will be the bold who act on innovative plans that will claim the largest victories and redefine how Asians travel. The good news is that AMTs, brought up in the dynamic world of the internet, are great adopters of novel offerings.

Methodology

The goal of this report was to profile the Asian Millennial Traveller. Findings were drawn primarily from two sources – Visa's Global Travel Intentions Study 2013 and focus group studies (FGDs) that were run across four Asian countries. FGDs were used to go beyond the travel behaviours that the Global Travel Intentions Study highlighted by providing deeper insight into the consumer preferences and tension points that underpin these behaviours.

Quantitative research

As the Asia Travel Leaders Summit Partner, Visa extended data from the 2013 edition of its long-standing Global Travel Intentions Study (GTIS).

The GTIS was the main quantitative source of findings for this report. It was conducted with 12,631 travellers aged 18 years and above, across 25 countries, through a combination of web-based and face-to-face interviews. While there is no universally agreed upon definition for when the Millennial generation starts and ends, probably the most commonly used range is 1982 – 2004, i.e., it includes those aged 19 – 31 as of the time of the survey. Due to the way the survey was structured, the age group 18 – 34 was used as a proxy for the Millennial generation. Survey respondents hailed from all major regions of the world including Asia Pacific, the Americas, Central Europe, the Middle East, and Africa.

Asia Pacific

- Australia
- China (Mainland)
- Taiwan (Chinese Taipei)
- Hong Kong
- India
- Indonesia
- Japan
- Korea
- Malaysia
- Singapore
- Thailand

Europe

- France
- Germany
- Russia
- United Kingdom

Africa and the Middle East

- Egypt
- Kuwait
- Morocco
- Saudi Arabia
- South Africa
- United Arab Emirates

Americas

- Brazil
- Canada
- Mexico
- United States

At least 500 respondents were surveyed from each country, selected such that each five-year age group would be represented by at least 30 respondents. The survey was gender neutral, with equal representation of males and females. Respondents were also selected to ensure that at least 50 of them had a monthly income that is considered affluent (e.g., RMB 10,001 and above for China). This may have introduced a bias towards higher income groups, especially since the survey was carried out in major metropolitan areas and focused on international leisure travel.

A variety of analyses were run on the results of the GTIS to benchmark AMT travel behaviour against that of the AnMT, as well as against Millennial travellers from other regions of the world. One caveat here is that simple, rather than weighted, averages across nations were taken for the purposes of these comparisons. This choice was made to ensure that a more balanced view was adopted – taking population-weighted averages would have resulted in findings that were dominated by the behaviours of Chinese and Indian Millennial travellers.

Qualitative research

Qualitative field work was also commissioned to gain greater insights into the nature of the AMT. While the GTIS identified interesting points about how Asian Millennials travel, a more in-depth look was necessary to understand the source of the behaviour.

A richer qualitative approach was undertaken in four of the Asian countries that were included in the GTIS – China, India, Indonesia and Singapore. These countries were selected for two main reasons. First, China, India and Indonesia are the three most populous nations in Asia; their populace comprises two-thirds of all Asians. Second, these four countries capture the full span of developmental stages, ranging from developing to developed.

Three distinct exercises were conducted in these four countries:

- **Focus group discussions (FGDs)** were utilised to identify pain points and market opportunities. Enabling and projective techniques were used to draw out hidden consumer motivations and dynamics during the sessions. For each country, three FGDs were run, each comprising six to eight people from one of the following millennial segments: young and single, married with no children, and married with children.

- **Vox pop interviews** with selected participants of the FGDs provided opportunities to gain an even more detailed and personal look into the Asian millennial travel experience. The one-on-one format was more conducive for generating candid answers that were free from the group think that can plague FGDs.

- **In-depth interviews with travel bloggers**, who are not just an increasingly important source of travel information for the Millennial traveller, but who also serve as opinion and thought leaders on travel today. One travel blogger each from China, Indonesia and Singapore were interviewed. The travel bloggers selected all belonged to the millennial generation but had significantly different blogging profiles – a popular blogger who is frequently sponsored on his travels, a blogger who is just beginning to be offered sponsored trips, and a blogger who travels on her own dime with aspirations of travel blogging for a living.


Terminal 2
Terminal 1

Credits

This study was commissioned by the Singapore Tourism Board for the 2013 Asia Travel Leaders Summit. McKinsey & Company was the Summit Knowledge Partner and provided fact-based analysis for this study. Visa was the Summit Partner and supplied quantitative data from its annual Visa Global Travel Intentions Study.

Created and spearheaded by the Singapore Tourism Board, the fourth edition of the Asia Travel Leaders Summit will continue to gather the leading minds and voices of the Asian travel and tourism industry and inspire purposeful dialogue in response to key issues facing the industry.

This by-invitation-only Summit is intended to be an intimate dialogue among key business leaders who have strong interests in the development of the travel and tourism industry in Asia, and seeks to lay the foundation for potential collaborative efforts among leaders to meet the needs of the industry.

ABOUT THE SINGAPORE TOURISM BOARD

The Singapore Tourism Board (STB) is a leading economic development agency in tourism, one of Singapore's key service sectors. Known for partnership, innovation and excellence, STB champions tourism, making it a key economic driver for Singapore. The STB aims to differentiate and market Singapore as a must-visit destination offering a concentration of user-centric and enriching experiences through the "YourSingapore" brand. For more information, please visit www.stb.gov.sg or www.yoursingapore.com.

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ABOUT VISA WORLDWIDE

Visa is a global payments technology company that connects consumers, businesses, financial institutions and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. We operate one of the world's most advanced processing networks— VisaNet—that is capable of handling more than 30,000 transaction messages a second, with fraud protection for consumers and guaranteed payment for merchants. Visa is not a bank and does not issue cards, extend credit or set rates and fees for consumers. Visa's innovations, however, enable its financial institution customers to offer consumers more choices: pay now with debit, ahead of time with prepaid or later with credit products.