

Most travelers splurge. Yet this phenomenon is perhaps one of the least understood aspects of the travel and leisure industry. **PGAV Destination Consulting** hired Jerry Henry & Associates to conduct a national study of splurging with travelers and attractions visitors.

"Based on our experience, destination operators often overlook this trend," says Mike Konzen, VP of PGAV Destination Consulting. "We

The SPLURGE Traveler

see a sharp increase in the number of destinations that are creating splurge opportunities as a means of business growth."

The purpose of this study was to measure the incidence of splurge behavior among travelers and attractions visitors and to evaluate who is most likely to engage in this trend. PGAV sought to fully understand the reasons why travel consumers make the decision to splurge.

*"If I have to
spend money,
I'd want to
do it right."*

"Life is short.
Experience
as much
as you can."

"I deserve it."

Motivated Consumers

According to an Expedia.com study, 51 million Americans, or one-third of the U.S. workforce, did not use all of their vacation days in 2007 with each worker passing up an average of three days off¹. Business practices have been expanded into a 24-7 occupation and spilled into personal time, resulting in frenetic schedules, hurried children and less quality family time. With less time but more money than previous generations, today's travelers become highly invested in the vacation experience.

"Accessible affluence" or "trading up" are terms used to describe the tendency of middle-class Americans to purchase products and services above perceived pay grade^{2 3}. These consumers have household incomes both above and below \$50,000 and are willing to splurge on upscale or luxury products and services in specific categories, such as valet

parking, customization, backstage passes, and the like. They are educated, discerning and viewing luxury as accessible to them. They invest in products and services deemed to have specific value, while methodically spend less in categories not as important to them.

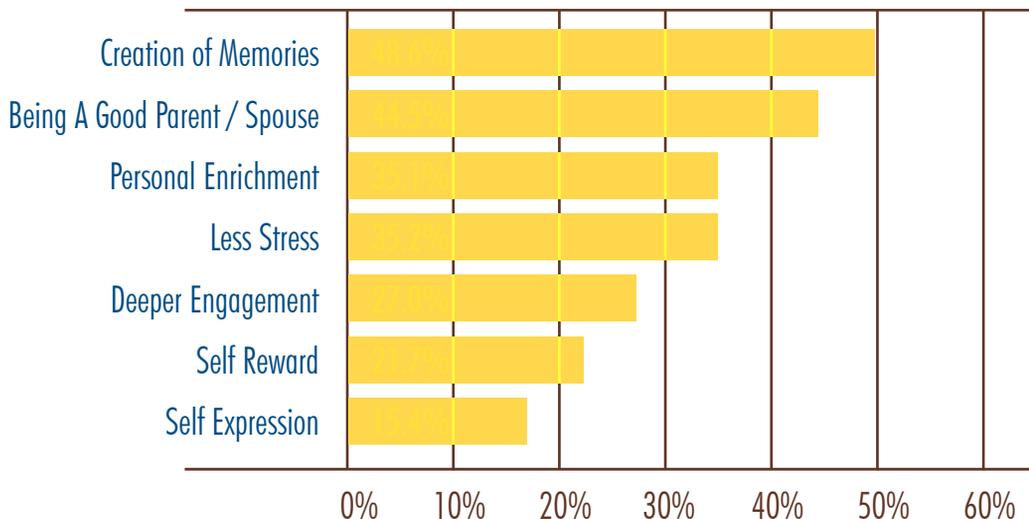
Incidence and Income

The PGAV study focused on the impact of trading up on today's travel consumers and found that **58% of leisure travelers** will splurge on the right kind of vacation experience. While travelers are inclined to splurge, attractions visitors are 44% more likely than non-attractions visitors to indulge in special meaningful experiences.

In fact, those who earn **less than \$50,000** are actively splurging on that special experience: 28% of travelers with incomes under \$50,000 will consider

EMOTIONAL DRIVERS: WHY TRAVELERS SPLURGE

Percentage Who Say These Emotional Benefits are Very Important Motivators



"I want an experience that my family and I will remember."

paying extra for a hotel room with a view; 27% would be somewhat or very likely to purchase front-row seats at a show/concert or pay for preferred parking at a theme park; and 23% would pay to experience immersive interaction with animals such as penguins at a zoo.

Savvy Travelers

Importantly, splurging travelers are simultaneously saving and busy seeking bargains on other items. According to the research, splurging travelers are 71% more likely to search for savings on one product to splurge on another than travelers who are unlikely to splurge. In like fashion, splurging travelers are 29% more likely to shop for the lowest price hotel, 39% more likely to use a specific credit card to earn points or cash back, and a whopping 154% more likely to sign up for a credit card to secure a discount on a purchase.

Demographics of Splurging

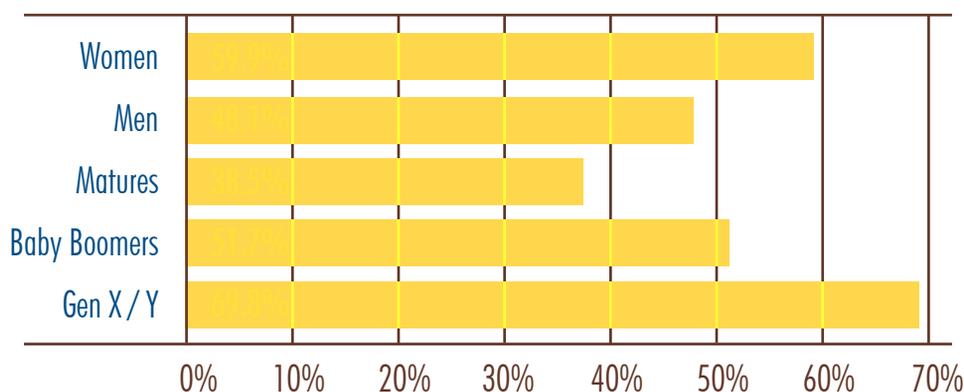
The PGAV study identified three salient factors that impact splurge behavior regardless of income and may actually provide better indicators among tourists: consumer age, gender and type of attraction visited.

Younger travelers are more likely to splurge on travel experiences than older travelers: seven in ten Gen X/Y travelers under age 43 would willingly splurge on upscale travel experiences compared to 52% of Baby Boomers (age 43-61) and 39% of Matures (age 62+). This result has significant ramifications, reflecting the presence of children and importance of strengthening family bonds. Under-age-43 travelers were nearly twice as likely as Baby Boomers and nine times more likely than Matures to have children under age 18 in the household.

Women (60%) are much more likely to splurge than men (48%).

PROPENSITY TO SPLURGE BY CONSUMER SEGMENT

Percentage Somewhat or Very Likely to Splurge on these Experiences



Younger travelers, water park & theme park visitors, women, and travelers from the Northeast and South are more likely to trade-up than are other consumer segments.

"I prefer something that other people would not ordinarily do."

Functional and Emotional Drivers

Splurge behavior is significantly driven by a desire for emotionally compelling experiences. Study respondents cited the creation of memories significantly more often than self-expression as an important motivator for splurging on travel.

Nearly half (48%) of attractions consumers say that emotional benefits such as "being a good parent or spouse" or "re-connecting with one's family, especially in the years since 9/11," are very important reasons to pay extra for the right travel experience. Over half (53%) of all respondents in the PGAV study indicated that the "creation of special memories" was very important in their decision to splurge on an upscale experience.

Specifically, research respondents value experiences that are unique (29.1%), convenient (22.5%) and

allow them to feel in control (24.2%). Personal enrichment or learning something new (39%) was also important to attractions visitors.

Conclusion

The PGAV data supports the phenomenon of Splurge Travel or the practice of paying more for meaningful and memorable travel experiences, while seeking savings on other aspects of traveling. In today's competitive and economically challenging environment, this research offers insights into what travel consumers want. Destinations that effectively differentiate an experience that resonates with consumer needs will have a significant advantage in the industry.

"My 18 year old son is autistic. He wants to go to Sea World to see the whales. I would love for him to see and experience the whales as close as he could get. Since this is a once in a lifetime vacation for him, I would love to be able to give him all the opportunities."

