UNIVERSITY OF LJUBLJANA
SCHOOL OF ECONOMICS AND BUSINESS

MASTER THESIS

TRAVEL HABITS OF MILLENNIALS

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WTTC – World Travel & Tourism Council

UNWTO – United Nations World Tourism Organization

UN DESA – United Nations Department of Economic and Social Affairs

FA – Factor Analysis

PCA – Principal Component Analysis

INTRODUCTION

Global travel & tourism industry has been continuously growing over the last decade, but has also been forecasted a steady growth of 3.8% per annum in the future (World Travel & Tourism Council, 2019a). In fact, this sector has grown stronger than the global GDP in the recent years (World Travel & Tourism Council, 2019b). With approximately 10% share in the global GDP (Reed, 2019), the segment of travel & tourism is a field that should be carefully observed and analyzed by any organization that has a connection to this sector. The value proposition of these organizations should be continuously questioned and tailored to the changing habits of consumers. As the whole sector has been facing significant changes in the last decade (Hsu et. al., 2016, p. 414), it is important to dig deeper and understand some of the root causes that are driving these changes. One of them is the already commenced rise of millennial demographic cohort to the position of power shoppers/consumers in thr global markets, including the travel & tourism sector. This shift is forcing the whole industry to substantial changes and adaptation (From, 2018).

Millennials is the name given to the demographic cohort of people born between year 1981 and 1996 (Pew Research Center, 2019a). A member of this cohort is now anywhere between 23 and 38 years of age. This means that the millennials are inevitably becoming the power shoppers/consumers in majority of consumer markets. In other words, this group is steadily entering into its prime spending years and gaining more buying power than any other demographic cohort. For a company operating in an already disruptive market like the travel & tourism industry, this shift is assured to bring additional uncertainty. If these companies do not prepare properly for the transition, they could face very difficult times. Therefore, it is very important for them to obtain knowledge and a good understanding of millennials, especially the aspect related to their field of business. To that end, this master thesis has the ambition to explore the travel behavior of the mentioned demographic cohort.

The aim of the research is to gain insights into travel behavior of millennials, which can be valuable for any organization in the travel & tourism sector and can serve as a starting point for shaping the future strategy of these organizations. Results of the research will give different stakeholders a comprehensive picture of the millennials' travel journey and a better understanding of the elements it consist of. The advantage of a first mover can serve as a significant competitive advantage in the travel & tourism sector (Lee & Jang, 2013, p. 23).

The goals of the research are to collect, describe and quantify data about millennial's travel habits, with respect to different outlooks. These outlooks are namely: view on the traveling, motivation for it, travel frequency, trip planning and organization, transport preferences, accommodation preferences, destination experience and content desire. The intention is to collect the data from a large-enough sample of millennials, which will enable a detailed description of their travel behavior. Succeeding the data collection, significant effort is dedicated to the quantification of data which includes various hypothesis testing and segmentation of the millennial cohort. Special attention is also given to the expression of results in a very clear and readable manner so that they can be easily understood by the relevant stakeholders.

Following the definition of research goals and listing of the different outlooks, all these outlooks can be grouped into four general aspects of travel: general perspective on travelling, trip planning and organization, transportation and accommodation preferences, desired travel experience & destination content. The research questions for these four aspects of travel are:

- How important is traveling to millennials?
- How do they plan and organize their trips?
- What are the factors influencing their choice of transportation and accommodation?
- Are they concerned about the environmental impact of their trips?
- What do they want to get out of their trips?
- What elements do they value at the destination?

The thesis consists of nine chapters: introduction, (1) millennials and travel habits, (2) travel & tourism – current state and trends, (3) global population and the position of millennials, (4) research methodology and data collection, (5) analysis of the survey data, (6) segmentation of millennials, (7) discussion and conclusion.

In the first numbered chapter, a literature review following two streams is given. One stream deals with the definition of millennials as a group, with their traits and differences to older age cohorts. The other stream follows the travel behavior of the general population. Combination of these two will lead to some conclusions regarding the research problem.

The second and third chapter give some background information on the environment that is relevant for this research. A general overview of the travel & tourism sector is presented in the second chapter, including the global size of the sector, its structure and the growth trends. Age structure of the global population is presented in the third chapter, with a narrow focus on the position of millennial cohort inside the population.

The fourth chapter talks about the way how data was collected and the methods of analysis that were used. Description is given for each step in the data collection process is as well as for the analytical methods that are applied on the collected data in the subsequent chapter.

The fifth chapter contains an extensive analysis of the collected data with a comprehensive interpretation of results. Answers to various hypotheses related to the research questions are given here.

The sixth chapter covers the segmentation of millennial cohort, which is conducted using the cluster analysis. The resulting segments are interpreted and described both quantitatively and qualitatively.

The last numbered chapter, seventh, reviews the findings from the two preceding chapters in a much wider scope. It discusses different implications on a high-level and tries to form the big picture from the results obtained in the chapter five and six.

The final chapter concludes the thesis by restating the research goals as well as the major findings made with this research. It also describes the gaps of this study and gives directions for future research on this matter.

1 MILLENNIALS AND TRAVEL HABITS

In this chapter, a literature review of the thesis topic is made by exploring two streams of literature. The first stream brings transparency on millennials as the demographic cohort and tells who they are. It also compares them to the older age groups by contrasting the general traits and behavior ranging from money spending, preserved wealth, diet, personal and professional relationships, career goals and other aspects of lifestyle. The second stream of literature review tackles the travel behavior of both the general population and millennials only, when the granular information is available. Following the findings from these two streams, conclusions about the travel habits of millennials are made at the end of the chapter. In addition to the conclusions, recognized gaps in the literature are revealed and stated.

1.1 Definition of millennials

The term *millennials* was used for the first time in 1991 by Neil Howe and William Strauss, in their book *Generations: The History of America's Future, 1584 to 2069* (Sharf, 2015). They gave this name to the children born in early 80s as it was clear to them that these children are the first sign of a completely new generation that is to come. While doing the research, they observed that the upbringing of these children consists of an unseen amount of structure and protection. This gave them enough confidence to predict that the new generation will be drastically different that the previous ones. As the first members of this cohort would graduate from the high school in 2000, they decided to give them the name millennials.

After more than 10 years of studying millennials, the Pew Research Center has selected year 1996 as the ending birth year for millennials (2019a). This non-profit organization is based in USA and focuses on researching social issues, public opinion, and demographic trends. The Center recognized major political, economic and social events occurring in the first and second decade of new millennium as the events that had major impact on the development of millennials. Beginning with the 9/11 attack and Iraqi war towards the global recession starting in 2007, youth driven discussion on USA presidency elections in 2008 and internet explosion – all these happened in the formative years of this group. This gave confidence to the Pew Research Center to define the 1996 as the threshold birth year for millennials. The Center also states that the oldest and the youngest parts of this or any other cohort can have extremely high similarity to the neighboring cohosts. This just shows how diverse and complex demographic groups can be, even though the members still maintain the main attributes of their own group.

1.2 Traits of millennial cohort and comparison to other age groups

When it comes to some general lifestyle differences between millennials and generations prior to them (Generation X and Baby boomers) in the United States, millennials tend to form their own household much later and they are starting their families much later as well (Pew Research Center, 2019b). In general, they are better educated but they have also generated slightly less wealth than the older generations at the same age. This difference in wealth has to do with the impact of the 2008 financial crisis, repay of student loans but also with the money spending habits. Millennials are more inclusive regarding race, ethnicity and gender and a higher percentage of women from this cohort participates in the workforce in comparison to the prior cohorts.

Millennials are using the traditional media such as newspapers, magazines and standard TV much less than the Generation X (Kasasa, 2019). They are very open to the use of different digital tools that can simplify their daily tasks and enrich their experience. They are less brand loyal and have little patience for poor and inefficient service. As a consequence, they are ready to pay for products/services with a proven history.

In contrast to Baby boomers who were moving to suburbs, millennials prefer living in cities and urban centers due to the perks of diversity, economic opportunities, entertainment, safety and a feeling of status (Taylor, 2019). Instead of buying homes and paying the mortgage, they rather spend their money on clothes, gadgets, entertainment and sports. When it comes to food and nutrition, they are much more health conscious, they want to eat healthy and demand transparency from the food industry. When it comes to work and career, millennials want to get more out of it and create an impact on whatever they do. They are seeking jobs where they can feel and observe that their actions matter. They are also much less afraid to change jobs in comparison to prior generations such as baby boomers, who were much more loyal to their employers.

Ganapathy (2016) claims that in the workplace, millennials are motivated by the meaning of what they do. In other words, they want to utilize their talents, make an impact on the lives of others and live a desired quality of life. They challenge hierarchical structures and are not afraid of sharing their ideas and opinions. They want a relationship with their boss and seek for a family alike work environment. The factor that millennials value the most in working place is not the salary or any other material perk, but rather training and development.

Patel (2018) sees millennials as very curious and hungry for knowledge, which is backed up by the fact that both the total student loan debt and the number of student loan borrowers keeps increasing year by year. Millennials seek for individual approach when it comes to the support and development at the workplace. They care about social good and want to engage in topics like social equality and climate change.

Besides the already mentioned traits of millennials, Abbot (2019) says that millennials want instant gratification & recognition for what they do, which comes as a consequence of the constant praise they were receiving from their Baby Boomer parents. Being exposed to large amount of advertising, corporate jargon and buzzwords during their lives, they seek for straightforward and authentic communication. They are reluctant to experience any unannounced surprises and want an honest relationship with a transparent way of communicating. Millennials value diversity and inclusion quite high and they like to see the proofs of these promises in reality instead of pure advertising of words without any true act.

An interesting observation is brought by Main (2017), who writes that the media sees millennials as more narcissistic than the prior generations. Surprisingly, millennials also see themselves as more narcissistic, even though they don't like being described in this way by others. Stein (2013) also describes millennials as notably more lazy, entitled and selfish that the previous generations. However, she also claims that besides the self-esteem which was injected into them by their parents, the traits they express are greatly a result of major social and technological changes that have occurred in their formative years. The visible outcome is, to a great extent, a result of their adaptation to the outer world that has been hugely changing.

1.3 Travel habits of the global population

In its online publication, Expedia states that the average world traveler takes three to four trips annually (Expedia Group Media Solutions, 2018). In majority of the countries, an average trip lasts anywhere from six to eleven days. The same publication names relaxation as the most frequent reason for travelling, followed by sightseeing, visiting family, family play and romantic getaway, respectively. Domestic travelling is much more popular than international in USA, Mexico, China, Brazil, Australia and Japan. International travelling prevails for Germans, French, Brits, Canadians and Argentinians. The most commonly used mean of transport globally is by far the plane, followed by the car and train, respectively. Hotels are the dominant place to stay, while staying with family and friends, at a resort or in alternative accommodation have similar share of the total number of stays. The biggest portion of total travelling cost goes to accommodation (approximately 28%), followed by flight (approximately 20%) and food (approximately 17%). The remainder is split between destination transportation, local tours, shopping and other. Majority of travelers use online travel agencies and search engines for trip planning (above 50% for both), followed by review sites, direct hotel and airline websites etc. Online travel agencies are also the channel achieving the highest conversion of travelers.

In the recent years, there has been a shift happening in the way how people travel. Around 49% of respondents to the survey made by Booking.com said they are planning more weekend trips in the next year in comparison to the past time (Drifter Planet, 2018). A week-long trip is becoming much more popular than it was in the past, as well as trips shorter than one week. The same source also claims that people are booking active holidays such as hiking, cycling or walking more and more. There is a huge rise in health and wellbeing trips like yoga, meditation, reiki, spa or body detox. Travelers are visiting the travel agents much less in these days and they seek holiday inspiration by following their friends and celebrities on social media. Many destinations around the globe have experienced a multiple fold increase of visitors due to promotion on these channels.

Booking.com (2019) predicts several travel trends that are very likely for the year 2020. Lesser known destinations will gain more importance, as a consequence of people trying to play part in reducing over-tourism. Technology will be highlighted even more as a mean for faster and easier booking of a trip, as well as getting tailored recommendations for the trip. Slower modes of transport will be more popular as travelers have nothing in mind of having a longer trip if it reduces environmental impact and brings richer experience. Destinations that offer variety of content in one place will be in demand, as a result of limited vacation time and increased content/experience preferences. Places that have no limitation for pets will also face an increase in demand as more and more people give high importance to this factor.

Big 7 Travel (2019) also names some new travel trends in their prediction for 2020. Due to the raising concerns about environment, ecotourism will gain more importance meaning a higher demand for eco-friendly options and more trips closer to the home of a traveler. Destinations and places offering cashless payments will be chosen more frequently as a result of increased popularity of these services around the globe. Transformative travel will be on a rise because people want to feel that they are positively impacting the local community and society in general. More personalized trips offered through technology are also a rising trend as seen by the Big 7 Travel. Places offering vegan menus will be hot due to the veganism becoming more popular in general. Sharing economy services that offer unique experience will be used more and more.

Korach (2018) states that millennials like to take more shorter trips, rather than lower number of trips which last longer. Millennials take on average 5.6 trips per year in comparison to 4 trips taken by Generation X and 3.5 trips taken by Baby Boomers. The length of the last vacation reported by millennials is 6.2 days, while the Generation X reported 6.4 and Baby Boomers 7.8. They also don’t want to take the same trips again and again, but want to have diversity in their trips and experience various things from relaxation, family visits, romantic getaways etc. More than any other age cohort, millennials use online travel agencies to book their travel (57%) because it enables cross shopping and price comparison. Around 81% of them consider budget as key factor and 92% look for the best deal when planning their trip. Even though they are considered to be less brand loyal, they are likely to stick with service providers that can consistently offer promised quality at a reasonable price.

In the interview given to Forbes, Karam names three big trends that are currently visible in the travel & tourism industry: pursuit for local experience, personalization and sustainability (From, 2018). In terms of local experience, people want to exploit the same things as locals do, whether it is a cultural, natural, artistic or culinary involvement. Regarding the personalization, travelers are very keen on doing the things that suits them well and seek for destinations which offer these when planning their trip. Millennials tend to plan their trips more randomly than the prior generations and the planning process starts much closer to the trip than it is with Generation X or Baby Boomers. Trigger for this is the social media where millennials follow the behavior of influencers and want to experience same things as soon as possible. Factors that makes this much easier for them to achieve are the low-cost airline companies such as Ryanair or Southwest Airlines and cheap accommodation providers such as Airbnb. When selecting their destination, millennials favor those that offer variety of content and experience. This is a clear direction for all tourist places that want to stay attractive to a wider population in the future. Another element that is very important for millennials is technology which they use for online reservations, personalized trip planning or trip cost management. To support these requests, service providers in travel & tourism need to invest heavily into technology in order to attract and retain this cohort.

Joah Spearman (2015) describes how the perception of travelling has changed from something luxurious as seen by Baby Boomers and Generation X to pure necessity as seen by millennials. This has led to a tremendous growth of this sector but also to the rise of various supporting services in the economy such as online travel agencies, ride hailing, accommodation sharing etc. Millennials don’t want to travel just for the sake of relaxation but to meet and experience novelty stuff. As a consequence of this, international travelling has gained much higher importance than it had one or two decades ago. When travelling away from home and seeking for destination-authentic experience, millennials give a significant importance to pictures and stories they can find in online articles and reviews. They would like to go to the places and do stuff that are highly valued by locals. Therefore, travel marketers are investing a lot of resources to have an attractive and positive marketing content about their products and services, which is also made by locals.

1.4 Conclusions and identified gaps

Some general conclusions derived from the literature review that are related to the research problem are:

- millennials will be attracted to a trip that offers diverse, authentic and transparent content
- companies that can advertise and offer their services through latest technology, will be on the winning side when acquiring millennial customers
- companies that are flexible and willing to adopt user-centric approach, will be much more popular choice among this demographic cohort

– trips that have somewhat higher meaning and a positive social/environmental impact will gain higher response from millennials.

The reviewed literature offers a lot of qualitative information on the current behavior of global travelers and millennials in specific, as well as their general behavioral traits. It describes a lot of trends that are on the rise and gives insights on the products and services that are likely to be in high demand in the upcoming years. However, a major shortage is the lack of impact quantification for the new trends that are heavily driven by millennials. It is important to know the exact scope of these trends within the millennial cohort and be able to make comparisons to the behavior of older generations. Secondly, even though there is a lot of description of millennials as a group, there is no breakdown of this cohort into segments. This is very much needed by the businesses in order to do proper targeting of consumers and positioning in the market. To conclude, there is a lot of qualitative information about millennials and the ways they are shaping the future look of the travel & tourism industry. However, there is not enough quantitative information that could be used by the businesses in their adaptation to these changes.

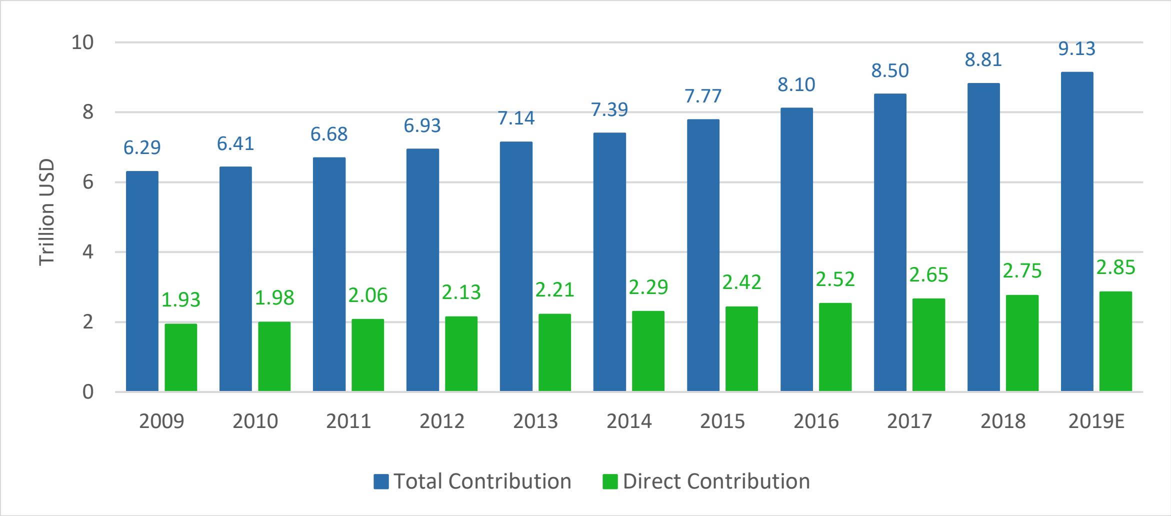
2 TRAVEL & TOURISM – CURRENT STATE AND TRENDS

In order to properly understand the research problem and realize the importance of this research, it is beneficial to get an overview of the travel & tourism sector. This chapter brings a high-level description of the sector across three aspects: size and growth trends, sector structure and the international inbound and outbound activity. Within the first section, total money value of the sector is given together with the growth trends and breakdown by various dimensions. The seconds section presents the structure of the travel & tourism sector and shows the money value of its segments. The third section provides the scope of international travel, both in terms of passengers and money value. It also shows a breakdown of international travel across several dimensions.

2.1 Size and growth trends

According to the World Travel and Tourism Council (2019a), contribution of the travel & tourism sector to the global GDP in 2018 was 8.8 trillion USD, which represents 10.4% of the total GDP. This total value has been calculated as a sum of direct, indirect and induced contribution to the GDP. The direct contribution is measured by WTTC as the ‘internal’ spending on travel & tourism activity of residents and non-residents for both leisure and business purposes. It amounts to 2.75 trillion USD in 2018 or 31% of the total contribution. The indirect contribution amounts to 4.54 trillion USD OR 52% of the total contribution. It is measured as the sum of travel & tourism investment spending, government collective spending that helps the travel & tourism and the domestic purchasing of goods and services by the organizations dealing directly with tourists. The induced contribution amounts to 1.58 trillion USD or 17% of the total contribution. It represents spending of those who are directly or indirectly employed by the travel & tourism industry, for things such as housing, clothing, food etc. Figure 1 shows the size of the sector over years, expressed in real 2018 prices.

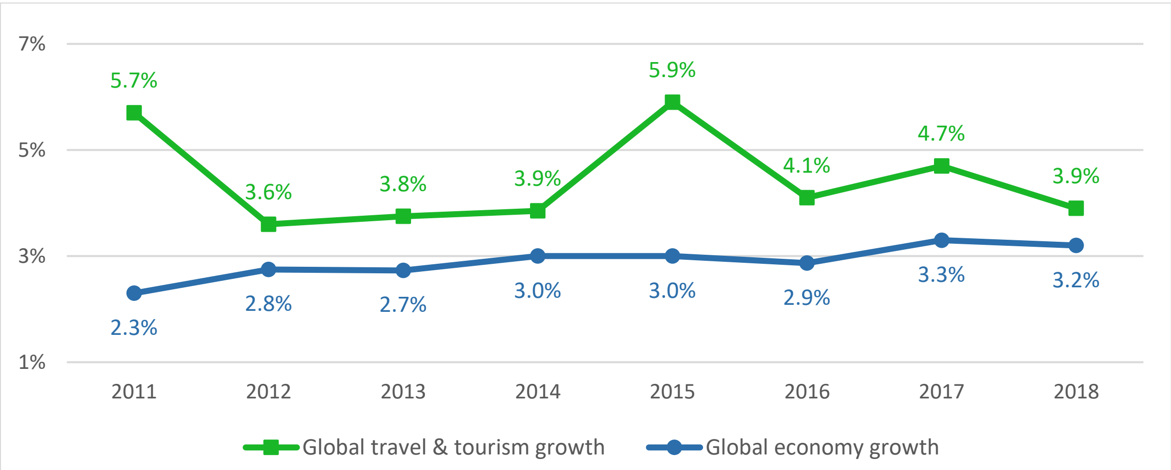
Figure 1: Size of the travel & tourism sector



Source: Adapted from World Travel and Tourism Council (2019a)

The same source states that the global growth of travel & tourism sector was around 3.6% in 2018, with the growth of direct contribution being 3.9%. In comparison, growth of the whole global economy was 3.2% for the same year. Figure 2 shows the growth comparison of the two dimensions across previous years.

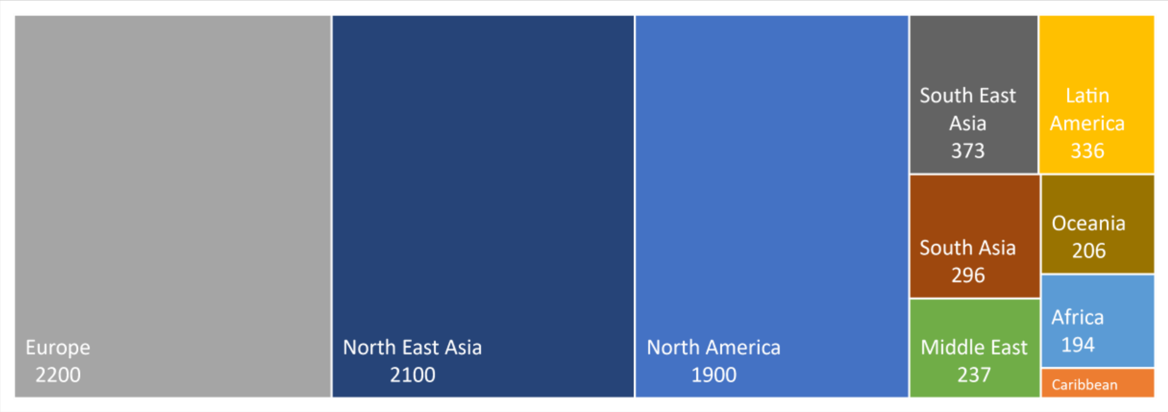
Figure 2: Growth comparison of the travel & tourism direct contribution and the global economy



Source: World Travel and Tourism Council (2019b)

In terms of geographical distribution, Europe generates the most money value. It is followed closely by North East Asia (China, Japan, South Korea etc.) and North America. These three regions account for more than 75% of the total sector value. Figure 3 shows the value breakdown of the travel & tourism sector by world regions.

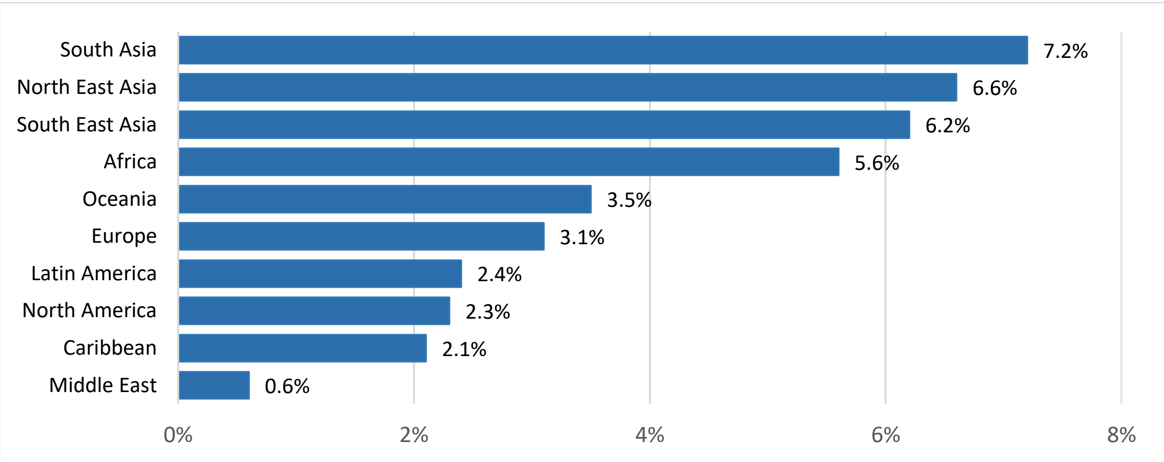
Figure 3: Travel & tourism by world regions in 2018 (in billions)



Source: Adapted from World Travel and Tourism Council (2019a)

In its 2019 report, WTTC also shows the travel & tourism growth values for each region. Asia is clearly the leader here, with all of its three subregions having far higher growth than the rest of the world. Africa is also experiencing substantial growth in this sector and it is very close to the three Asian subregions. Figure 4 shows the growth of the travel & tourism sector across world regions.

Figure 4: Growth of travel & tourism by regions in 2018



Source: Adapted from World Travel and Tourism Council (2019a)

Even though the international travel is on the rise, domestic spending is still dominating in the overall picture for travel & tourism. It makes more than two thirds of the whole sector.

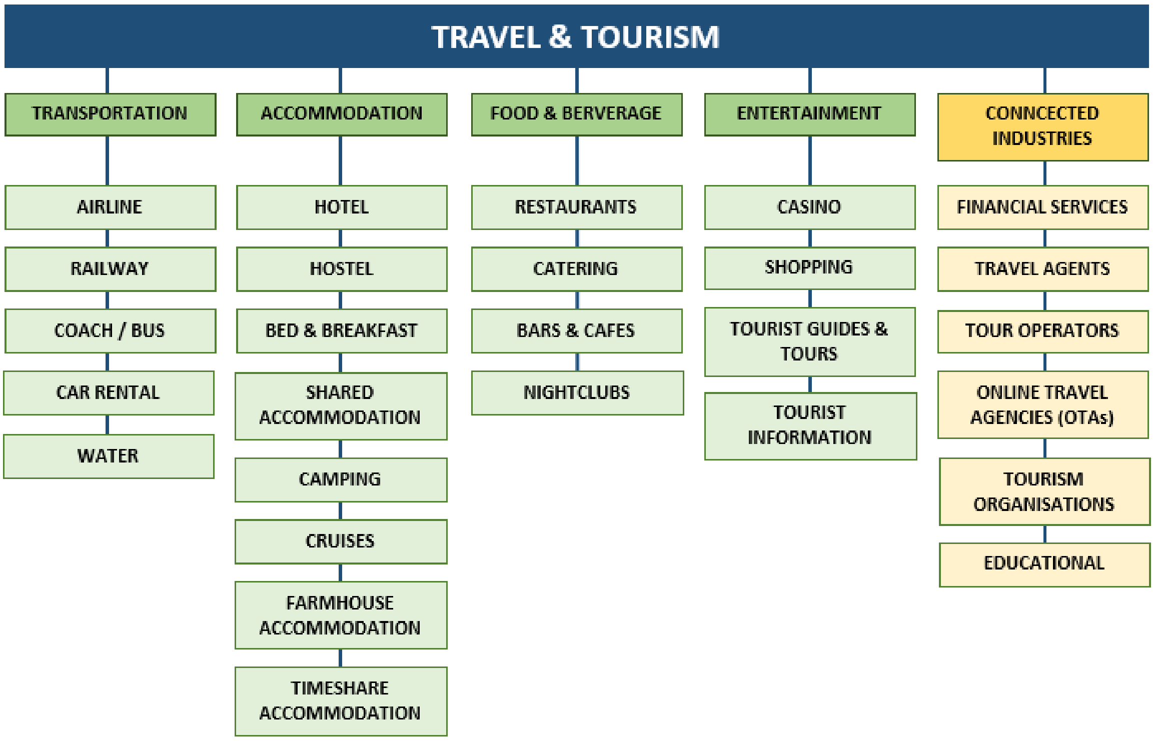
When it comes to the motivation for spending on travel & tourism, leisure spending dominates over business spending. It was responsible for almost 80% of the travel & tourism value in 2018.

2.2 Travel & tourism structure

The travel & tourism sector consists of several mainly service oriented “industries”. Revfine.com (2018) breaks the whole sector into four segments/industries: transportation, accommodation or lodging, food & beverage and entertainment. It also adds the connected industries as the fifth segment which acts as a supportive function to the previous four and it is not strictly an element of travel & tourism.

The described structure would be matching the elements included in the travel & tourism direct contribution to the GDP, which was previously defined with the reference to WTTC. There is no overlap with the indirect and induced component of travel & tourism sector. Figure 5 shows a detailed breakdown of the travel & tourism by its segments and subsegments.

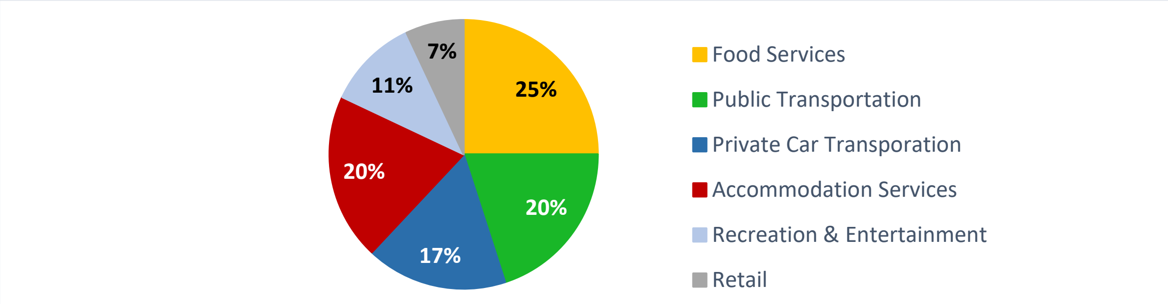
Figure 5: Travel & tourism breakdown by segment/industry



Source: Adapted from Revfine.com (2018)

Even though Figure 5 shows only a standard breakdown of the travel & tourism, it can be seen that the accommodation/lodging services are a very dynamic segment with a lot of novelties. Indeed, the recent rise of shared economy has shaken the existing traditional structures and has brough a lot of changes into this segment. Figure 6 shows the value share of travel & tourism segments in 2019, for the territory of USA.

Figure 6: Value share of travel & tourism segments for USA, in 2019

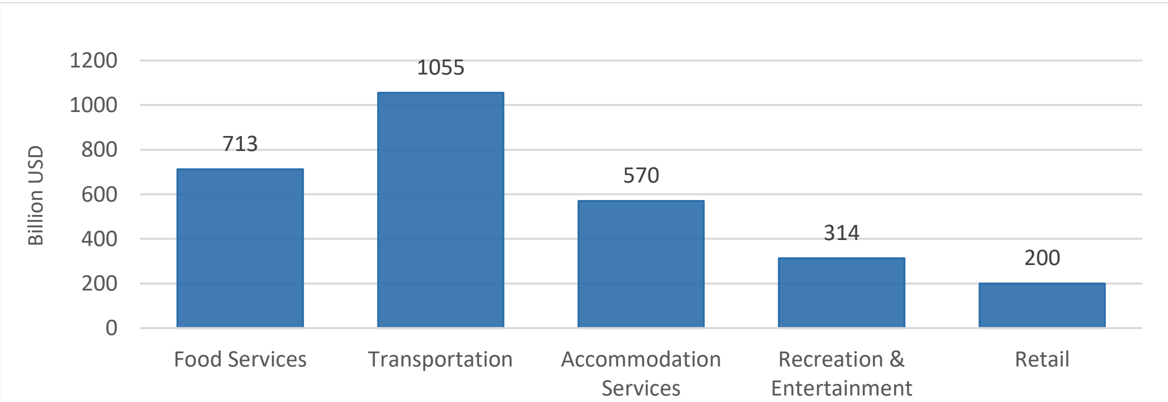


Source: Adapted from U.S. Travel Association (2020)

With no relevant insight of this kind found for the whole world, the USA based breakdown in Figure 6 can serve as a decent proxy here due to both its geography and a huge share in the global value of travel & tourism. Transportation is by far the biggest segment of travel & tourism in terms of the money value. It makes almost 40% of the whole sector value. Interestingly, transportation with a private car for travelling purposes almost matches the combined value of all public modes of transport (airlines, railways, buses and water/maritime).

In order to obtain the absolute money value of each segment globally, a combination of the segments' value share from Figure 6 (USA based) and the money value of travel & tourism direct contribution from Figure 1 (world based) is used. Figure 7 shows the money value of each segment globally by using the above described combination of parameters.

Figure 7: Money value of travel & tourism segments for the whole world, in 2018

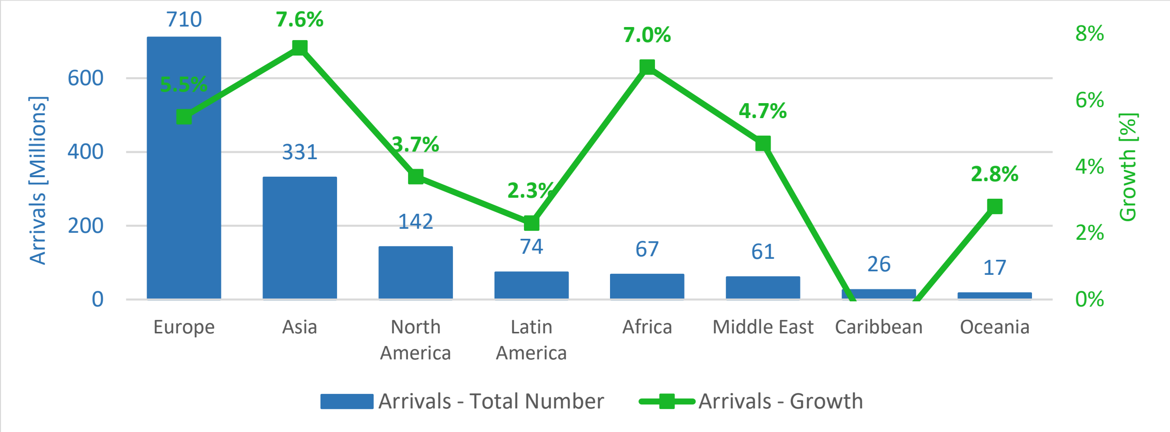


Source: Adapted from WTTC (2019a) and U.S. Travel Association (2020)

2.3 International inbound and outbound outlook

United Nations World Travel Organization (hereinafter: UNWTO) reports that in 2018, there were 1.4 billion international tourist arrivals across the globe (2019). This represents a growth of 5% to the year 2017. Figure 8 shows the number of international arrivals across regions, together with the arrival growth in 2018 for each region.

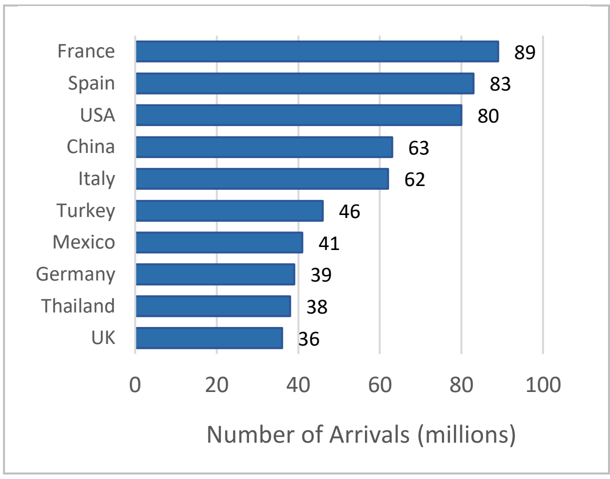
Figure 8: International tourist arrivals across regions in 2018



Source: UNWTO (2019a)

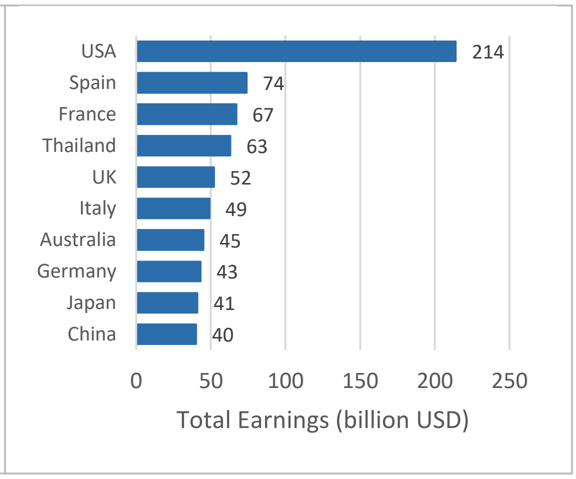
UNWTO names France, Spain and USA as the most desired destinations for international travelers in 2018. Even though it is only third in the number of international visits, USA earns by far the most from those visits. Figure 9 shows the most visited countries by international travelers in 2018, while Figure 10 shows the countries that earned the most from those visits.

Figure 9: Arrivals by country in 2018



Source: UNWTO (2019a)

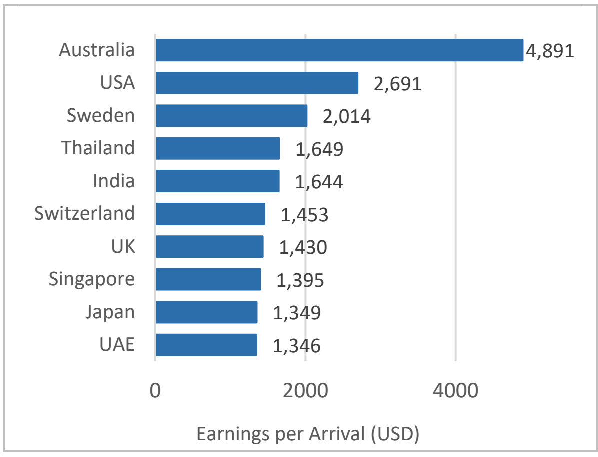
Figure 10: Earnings by country in 2018



Source: UNWTO (2019a)

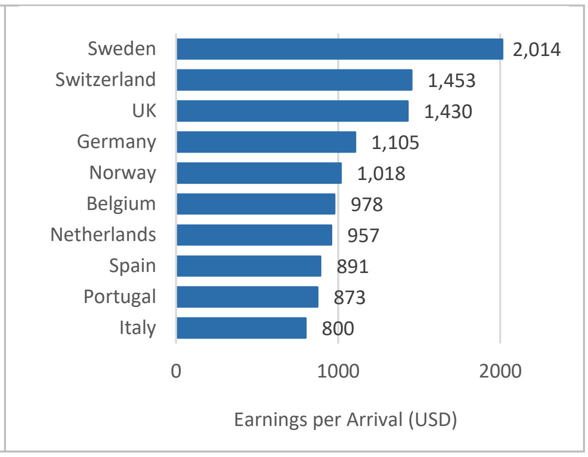
Even though it does not enter the top ten list of most visited countries, Australia is significantly outnumbering all others in terms of generated value per arrival (approximately 4900 USD). France and Spain are the two most visited countries, but still make less than 1000 USD per arrival. Figure 11 shows the top ten countries worldwide in terms of generated value per arrival in 2018, while Figure 12 shows the same metric for European continent. Both rankings are made with a constraint of minimum five million arrivals per country in 2018 and five billion USD generated from those arrivals.

Figure 11: Generated value per arrival in 2018



Source: Adapted from UNTWO (2019a)

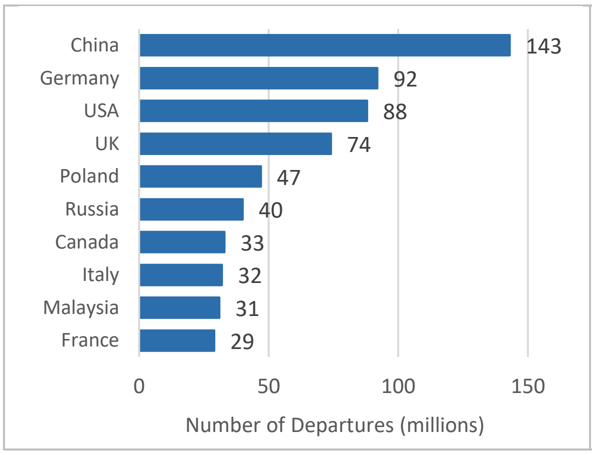
Figure 12: Generated value per arrival in Europe in 2018



Source: Adapted from UNTWO (2019a)

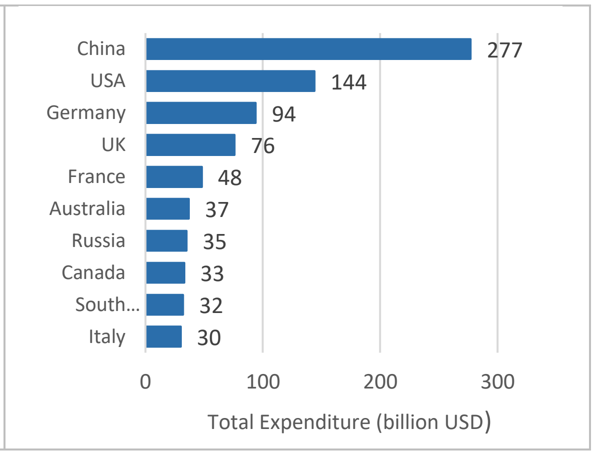
Even though the international travel is on the rise, people predominantly chose destinations inside their own region. Just one out of five tourists worldwide choses to travel outside of his/her own region (UNWTO, 2019). Country with the highest number of international departures is China, followed by Germany, USA and UK, respectively. Very similar order of countries is present for the total expenditure. Figure 13 shows countries with the highest number of international departures, while Figure 14 shows countries with the highest total expenditure for those departures.

Figure 13: Departures by country in 2018



Source: Adapted from UNTWO (2019a) and UNWTO (2019b)

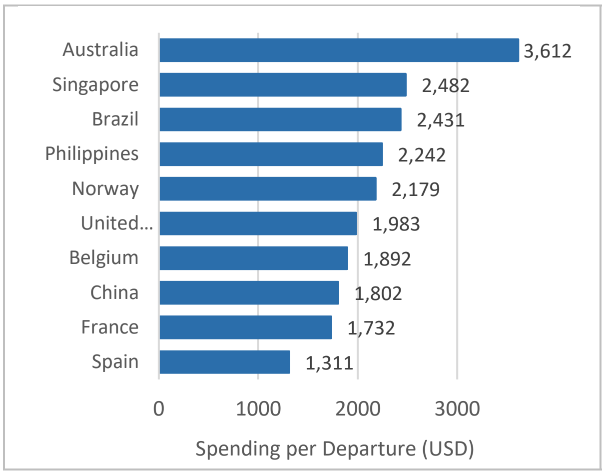
Figure 14: Travel expenditure by country in 2018



Source: Adapted from UNTWO (2019a) and UNWTO (2019b)

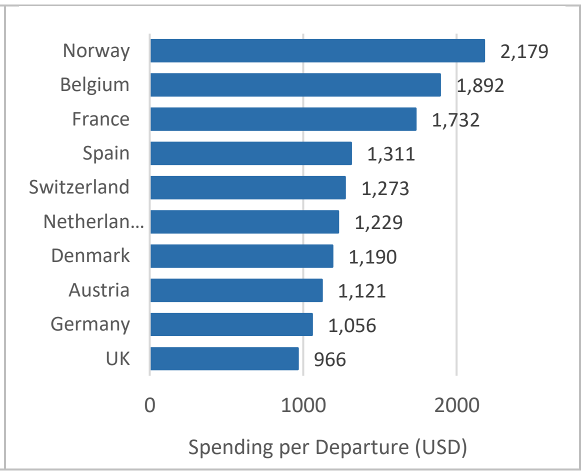
In addition to earning most per arrival, Australians are also spending the most per trip when going abroad. When ranking the European countries, Norwegian, Belgium and French people are the biggest spenders. Figure 15 shows the spending per departure by countries globally, while Figure 16 shows the same metric for Europe. Again, a constraint with minimum of five million departures per country in 2018 and five billion USD of total expenditure is applied.

Figure 15: Expenditure on travel & tourism per departure in 2018



Source: Adapted from UNTWO (2019a) and UNWTO (2019b)

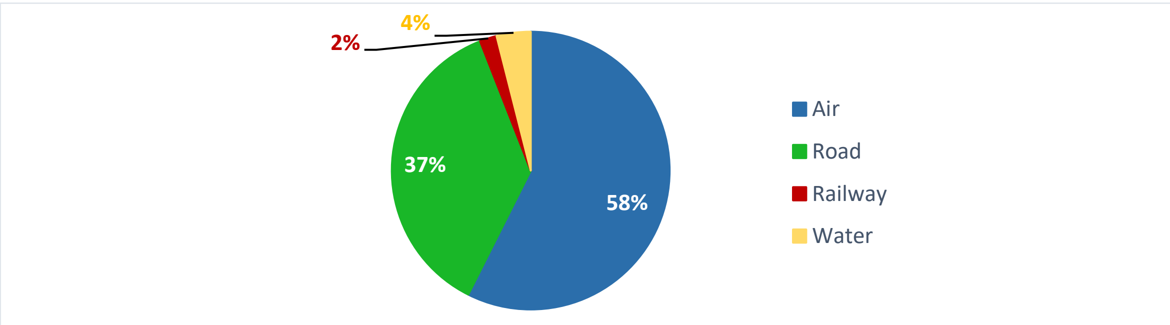
Figure 16: Expenditure on travel & tourism per departure from European countries in 2018



Source: Adapted from UNTWO (2019a) and UNWTO (2019b)

People predominantly use air as a mode of transport for their international travels. It is responsible for almost 60% of the total number of travels around the world (UNWTO, 2019a). Road follows as the strong second, while railway and water transport take very small portion in the overall distribution. Figure 17 shows the share of international travels in 2018 by means of transport.

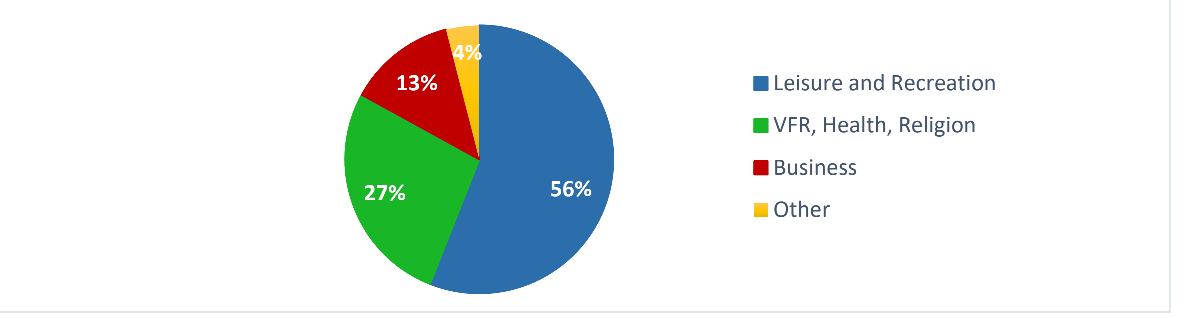
Figure 17: International travels by mode of transport in 2018



Source: UNWTO (2019a)

When it comes to the purpose and reasons for travelling, UNWTO states that people travel mostly for leisure and recreation. These reasons account for more than half of the international travels. The second category, which is responsible for more than 25% of international travels, consists of visiting friends and family, health and religion reasons. Business comes as a third category and makes about 13% of the total. Figure 18 shows the distribution of internatioal travels by purpose.

Figure 18: International travels by purpose in 2018



Source: UNWTO (2019a)

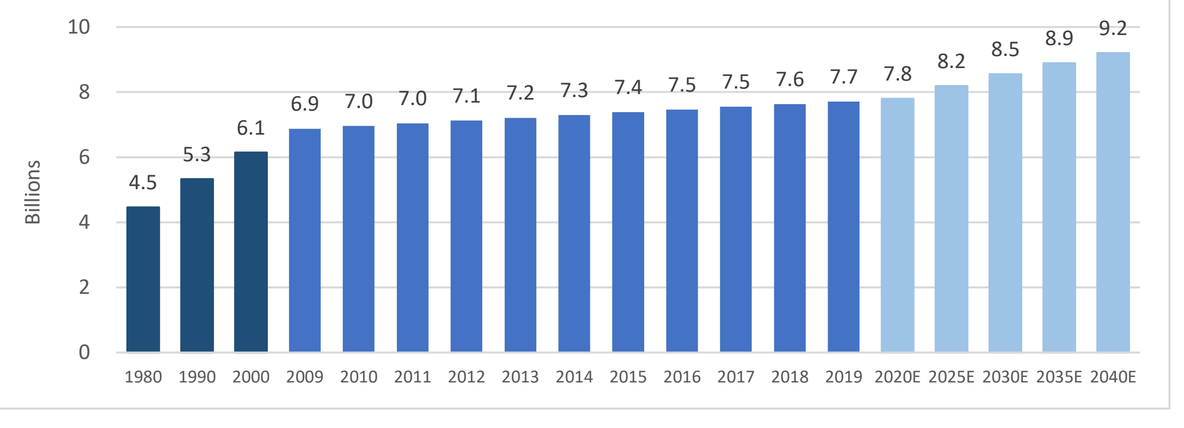
3 GLOBAL POPULATION AND THE POSITION OF MILLENNIALS

Before talking about millennials as the demographic cohort, it is important to give a description of the overall population first. The fist section of the chapter discusses the size of the global population and its growth trends. It also shows its structure in terms of different generations and more granularly, age buckets. Afterwards, the focus is switched to millennials by showing the group structure and proportion in the overall population. The second section brings transparency on the consumption of the overall population and millennials in particular.

3.1 Population size and structure

Given the data from United Nations Department of Economic and Social Affairs (hereinafter: UN DESA), there were 7.71 billion people in 2019, living on the planet Earth (2019). In the last ten years (2009-2019), the population increased by almost a billion, which represents a growth of 12%. Figure 19 shows the size of the world population over the years.

Figure 19: World population over the years

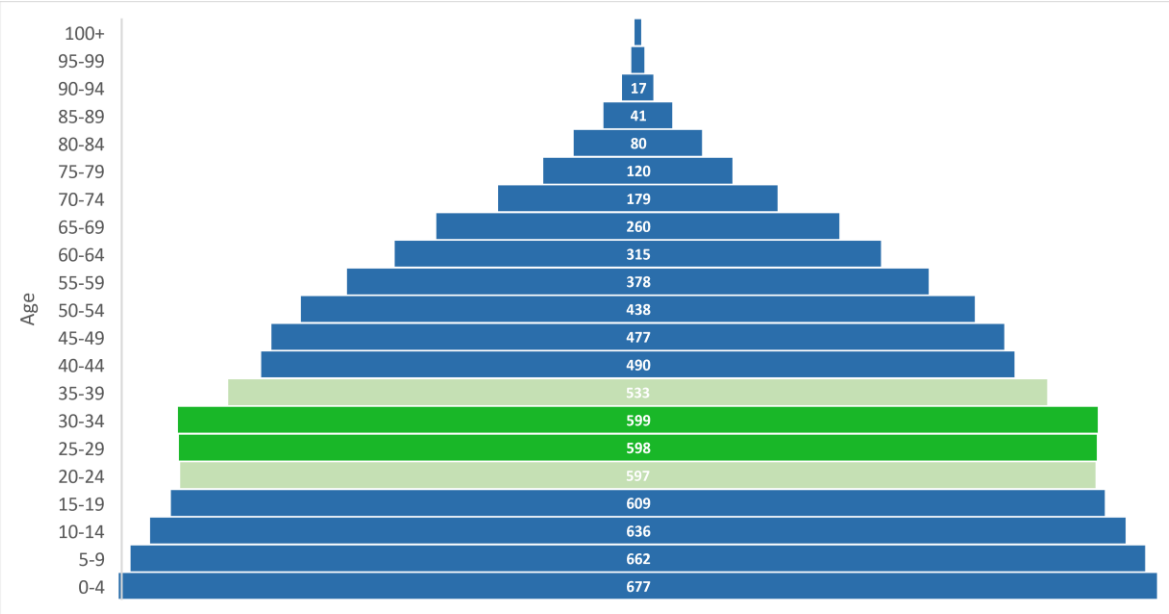


Source: Adapted from UN DESA (2019)

In terms of the compound annual growth rate, world population grew by 1.8% in the 1981-1990 period. In the 1991-2000 period, the annual growth was 1.44%. In the 2001-2010 period, the growth additionally decreased to 1.25% annually. For the last nine years (2011-2019), it went even further down to 1.15%. According to the UN forecasts, annual growth of 0.93% can be expected for the upcoming decade (2021-2030) and 0.74% for the decade after (2031-2040).

Figure 20 shows the age structure of the world population by five-year age buckets. The buckets that include millennials are highlighted in green. However, as millennial cohort includes all people between 23 and 38 years of age at this moment, the bordering buckets (shown in light green) include small portion of people from Generation X and Generation Z.

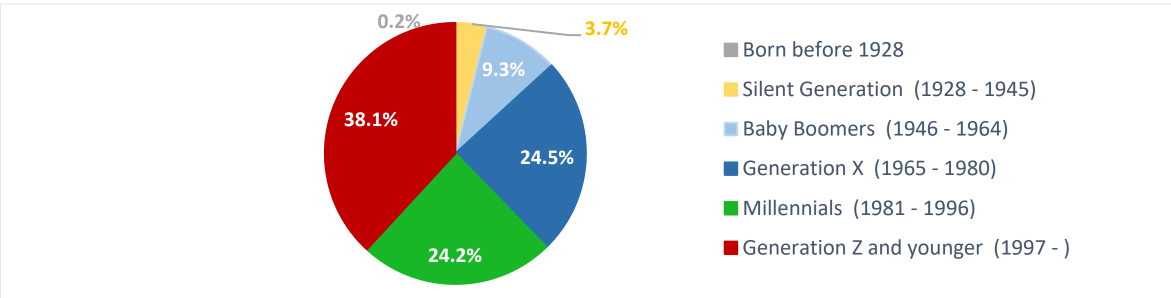
Figure 20: Age structure of the world population in 2019 (in millions)



Source: Adapted from UN DESA (2019)

It is clear from Figure 20 that millennials make a significant portion of the total population. Important to notice is that most of them are already in the phase of life where they are earning their own money. Figure 21 shows the share in total population for all existing age cohorts.

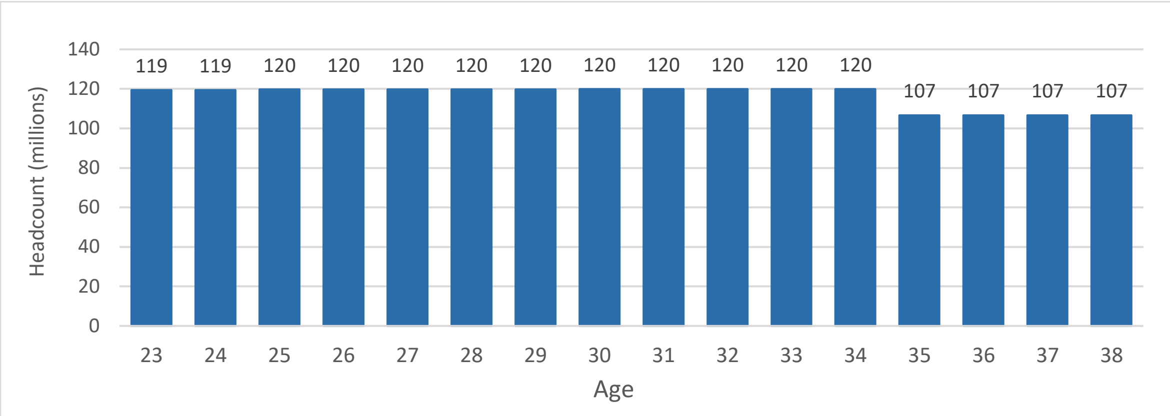
Figure 21: Share of existing age cohorts in the global population in 2019



Source: Adapted from UN DESA (2019)

Generation X and millennials each make around 25% of the population, while almost 40% of the population is made of people that are less than 23 years old (as of this moment). By uniformly breaking the five-year buckets from Figure 21 to one-year buckets, distribution of millennials across years of age is obtained. This is shown in Figure 22.

Figure 22: Distribution of millennials across years of age in 2019

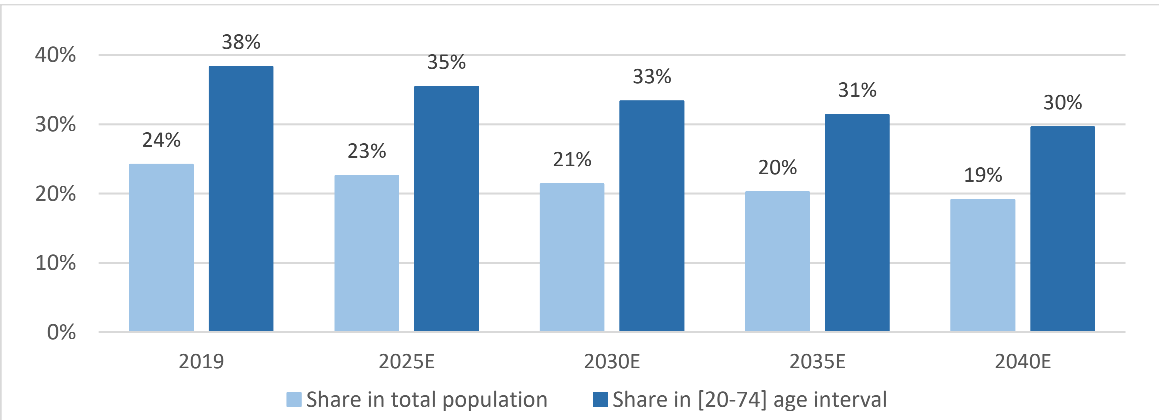


Source: Adapted from UN DESA (2019)

The whole cohort seems to be spread quite evenly across the years. There are some lower values for the older members of the cohort – those aged between 35 and 38 or in other words, born between 1981 and 1984.

In the following two decades, the share of millennials in the global population will decrease from approximately 24% as of this moment, to approximately 19% (UN DESA, 2019). Nevertheless, it will still present a significant share of the population even in the 2040. Share of millennials in the [20-74] segment of the population is also going to decrease in a similar fashion, from 38% to 30%. Figure 23 shows the share of millennial cohort in both the total population and work-eligible population across the next 20 years.

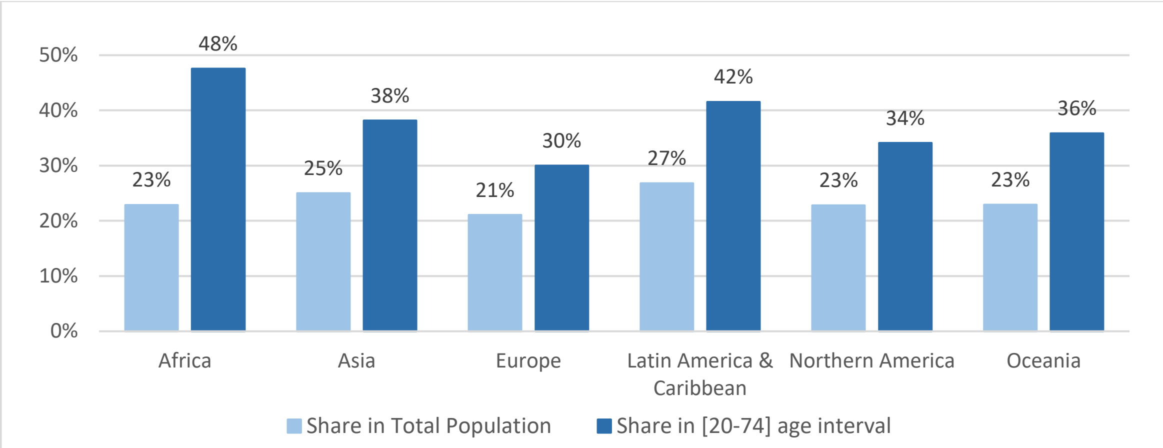
Figure 23: Share of millennials in the global population over the next 20 years



Source: Adapted from UN DESA (2019)

When looking at the situation in 2019 across the regions, share of millennials in the total population ranges anywhere from 21% (Europe) to 27% (Latin America & Caribbean). Millennials make almost 50% of the [20-74] population segment in Africa. They also make a significant share in the mentioned segment across Latin America and Asia, and something less in Europe and North America. Figure 24 shows these two metrics by region.

Figure 24: Share of existing age cohorts in the global population, in 2019

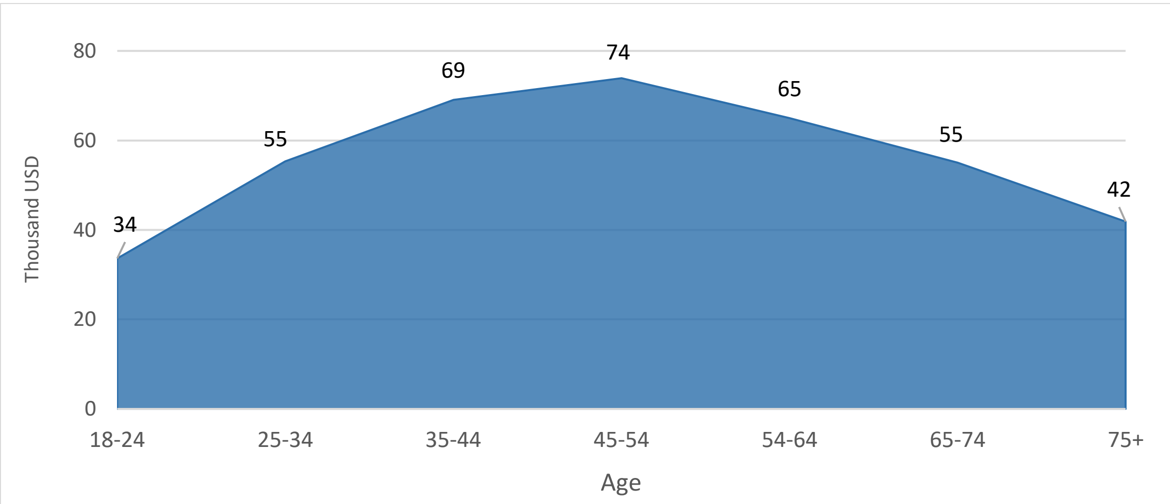


Source: Adapted from UN DESA (2019)

3.2 Population consumption

In 2019, Morgan Stanley published data on the annual consumption of different age segments in USA. Age segment that spends the most is the [45-54] segment, while segments [35-44] and [54-64] follow closely. Figure 25 shows the annual expenditure by age group in USA, for the year 2017.

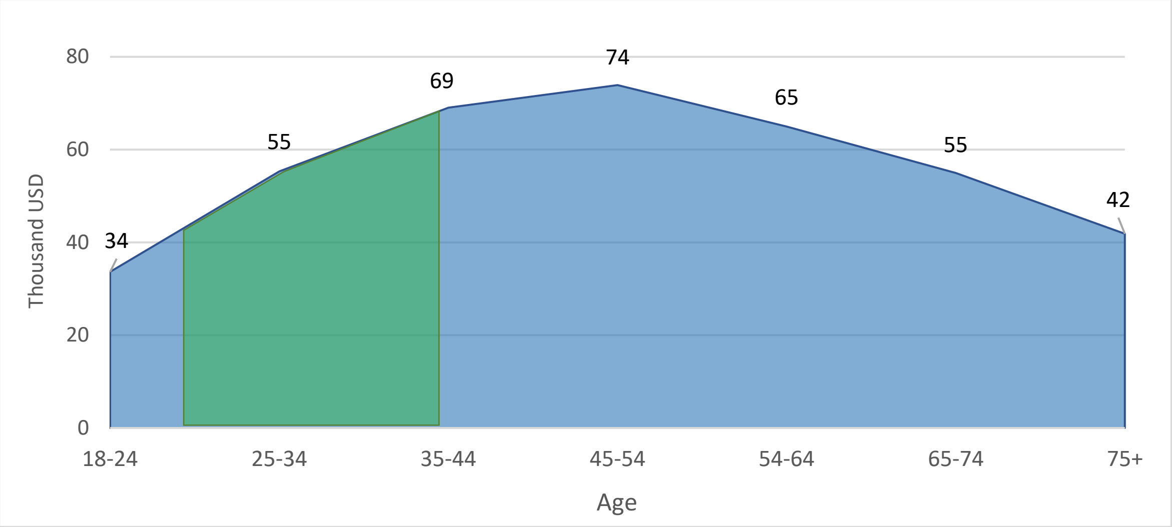
Figure 25: Annual expenditure by age group in 2017



Source: Morgan Stanley Research (2019)

When it comes to the consumption of millennials, their position with regards to the consumption is highlighted in green, in Figure 26.

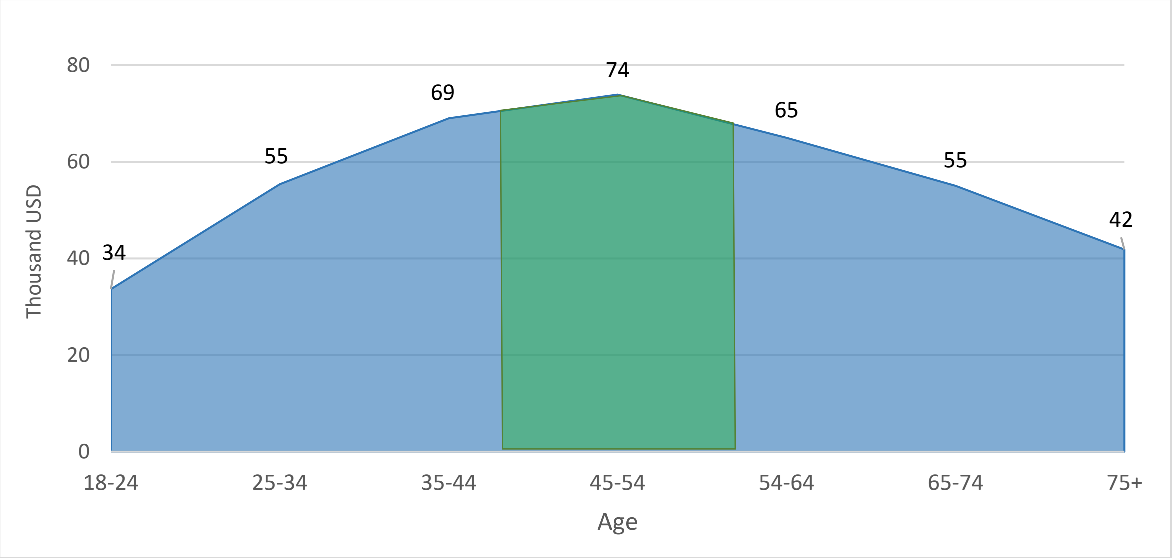
Figure 26: Consumption of millennials in 2017



Source: Morgan Stanley Research (2019)

As the reported age buckets from Morgan Stanley Research are quite wide (10 years), the position od millennials may not be completely punctual. However, even with this uncertainty, a clear shift in the consumption power is noticed when Figure 26 and Figure 27 are compared. The mentioned Figure 27 shows the consumption of millennials again, but now for the year 2037. Around this year, millennials will be at the peak in terms of their lifetime consumption when considering the full group. It was assumed for this comparison that the consumption pattern for different age groups will remain similar to the one from 2017.

Figure 27: Consumption of millennials in 2037 with preserved 2017 consumption values



Source: Morgan Stanley Research (2019)

4 RESEARCH METHODOLOGY AND DATA COLLETCTION

The research for this master thesis is done across three phases. In the first phase, a comprehensive literature overview was made to gain understanding on the travel behavior of millennials and to identify gaps where further exploration would be of interest. Reasoning from the literature review lead to the preparation of focus group which was carried out afterwards. Both of these components gave a clear direction for the second phase, where a questionnaire was designed and conducted online. The goal here was to collect data on the travel behavior of millennials, at a person-level granularity. In the third phase, advanced statistical analysis is applied on the data in order to extract knowledge from it and describe the travel habits of millennials.

4.1 Focus group

The focus group was held on 18th of November, 2019 in Žepče, Bosnia and Herzegovina. The duration of the focus group was around 90 minutes. Five millennials took part in it – three ladies and two men. Four of them are coming from Bosnia and Herzegovina and one of them from Croatia. The participants were aged from 26 to 30, with four of them being fully employed and one person being employed part-time. All participants are regularly taking one or more trips per year.

The purpose of the focus group was to explore the view on travelling and travel frequency, process of destination selection and trip planning, transportation and accommodation preferences and lastly, the desired experience one would like to gain during the trip. Participants were asked a set of questions for each of the above-mentioned aspects. While some of the questions were close-ended, majority of them were open-ended so that the participants were able to fully express their thoughts on the subject matter. Great emphasis was put on providing total freedom for answering questions so that the bias on conclusions would be as low as possible. The obtained insights were then used to feed the next stage of the research – design of the questionnaire. Having the lowest possible bias on the insights from focus group meant also a higher quality questionnaire afterwards.

4.2 Questionnaire

As mentioned in the previous section, the questionnaire was designed using the insights from literature overview and the focus group. The starting two constraints that were put on the questionnaire design were the content scope and time-wise length. In terms of the scope, the goal was to cover all aspects of travel behavior. In other words, everything from destination selection to the trip-outcome evaluation had to be inside the questionnaire. When it comes to the required time for answering, the goal was to have majority of respondents finishing the survey under 15 minutes. The reasoning here was that anything above 15 minutes would lead to respondent's dissatisfaction, abandonment of the questionnaire before the end and ultimately, lower number of respondents. However, it was also assessed than anything shorter than eight minutes would not satisfy the required granularity for the later phase, where data analysis and knowledge extraction will be performed. Therefore, the approximated questionnaire length was from eight to fifteen minutes.

The questionnaire itself consists of five sections. In the first section, some general questions about travel habits are being asked. In the second segment, respondents are asked about trip planning and organization. More precisely, this section contains questions about destination selection, transport and accommodation booking, booking window as well as the expenditure and preference on paying methods. The third section asks the respondents about their preferred means of transport, preferred accommodation types and more granular factors of relevance regarding both transportation and accommodation. This section also contains questions on the behavior related to the environmental impact. In the fourth section, respondents are asked about desired trip outcomes and the things they would like to experience at their destination. They are also asked about destination preferences, personalized content and technology usage during travelling. The fifth section is all about demographics, where respondents are asked about their gender, age, country of origin, education level, employment status and monthly income.

The questionnaire was open from the start of January (2020) all the way to the start of May (2020). Respondents were recruited through several channels, namely: friends, family and acquaintance network, online forums and academic survey-sharing services. In total, 411 people responded to the questionnaire and finished it. However, only 269 of them were millennials and therefore, the remaining respondents had to be filtered out of the dataset. There were 151 women (56.1%), 116 men (43.1%) and 2 others (0.7%) in the total number. The youngest respondents were 23 years old, while the oldest persons who responded were 38. The mean age of the respondents is $\mu = 28.4$ (median = 28) while the standard deviation of the age is sd = 3.8. In total, millennials from 41 country participated in the survey. Majority of respondents are coming from Croatia (24%), Bosnia and Herzegovina (17%), UK (12%), Germany (7%) and USA (5%). These five countries make 64% of the respondents while 36 other nationalities make the remaining 36% of the total votes. Around 54% of respondents either have master degree or they are currently pursuing it, as the highest level of education. Around 28% of respondents have bachelor degree as the highest education level or they are currently in the pursuit of it. There are 7% of PhD holders/students and 7% of people who have high school as the highest education level. Close to 56% of survey participants are regularly employed and 16% are in a working-student status. There are 23% of students and 5% unemployed in the total number of respondents. Around 79% of people chose to disclose their monthly net income. Respondents were close to evenly distributed across the income-buckets available for selection (from <400 EUR to 3000< EUR), which can be explained by the income variability coming from 41 nationalities in the sample.

It is clear from the demographics data that the results of data analysis will be biased towards millennials with higher formal education (89%) and millennials coming from Croatia and Bosnia and Herzegovina (41%).

4.3 Data Analysis

Beyond showing just simple descriptive statists of survey answers, several advanced statistical methods are applied on the collected data.

First part of the data analysis follows the stream of the questionnaire or in other words, the chronological flow of the millennials' travel journey. The goal here is to test various hypotheses about the travel habits of millennials. Methods that are used in this part are mostly one sample t-tests, two-sample t-test and paired-sample t-tests. Big portion of hypotheses are about the proportions of millennial cohort, which is needed to gain insights on the scope of particular travel habits.

In the second part of the data analysis, a segmentation of the survey respondents is conducted. Due to the data quality control, five survey responses are removed so the segmentation is made on 264 millennials. Even though the sample size is not huge, the resulting segments can serve as decent approximation of segments coming from the total population of millennials. The segmentation is done by using the cluster analysis, namely hierarchical and k-means clustering. Proper data transformation and feature selection are used to prepare the input for the mentioned clustering methods.

5 ANALYSIS OF THE SURVEY DATA

This chapter analyzes the data collected through the questionnaire, with respect to four different aspects of millennials' travel habits. Each of these aspects is analyzed in detail, in a separate section. The first section deals with the millennials' general perspective on travelling. The second section relates to the trip planning and organization, while the third section tackles transportation and accommodation preferences of millennials. The fourth section deals with travel experience and trip outcomes.

5.1 Millennial's general perspective on traveling

Analysis of the millennials' view on travelling, motivation for it and the travel frequency is presented in this section. The goal is to explore how important is traveling to millennials, what is their motivation for travelling, how often are they taking trips and if they would like to travel even more than they do at the moment. Table 1 shows the research questions and the related hypothesis that are tested.

Table 1: Research questions and hypothesis related to millennials' view on traveling, motivation and travel frequency

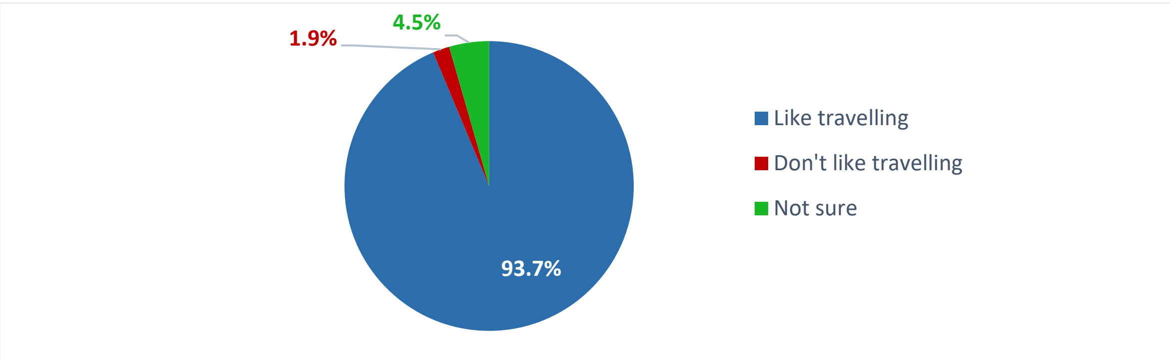
Nr.	Specific Research Question	Tested hypothesis
1.1	How many millennials really like traveling?	Proportion of millennials who like travelling is greater than 0.9
1.2	How important is traveling to millennials?	Proportion of millennials who find travelling important is greater than 0.5
1.3	What are the factors motivating millennials to travel?	--
1.4	What is their preferred company when traveling?	--
1.5	How many trips per year do millennials take?	Millennials take more than three trips per year
1.6	If they had no constrains on scheduling their vacation, how many trips would they take then?	Millennials' desired number of trips is higher than the number of trips they are taking now

Source: Own work

5.1.1 View on traveling

When asked if they like travelling, millennials predominantly answered with yes to this question. Just few of them responded with no, while slightly higher number respondent with "not sure". Figure 28 shows the distribution of answers to this question.

Figure 28: Millennials' view on traveling



Source: Own work

The claim here is that at least nine in every ten millennials like travelling. In other words, the following hypothesis were tested:

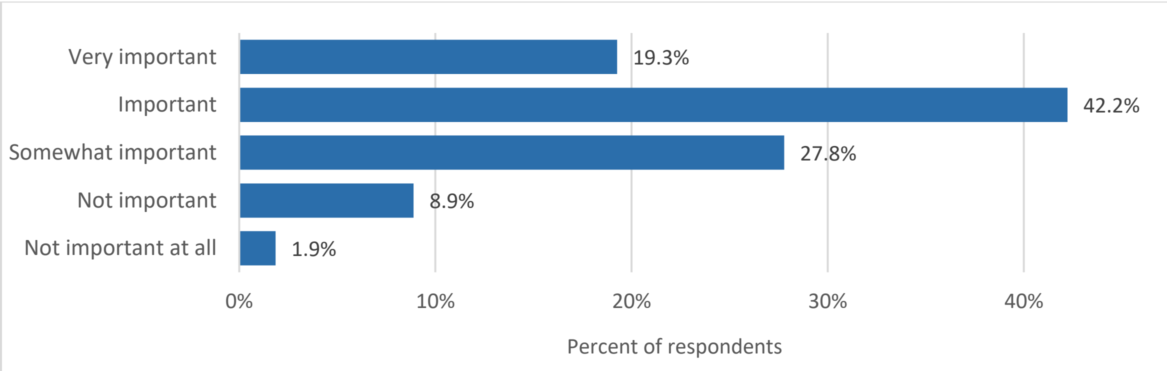
Null hypothesis (H0): Proportion of millennials who like travelling is 90%

Alternative hypothesis (H1): Proportion of millennials who like travelling is greater than 90%.

The t-test shows that the null hypothesis can be rejected and the alternative hypothesis can be accepted. More than 90% of millennials, on average, like travelling (p-value = 0.007, significance = 0.05, n = 269).

In terms of the importance of travelling, millennials predominantly find it important in some way. As expected, on a Likert scale from one to five, most of them find it important (which corresponds to level four), while just a tiny number of millennials don't find the travelling important at all (corresponding to level one). Figure 29 shows the percentage of survey respondents across the mentioned scale for traveling importance.

Figure 29: Proportion of millennials by the reported importance of traveling



Source: Own work

The starting hypotheses here is that more than 50% of millennials personally find travelling important or very important. The setup for testing looks like this:

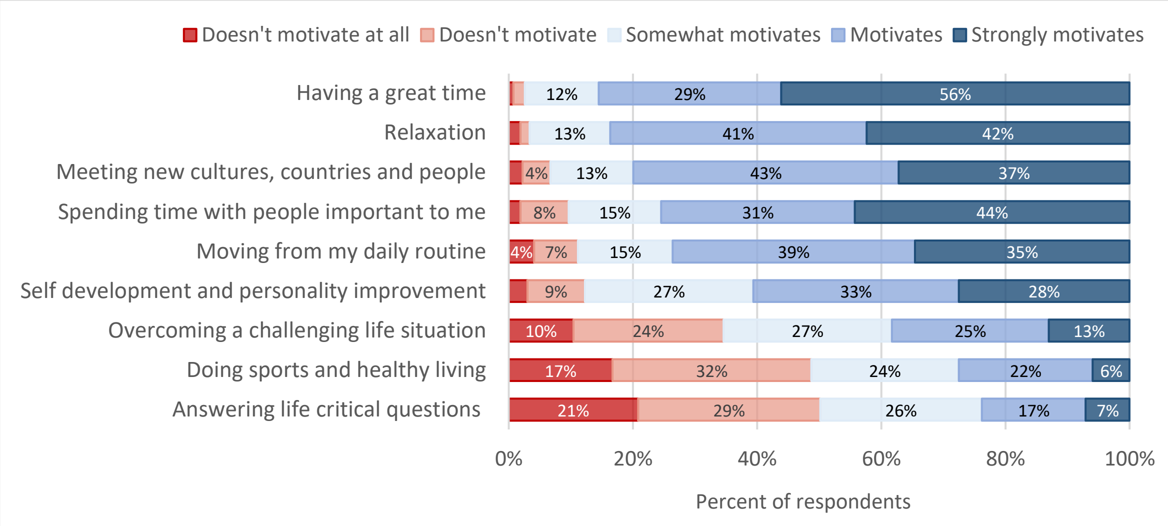
Null hypothesis (H0):	Proportion of millennials who find traveling at least important is 50%
Alternative hypothesis (H1):	Proportion of millennials who find traveling at least important is greater than 50%.

The t-test shows that the null hypothesis can be rejected and that indeed, more than 50% of millennials, on average, find travelling as an important component of their life (p-value = 0.000, significance = 0.05, n = 269). If the tested proportion increases to even 0.55, the null hypothesis can still be rejected and the alternative hypothesis can be accepted (p-value = 0.012, significance = 0.05, n = 269).

5.1.2 Motivation and company

There are no huge surprises in terms of the factors that are motivating millennials to travel. Having a great time is the strongest motivator where 85% of respondents find it important or very important, followed by relaxation (83%) and meeting new cultures and people (80%). Figure 30 shows how the respondents rated each of the listed motivators for travel.

Figure 30: Travel motivation by different factors

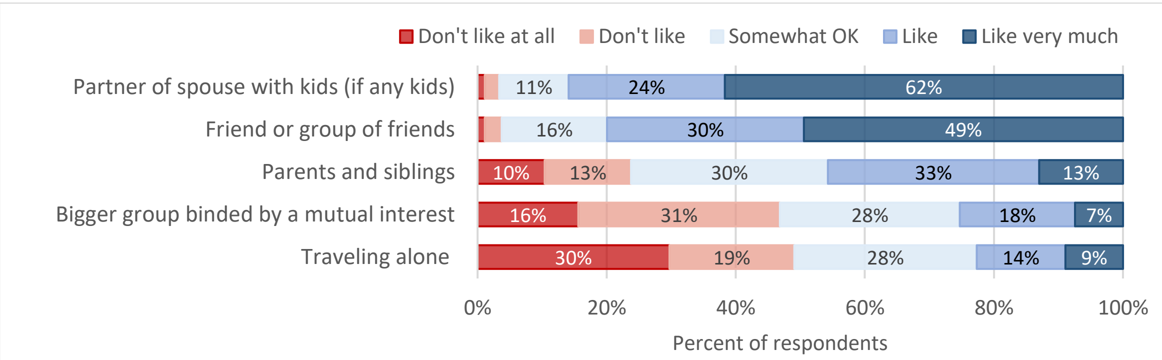


Source: Own work

It can be concluded from Figure 31 that in addition to relaxing and having a great time with people that are important to them, millennials also want to experience something new and learn. This is supported by giving high importance to the motivators like meeting new culture and people (80%) and self-development (61%).

Millennials really like to travel with their partners and kids (if any) as well as with their friends. They much less favor travelling with their parents and siblings (which is probably due to them being grownups already), bigger groups or traveling alone. Figure 31 shows the attractiveness of different travel companions to millennials.

Figure 31: Preference on the travel companions

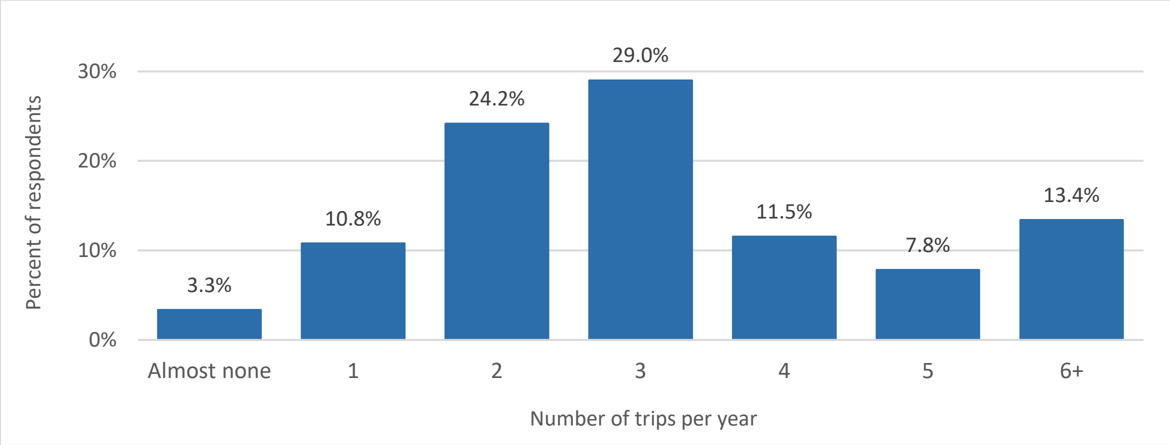


Source: Own work

5.1.3 Traveling frequency

One of the parameters related to travelling that is very interesting to track is the number of travels per year. Figure 32 shows the annual travel frequency given by the survey respondents.

Figure 32: Proportion of millennials by the annual number of trips they make



Source: Own work

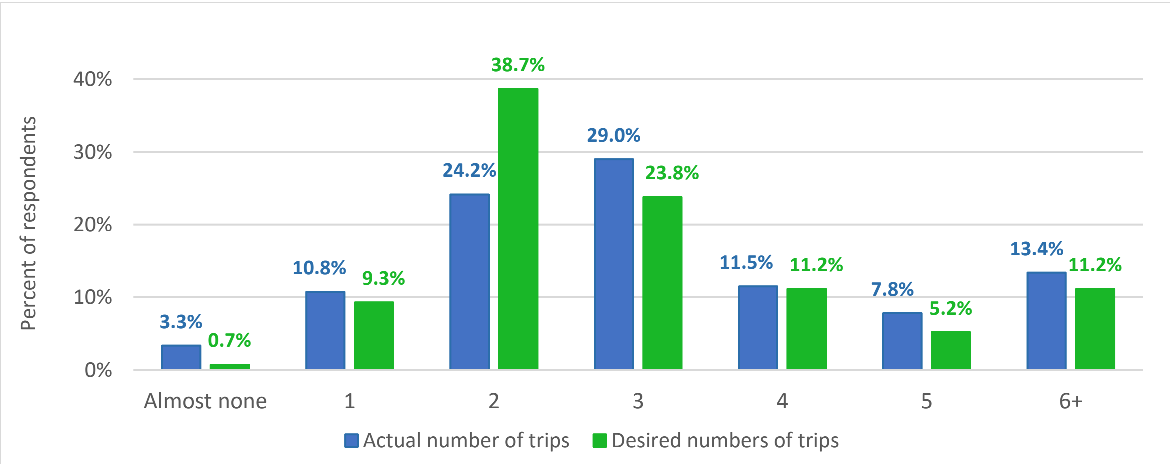
From the chart, there seem to be two points of higher concentration: one sitting at the two-three trips per year and the other one sitting at six (and over six) trips. The average number of trips taken annually by a millennial is 3.2. The hypothesis here is that millennials take more than three trips per year. The null and the alternative hypothesis look as follows:

Null hypothesis (H0):	Millennials take three trips per year
Alternative hypothesis (H1):	Millennials take more than three trips per year.

The t-test allows for rejection of the null hypothesis and acceptance of alternative hypothesis (p-value = 0.029, significance = 0.05, n = 269). In other words, data shows that millennials, on average, take more than three trips per year.

When it comes to the desired number of trips, it looks like millennials don't want to travel much more than they do at the moment. Figure 33 compares the actual number of trips per annum to the desired number of trips.

Figure 33: Actual vs. desired number of trips



Source: Own work

The starting hypothesis here is that millennials would like to travel more than they do at the moment. In order to test this, a paired sample t-test was made for their current and desired number of travels, with a following setup:

Null hypothesis (H0):	Desired number of trips is the same as the current number
Alternative hypothesis (H1):	Desired number of trips is higher than the current number.

The null hypothesis cannot be rejected as even the sample mean of desired number of trips (3.01) is lower than the mean of current number of trips (3.2). The claim that millennials want to travel more than they do now cannot be proven with the collected data. It can be said that millennials, on average, do not want to travel more than they do at the moment.

5.2 Trip planning and organization

This section analyzes multiple facets of the millennials' trip planning and organization. It tackles the way how millennials choose their travel destination, how long upfront do they book their trips, which channels do they use for trip booking, how much do they spend on travelling and what are their preferred payment methods. Table 2 shows the specific research questions related to the described aspect of travelling with the accompanying hypothesis that are tested.

Table 2: Research questions and hypothesis related to trip planning and organization

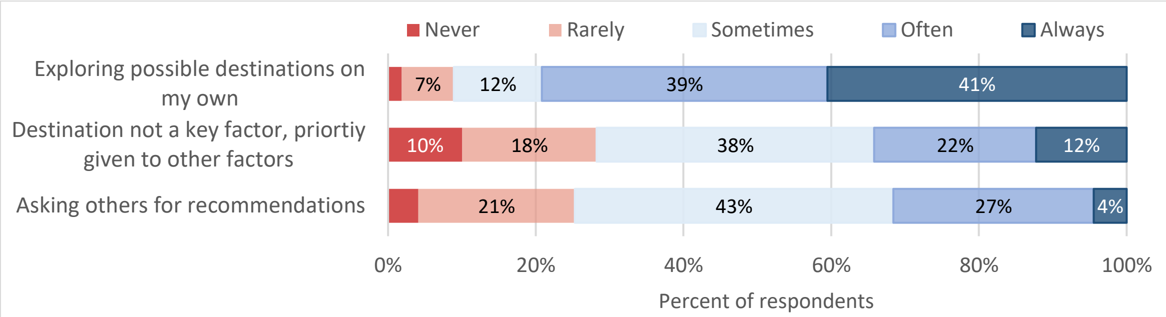
Nr.	Specific Research Question	Tested hypothesis
2.1	How do millennials search for potential travel destinations?	Proportion of millennials that explore for possible destination on their own, using web sources, is greater than 75%
2.2	How long upfront do they book trips?	--
2.3	Do they purchase bundled packages or they purchase trip elements separately?	Proportion of millennials that book trip elements separately is greater than 70%
2.4	Do they compare prices of transportation and accommodation online prior to their booking?	Proportion of millennials that compare transportation/accommodation prices across different online platforms is greater than 70%
2.5	Which channels do they use for trip booking?	Proportion of millennials that use OTAs is more than three times bigger than the proportion of those who use traditional agencies
2.6	How much are they willing to spend for travelling?	Proportion of millennials that are willing to spend at least 20% of their income for travelling is greater than 40%
2.7	Which payment methods do they prefer when paying for their trips?	Proportion of millennials that prefer to pay with card is more than two times higher than the proportion of those who prefer cash

Source: Own work

5.2.1 Destination selection and booking window

Millennials see destination selection as a quite important part of their trip. Majority of millennials tend to explore possible travel destinations on their own, by using information sources such as Google, YouTube, Instagram etc. Around 80% of the respondents often or always select the travel destination in this way. Just about one third of them usually considers the destination as a non-key factor and gives priority to other aspects. Asking others for recommendation is also much less frequent. Figure 34 shows the usage frequency for different ways of destination selection.

Figure 34: Usage of different methods for destination selection



Source: Own work

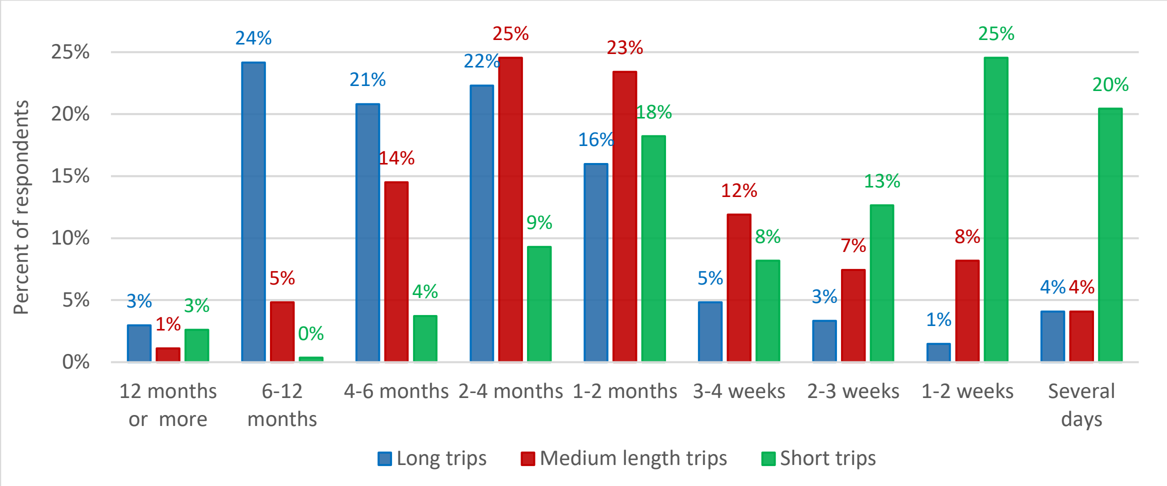
The hypothesis here is that more than 75% of millennials often or always explores possible destinations on their own, using social media or other web sources. The setup looks as follows:

Null hypothesis (H0):	Proportion of millennials that explore for possible destination on their own, using web sources, is 75%
Alternative hypothesis (H1):	Proportion of millennials that explores for possible destination on their own, using web sources, is greater than 75%.

The applied t-test on the data shows that the null hypothesis can be rejected and the alternative hypothesis is accepted (p-value = 0.046, significance = 0.05, n = 269). In other words, three out of four millennials, on average, will explore for possible destinations on their own, using web sources.

When it comes to booking their trips, millennials use quite different booking windows depending on the trip length, as expected. For long trips (two weeks or more), more than two thirds of respondents book it at least two months upfront. For the medium length trips (one week), more than two thirds book it at least one month upfront. In terms of the short trips, around two thirds of respondents book it anywhere from few days to four weeks upfront. Figure 35 gives a comprehensive view on the distribution of booking window for different lengths of trip.

Figure 35: Proportion of millennials by booking window, for different lengths of trip



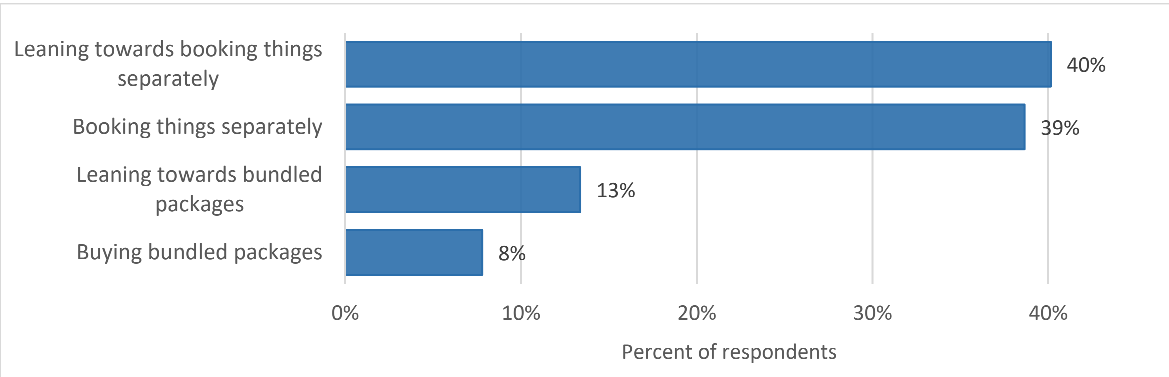
Source: Own work

When combining the view on booking window for different trip lengths, it is clear that the highest concentration of bookings is in the intervals of 1-2 month and 2-4 month prior to the trip. Each of these intervals carries around 19% of the total bookings.

5.2.2 Trip booking

Millennials almost exclusively book their trips by purchasing things separately. More than 75% of respondents book in this way, while the remaining proportion buys bundled packages. Figure 36 shows the proportion of respondents by their usual booking approach when it comes to traveling.

Figure 36: Proportion of millennials by their usual trip-booking approach



Source: Own work

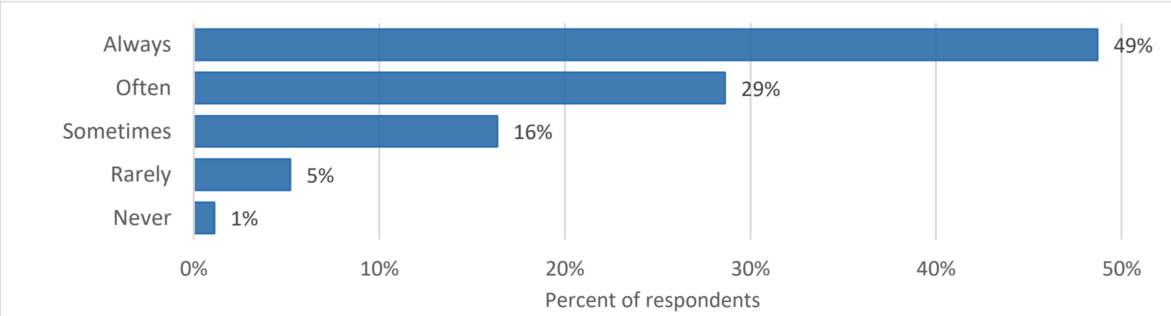
The hypothesis here is that more than 70% of millennials usually book their trips in separate parts. The testing setup looks as follows:

Null hypothesis (H0):	Proportion of millennials that book trip elements separately is 70%
Alternative hypothesis (H1):	Proportion of millennials that book trip elements separately is greater than 70%.

The result of the t-test shows that the null hypothesis can be rejected and alternative hypothesis can be accepted (p-value = 0.000, significance = 0.05, n = 269). This means that more than 70% of millennials, on average, book their trips in separate elements.

Within the process of accommodation booking, millennial extensively compare prices online. More than 75% of them, often or always compare accommodation prices online, prior to their booking. Figure 37 shows the proportion of respondents by exercise of price comparison online, during the process of accommodation booking.

Figure 37: Proportion of millennials by the exercise of price comparison online, when booking accommodation



Source: Own work

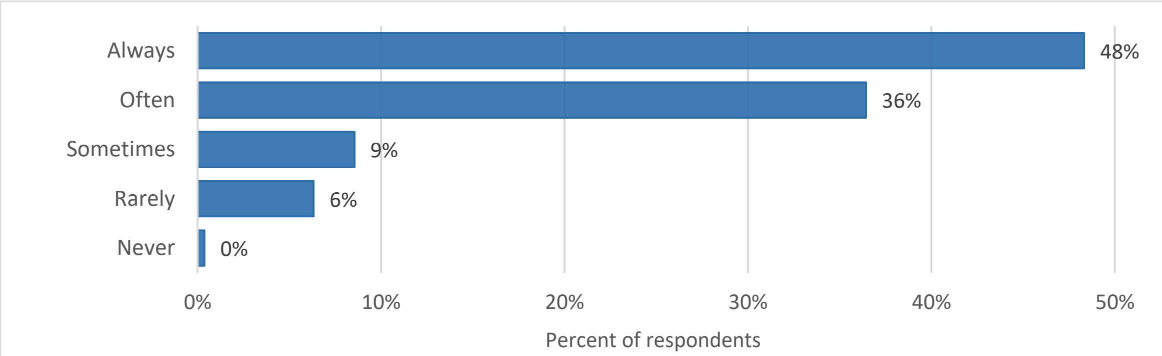
The hypothesis here is that there are also more than 70% of millennials who often or always compare accommodation prices prior to their booking, across different online platforms. The testing setup looks as follows:

Null hypothesis (H0):	Proportion of millennials that compare accommodation prices across different online platforms is 70%
Alternative hypothesis (H1):	Proportion of millennials that compare accommodation prices across different online platforms is greater than 70%.

The result of t-test shows that the null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.002, significance = 0.05, n = 269). Therefore, it can be said that more than 70% of millennials, on average, compare accommodation prices across different online platforms prior to the booking.

Even more persuasive behavior of millennials is reported for the transportation booking. Almost 85% of the respondents often or always compare transport prices online, prior to their booking. Figure 38 shows the proportion of respondents by the exercise of price comparison, during the process of transportation booking.

Figure 38: Proportion of millennials by the exercise of price comparison online, when booking transportation



Source: Own work

The testing setup to check if more than 70% of millennials often or always compare transportation prices across different online platforms prior to their booking is:

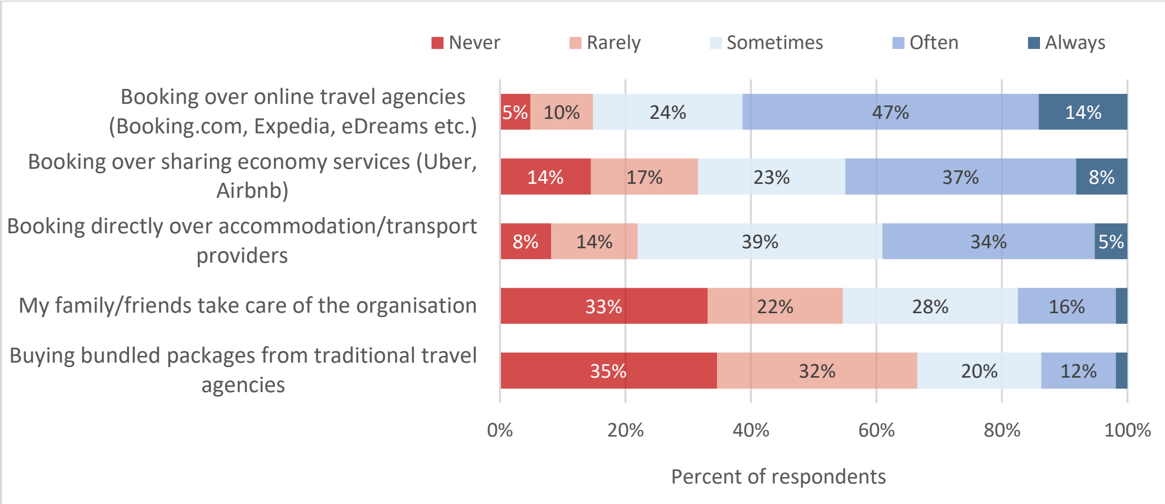
Null hypothesis (H0):	Proportion of millennials that compare transportation prices across different online platforms is 70%
Alternative hypothesis (H1):	Proportion of millennials that compare transportation prices across different online platforms is greater than 70%.

The result of t-test shows that the null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.000, significance = 0.05, n = 269). The null hypothesis can be rejected even if the threshold increases from 70% to 80% (p-value = 0.016, significance = 0.05, n = 269). Therefore, more than 80% of millennials, on average, compare transportation prices across different online platforms prior to the booking.

Following the results of the last two hypothesis, it is clear that millennials are less price sensitive to accommodation than to transportation. More than 80% of millennials often or always compare transportation prices online in relation to (only) more than 70% who compare accommodation prices.

More than 60% of millennials use online travel agencies like Booking.com, Expedia or eDreams to book their trips, while just under 50% use sharing economy services such as Airbnb or Uber for this purpose. Just around 14% of millennials buy bundled packages from traditional or specialized travel agencies. Figure 39 shows the usage of different booking channels by millennials.

Figure 39: Usage of different channels for trip booking



Source: Own work

The hypothesis here is that for every millennial who usually books their trip in a traditional way, by buying bundled packages from traditional agencies, there are more than three millennials who use online travel agencies (OTAs) such as Booking.com or Expedia for their trip booking.

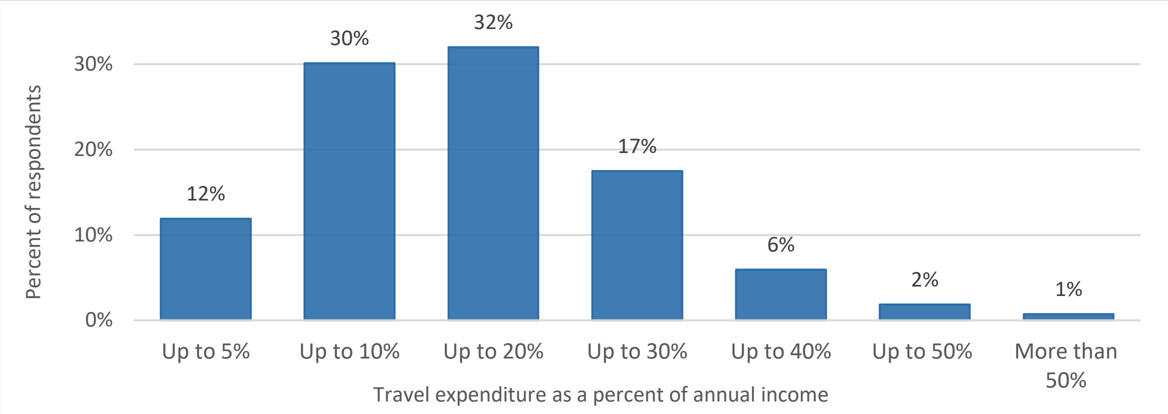
Null hypothesis (H0):	Proportion of millennials that use OTAs is three times bigger than the proportion of those who use traditional agencies
Alternative hypothesis (H1):	Proportion of millennials that use OTAs is more than three times bigger than the proportion of those who use traditional agencies.

The results of t-test show that the null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.002, significance = 0.05, n = 269). In fact, the alternative hypothesis can be accepted all the way up to the proportion being higher 3.5 times (p-value = 0.049, significance = 0.05, n = 269). Therefore, data shows that for each millennial who primarily uses traditional agencies for trip booking, there are more than 3.5 millennials who use online travel agencies.

5.2.3 Expenditure and paying methods

Almost 90% of millennials is willing to spend up to 10% of their income for travelling. Almost 60% of them is willing to spend at least 20% of their income. Figure 40 gives the proportion of millennials by the reported thresholds of maximum expenditure, where maximum expenditure is given as a percentage of income.

Figure 40: Proportion of millennials by their annual travel expenditure



Source: Own work

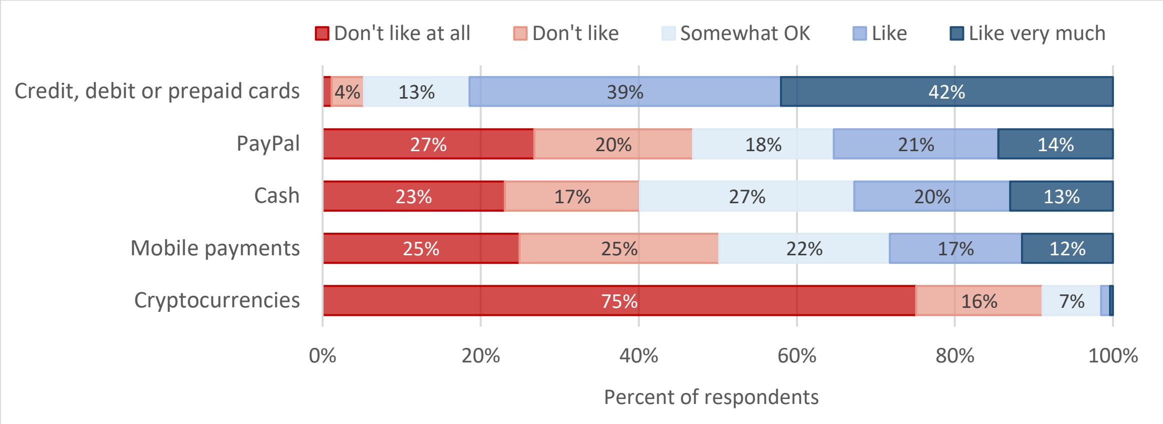
The starting hypothesis is that more than 40% of millennials spend at least 20% of their income for traveling. The testing setup looks as follows:

Null hypothesis (H0):	Proportion of millennials that are willing to spend at least 20% of their income for travelling is 40%
Alternative hypothesis (H1):	Proportion of millennials that are willing to spend at least 20% of their income for travelling is greater than 40%.

The t-test shows that null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.000, significance = 0.05, n = 269). In fact, the null hypothesis can be rejected even if the proportion grows to 50% (p-value = 0.024, significance = 0.05, n = 269). Thus, the data shows that more than 50% of millennials, on average, spend at least 20% of their income for traveling.

Millennials are big adopters of cashless payments and heavy users of cards as the tool for payment. More than 80% of respondents prefer using some form of card when purchasing their trip, while only 33% of respondents prefer paying with cash. Having in mind that many online travel agencies allow for cash payments at the site when it comes to accommodation booking, this is a clear signal that millennials are abandoning the use of cash for these purposes. PayPal as well as mobile payments are used by roughly one third of the cohort. Figure 41 shows the usage of various payments methods for trip booking, by millennials.

Figure 41: Preference on different payment methods when purchasing trips



Source: Own work

The hypothesis here is that for each millennial who prefers to pay for their trip in cash, there are at least two who prefer to pay with card. The testing setup looks as follows:

Null hypothesis (H0):	Proportion of millennials that prefer to pay for their trip with card is two times higher than the proportion of those who prefer cash
Alternative hypothesis (H1):	Proportion of millennials that prefer to pay for their trip with card is more than two times higher than the proportion of those who prefer cash.

The t-test shows that null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.005, significance = 0.05, n = 269). In other words, the data shows that for every millennial who prefers to pay for his/her trip with cash, there are, on average, more than two who prefer to pay for their trip with a card.

5.3 Transportation and accommodation preferences

In addition to the trip planning and organization covered in the previous section, this one focuses narrowly on millennials' preferences in terms of transportation and accommodation. It explores the usage of different means of transportation, usage of different types of accommodation and the most important characteristics for both of these. It also explores the environmental concerns and the associated behavior when travelling. Table 3 shows the research questions and the tested hypotheses related to this aspect of millennials' travel behavior.

Table 3: Research questions and hypothesis related to transportation and accommodation preferences

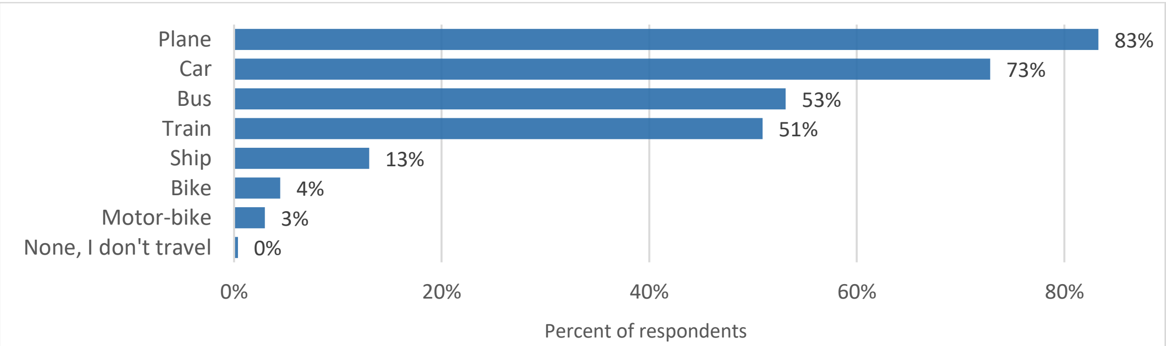
Nr.	Specific Research Question	Tested hypothesis
3.1	Which means of transportation do millennials use for reaching their destination and which at the destination?	--
3.2	What are the factors and characteristics of transportation that influence their choice?	Price has greater influence on transportation selection than journey duration Journey length has greater influence on transportation selection than comfort
3.3	Are there any means of transport they are trying to avoid?	Proportion of millennials that are trying to avoid plane/car as a mean of transport or use it less, is greater than 20%
3.4	What type of accommodation are they usually staying in?	--
3.5	What are the factors and characteristics of accommodation that influence their choice?	Price has greater influence on accommodation selection than comfort Price has greater influence on transportation selection than it has on accommodation selection Comfort has greater influence on accommodation selection than it has on transportation selection
3.6	Are they concerned about environment and which measures are they taking to reduce their environmental impact?	Proportion of millennials that are concerned about environmental impact when traveling is greater than 25%

Source: Own work

5.3.1 Transportation preferences

Millennials predominantly use plane and car as a mean of transportation to reach their destination. Train and ship as the cleaner alternatives come only far behind. Figure 42 shows the usage of widely available means of transportation when going to the destination.

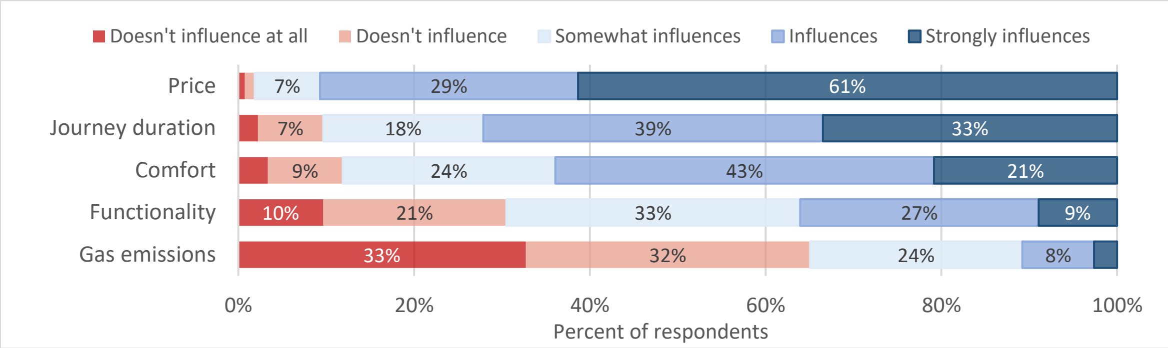
Figure 42: Usage of different means of transport for reaching the travel destination



Source: Own work

Price is, by far, the most important factor when it comes to transportation selection. It has a compelling influence on 90% of millennials. Journey duration comes in as a strong second, followed by comfort. Very low importance is given to the functionality of the transport (supply of electricity, Wi-Fi etc.) and almost none to the gas emissions. Figure 43 shows the importance of mentioned factors to millennials when it comes to transportation selection.

Figure 43: Factors influencing the choice of transportation for reaching the destination



Source: Own work

The first hypothesis that is going to be tested here is that the price really has stronger influence on transportation selection than the journey duration.

Null hypothesis (H0):	Price has equal influence on transportation selection as journey duration
Alternative hypothesis (H1):	Price has greater influence on transportation selection than journey duration.

Result of the paired sample t-test shows that null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.000, significance = 0.05, n = 269). Thus, the data shows that, on average, price has higher influence on transportation selection than the journey duration.

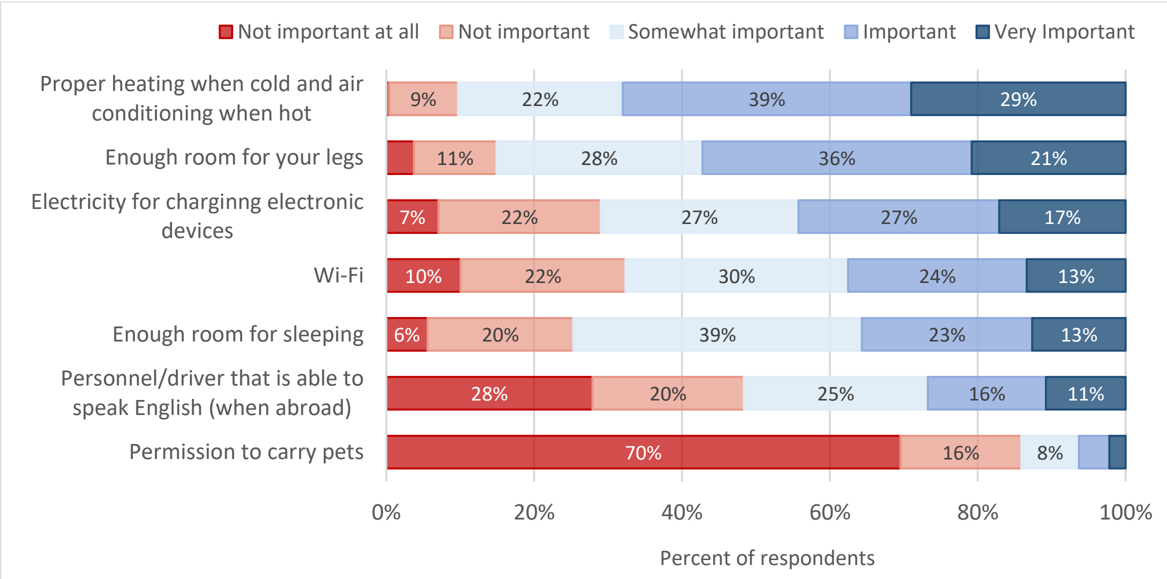
The starting second hypothesis for this research question is that the comfort has stronger influence on transportation selection than the journey duration. This hypothesis cannot be proven with the collected data, as the reported mean for comfort importance is lower than the one for journey length. Looking at the Figure 44 it seems that the journey length is in fact more important to millennials. Therefore, the hypothesis is reversed and the testing setup looks like this:

Null hypothesis (H0):	Journey length has equal influence on transportation selection as comfort
Alternative hypothesis (H1):	Journey length has greater influence on transportation selection than comfort.

Result of the paired sample t-test shows that null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.001, significance = 0.05, n = 269). In other words, the data provides evidence that millennials, on average, are more influenced by journey duration than the comfort when it comes to transportation selection.

In terms of the transportation characteristics, millennials value adjusted temperature and enough leg space the most. Both characteristics are important to more than half of the respondents - adjusted temperature to 68% and enough leg space to 57%. Interestingly, almost no importance is given to the pet-friendly option. Figure 44 shows the importance of various transportation characteristics for millennials.

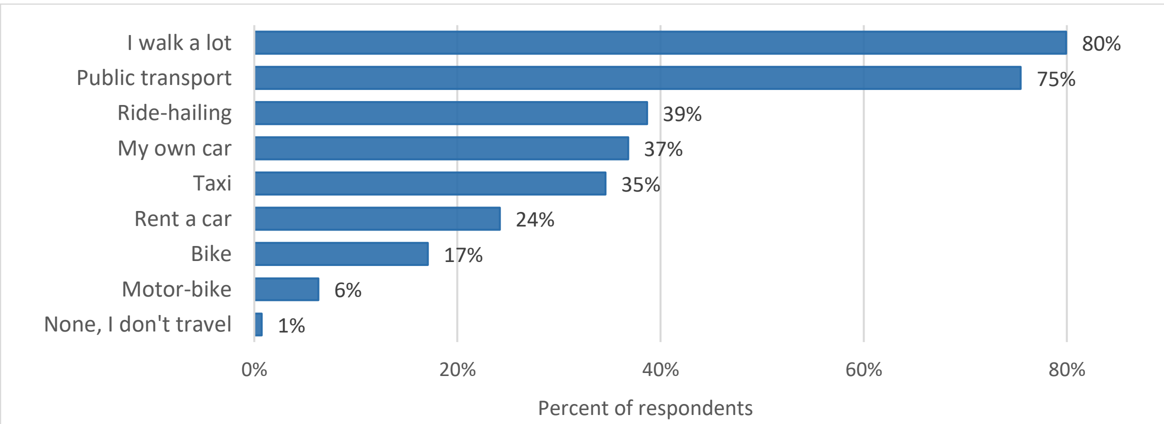
Figure 44: Importance of different transportation characteristics



Source: Own work

In terms of the transportation used at the destination, situation differs from the one related to reaching it. At the destination, millennials tend to both walk a lot with and utilize public transport. Usage of cars is much lower, in any form. Figure 45 shows the usage of various means of transportation at the destination.

Figure 45: Usage of different means of transportation at the destination

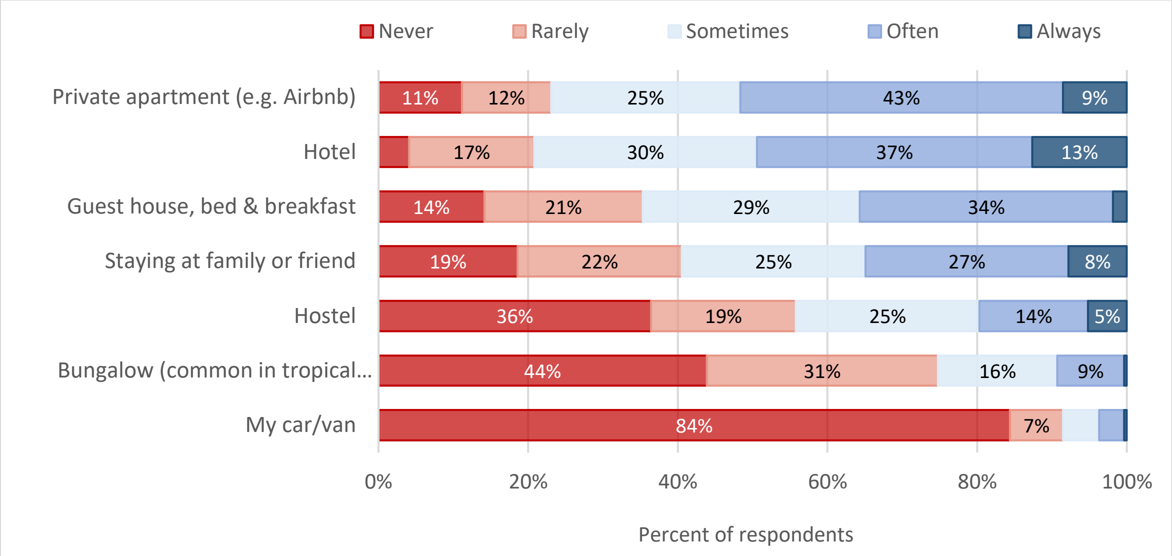


Source: Own work

5.3.2 Accommodation preferences

More than 50% of millennials usually stay in private apartments when traveling. Similar portion of millennials often use hotels, while slightly less than 40% use guest houses and bed & breakfast accommodation as well as the staying at family and friends. Figure 46 shows the usage of different accommodation types by millennials.

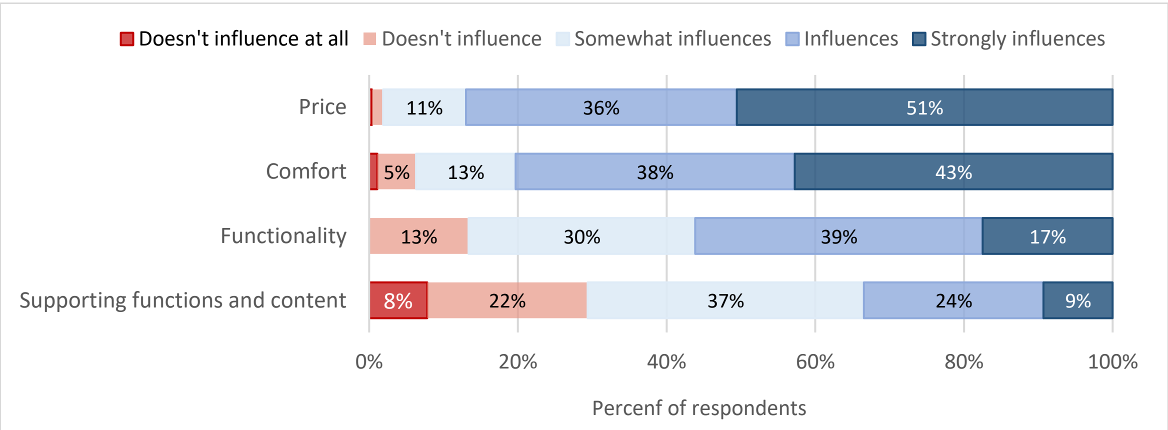
Figure 46: Usage of different accommodation types



Source: Own work

It seems that millennials value the comfort of a full apartment, no matter if it is coming from an economy sharing service, family and friends or it is a guest house. This is also confirmed by the Figure 47, which, shows a notably higher influence of comfort to the accommodation selection in comparison to the transportation selection.

Figure 47: Factors influencing the choice of accommodation



Source: Own work

Similar to the choice of transportation, price is the most important factor for accommodation selection with 87% of millennials seeing it as a prominent or a strong influencer. Comfort comes very close with 81% of respondents giving importance to it. Functionality has reasonable influence while the supporting functions (parking space, wellness, restaurant) have much lower influence. The hypothesis here is that the price has stronger influence on millennials when it comes to accommodation choice than the comfort. The testing setup looks as follows:

Null hypothesis (H0):	Price has equal influence on accommodation selection as comfort
Alternative hypothesis (H1):	Price has greater influence on accommodation selection than comfort.

Result of the paired sample t-test shows that null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.002, significance = 0.05, n = 269). Thus, the data provides evidence that millennials, on average, are more influenced by price than comfort when it comes to accommodation selection.

An interesting comparison can be made between the influence of price on transportation selection and accommodation selection. Price was rated as a prominent influencer on transportation selection by 90% of millennials in comparison to 87% for accommodation. The testing setup looks as follows:

Null hypothesis (H0):	Price has equal influence on transportation and accommodation selection
Alternative hypothesis (H1):	Price has greater influence on transportation selection than it has on accommodation selection.

Result of the paired sample t-test shows that null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.002, significance = 0.05, n = 269). The data provides evidence that millennials, on average, are more influenced by price when it comes to transportation selection than they are with the accommodation selection. In other words, they are more price sensitive regarding transportation. Following that logic, it could mean that in exchange for lower price sensitivity with accommodation, millennials want more comfort in return, than they do with transportation. In other words, the comfort should be more important to millennials within accommodation than it is within transportation. The testing setup looks as follows:

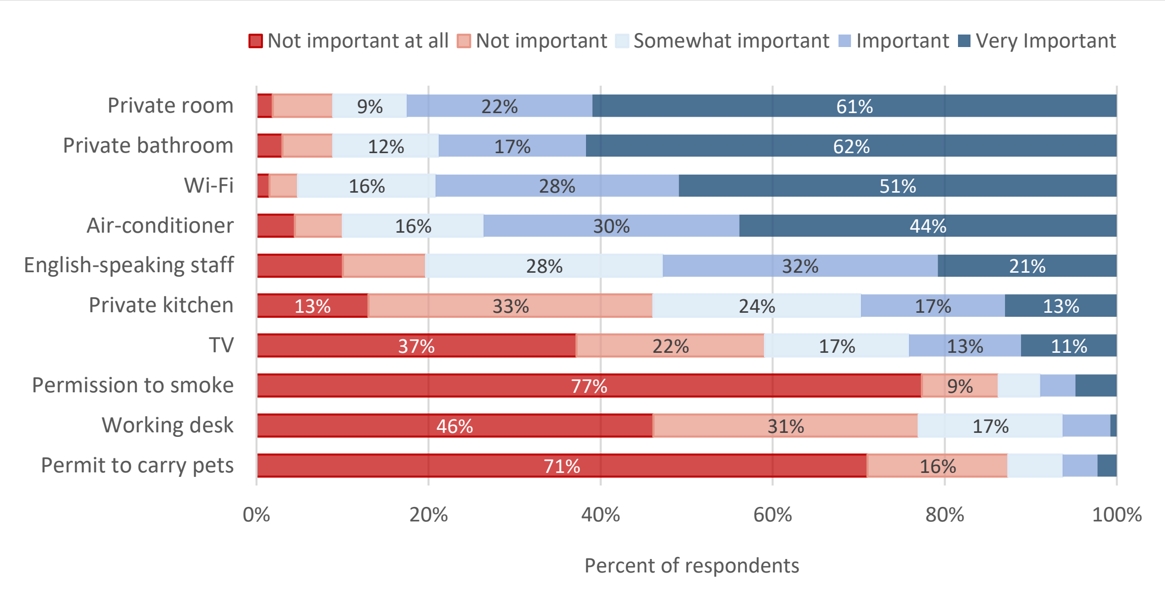
Null hypothesis (H0):	Comfort has equal influence on transportation and accommodation selection
Alternative hypothesis (H1):	Comfort has greater influence on accommodation selection than it has on transportation selection.

Result of the paired sample t-test shows that null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.000, significance = 0.05, n = 269).

Therefore, millennials are on average more influenced by the comfort when it comes to accommodation selection than they are with transportation selection.

Private room, private bathroom and Wi-Fi are seen as important characteristics of accommodation by around 80% of millennials. It looks like that these are high priority things for which they do not want to compromise. On the other hand, some traditional accommodation elements like TV or working desk are almost irrelevant to majority of the cohort. Figure 48 shows the importance of different accommodation characteristics to millennials.

Figure 48: Importance of different accommodation characteristics



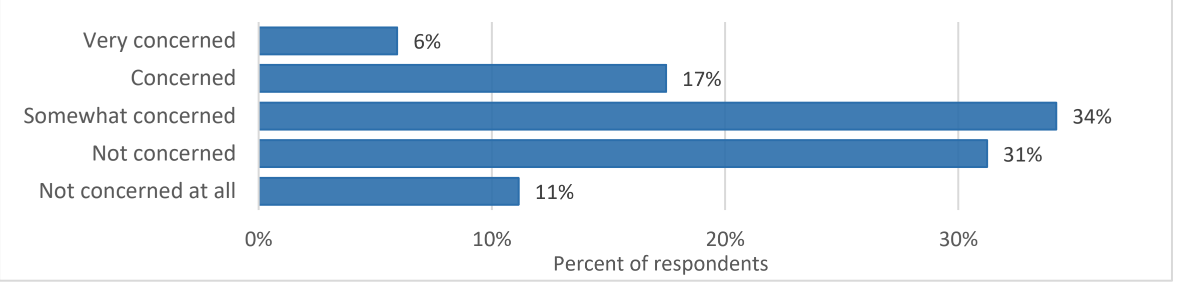
Source: Own work

Very low importance is reported for the permission to carry pets as well as to smoke. It seems that, on average, millennials are not very demanding in terms of smoking nor they are taking their pets with them when traveling.

5.3.3 Environmental impact

Majority of millennials are not too much concerned about the impact they are making to the environment when traveling. Only 23% of the cohort reports major concern, while 42% is not really concerned about it. Figure 49 shows the proportion of millennials with respect to their concern about environment, when traveling.

Figure 49: Proportion of millennials by the level of concern for environmental impact, when traveling



Source: Own work

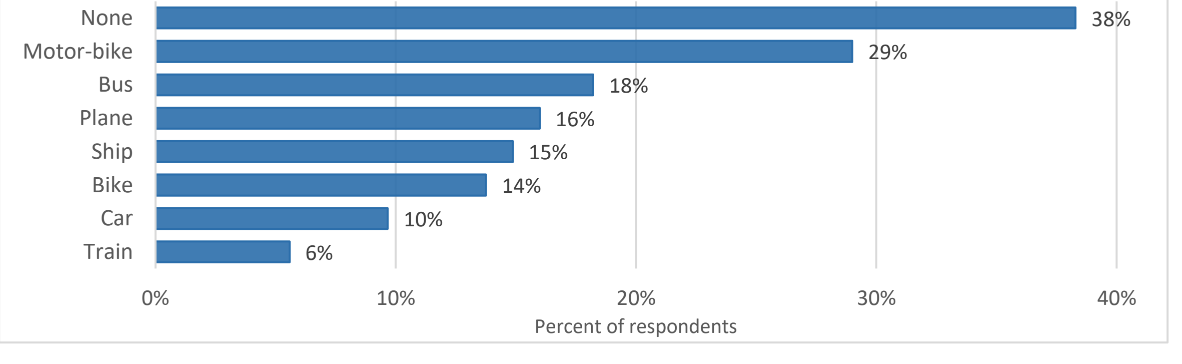
The starting hypothesis is that there are at least 25% of millennials who are concerned or very concerned about the impact they are leaving on the environment when traveling. The testing setup looks as follows:

Null hypothesis (H0):	Proportion of millennials that are concerned about environmental impact when traveling is 25%
Alternative hypothesis (H1):	Proportion of millennials that are concerned about environmental impact when traveling is greater than 25%.

Result of the t-test shows that the null hypothesis cannot be rejected (p-value = 0.729, significance = 0.05, n = 269). Even with the threshold reduced to 20%, the null hypothesis still cannot be rejected (p-value = 0.094, significance = 0.05, n = 269). Therefore, the collected data does not give evidence that there are more than 20% of millennials who are particularly concerned about environmental impact when traveling.

Millennials are also not avoiding or using less any particular mean of transportation. Motor-bike is the only vehicle being avoided by more than 20% of millennials. Having in mind huge constraints that come along with motor-bikes, the obtained results it not even surprising. Figure 50 shows the aversion of millennials towards different means of transportation.

Figure 50: Avoidance or decreased usage of different means of transportation when traveling



Source: Own work

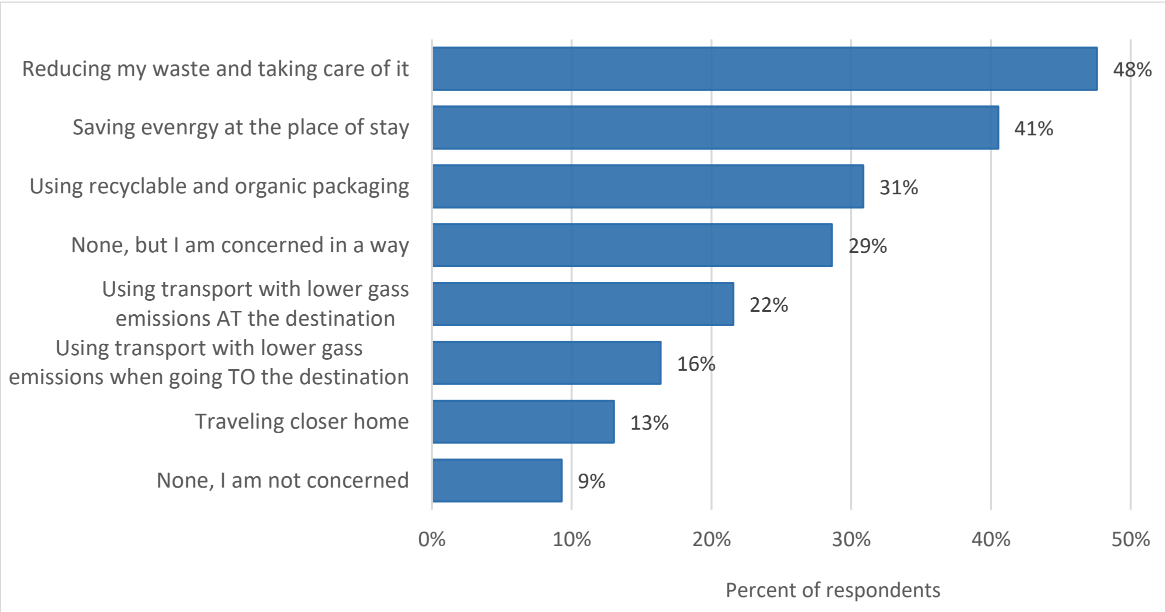
There is no strong signal showing aversion towards any mean of transportation, especially not due to the environmental impact. The starting hypothesis here is that there are at least 20% of millennials who are trying to avoid planes or use them less. The same hypothesis is made for the usage of cars. The null and alternative hypothesis look as follows:

Null hypothesis (H0):	Proportion of millennials that are trying to avoid plane as a mean of transportation or use it less, is 20%
Alternative hypothesis (H1):	Proportion of millennials that are trying to avoid plane as a mean of transportation or use it less, is greater than 20%

Result of the t-test shows that the null hypothesis cannot be rejected (p-value = 0.963, significance = 0.05, n = 269). If the same hypothesis is tested for cars, the same outcome is obtained - null hypothesis cannot be rejected (p-value = 1, significance = 0.05, n = 269). Therefore, the collected data does not give evidence that there are more of 20% of millennials who are trying to avoid or use less either a plane or a car as the mean of transportation.

When it comes to preserving the environment, millennials seem to be slightly more interested into doing things that do not require too high sacrifice from their side. They do not want to give up on the preferred destination or mean of transport, but they are willing to put a bit more effort on their waste management as well as energy management. Figure 51 shows the most common habits of millennials in relation to the environmental concerns.

Figure 51: Exercise of different actions by millennials to reduce environmental impact



Source: Own work

5.4 Travel experience

The last section of the chapter covers the millennials' cravings in terms of travel experience. In particular, it investigates the desires in terms of destination types, trip dynamics, destination content and trip outcomes. It also evaluates their willingness to sacrifice some portion of time or money in exchange for a unique experience. Table 4 presents the research questions linked to this aspect of travel and the accompanying hypotheses that are tested.

Table 4: Research questions and hypothesis related to travel experience and desired destination content

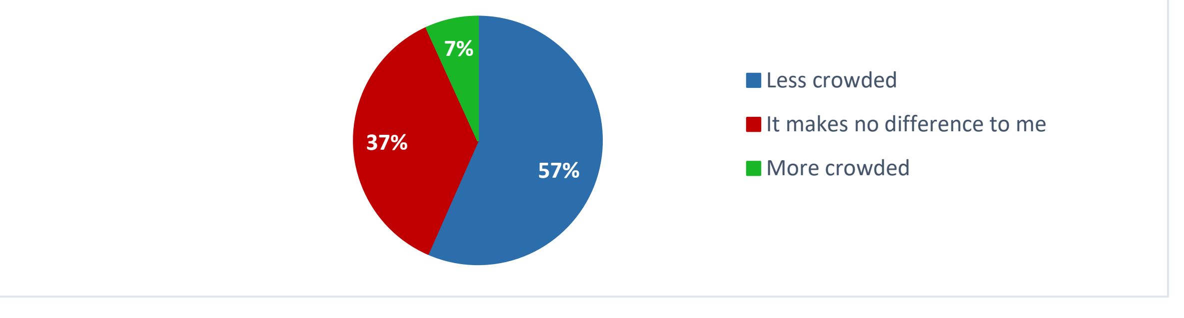
Nr.	Specific Research Question	Tested hypothesis
4.1	Do millennials prefer less crowded or more crowded destinations?	Proportion of millennials that prefer less crowded destinations is three times bigger than for those that prefer more crowded
4.2	What destination types are the most popular for millennials?	--
4.3	Are they willing to visit their favorite destination more than once?	Proportion of millennials that often visit their favorite destinations more than once is smaller than 25%
4.4	Do they prefer active of passive trips?	Proportion of millennials that prefer active trips is more than two times bigger than the proportion of those that prefer passive trips
4.5	What outcomes are they seeking from trips?	--
4.6	Are they willing to sacrifice time and comfort or pay extra money for a unique experience?	There are more than 67% of millennials willing to take much longer journey in exchange for a richer trip experience
4.7	What are the unique experiences millennials are ready to pay extra for?	There are more than 67% of millennials willing to pay for a unique experience on top of the ordinary trip cost
4.8	What technologies do they use during trips?	--

Source: Own work

5.4.1 Destination appetite

Millennials strongly prefer less crowded destinations, even though a notable portion of the group reports it makes no difference to them. Figure 52 shows the millennials' destination preference in terms of the crowd density.

Figure 52: Proportion of millennials by their preferred destination type in terms of crowd



Source: Own work

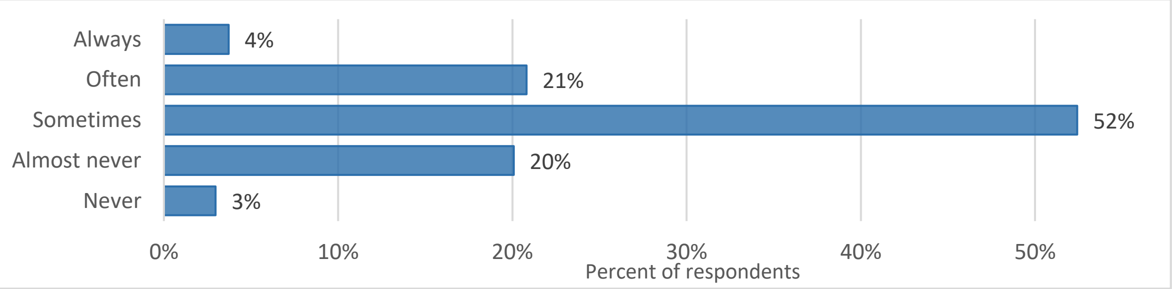
The starting hypothesis here is that there at least three times more millennials who prefer less crowded destination in comparison to those who prefer more crowded. The null and alternative hypothesis look as follows:

Null hypothesis (H0):	Proportion of millennials that prefer less crowded destinations is three times bigger than the proportion of those that prefer more crowded
Alternative hypothesis (H1):	Proportion of millennials that prefer less crowded destinations is more than three times bigger than the proportion of those that prefer more crowded.

Result of the t-test shows that the null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.000, significance = 0.05, n = 269). The null hypothesis can be rejected even if the multiplier is increased from three to five, meaning that there are at least five times more millennials who prefer less crowded destinations (p-value = 0.003, significance = 0.05, n = 269). Therefore, the collected data gives clear evidence that for each millennial who strongly prefers more crowded destination, there are at least five millennials who strongly prefer less crowded.

Millennials want to explore as many destinations as possible and they will not easily return to same places when travelling. Just around 25% of the cohort has a habit or revisiting their favorite destinations. Figure 53 shows the frequency of visiting favorite destinations more than once, by millennials.

Figure 53: Proportion of millennials by the frequency of revisiting their favorite destinations



Source: Own work

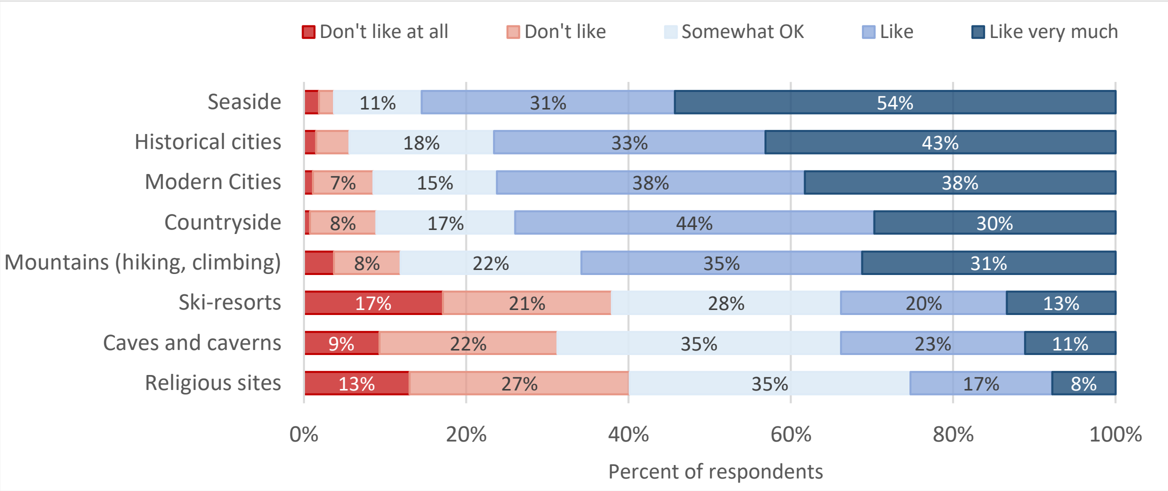
The starting hypothesis here is that there are less than 25% of millennials who, often or always, travel to their favorite destinations more than once. The null and alternative hypothesis look as follows:

Null hypothesis (H0):	Proportion of millennials that visit their favorite destinations more than once is 25%
Alternative hypothesis (H1):	Proportion of millennials that visit their favorite destinations more than once is smaller than 25%.

Result of the t-test shows that the null hypothesis cannot be rejected (p-value = 0.43, significance = 0.05, n = 269). By increasing the threshold from 25% to 30%, the null hypothesis can be rejected and the alternative hypothesis is accepted (p-value = 0.019, significance = 0.05, n = 269). In other words, the collected data shows that on average, there are less than 30% of millennials who often or always revisit their favorite destinations.

When it comes to the destination types, seaside is the most popular destination type by this cohort, with 85% of respondents saying that they like it or like it very much. Historical and modern cities also rank very high on the list. They are followed by countryside and mountains for recreation and sport activities, respectively. Figure 54 shows the preference of millennials for different destination types.

Figure 54: Preference for different destination types

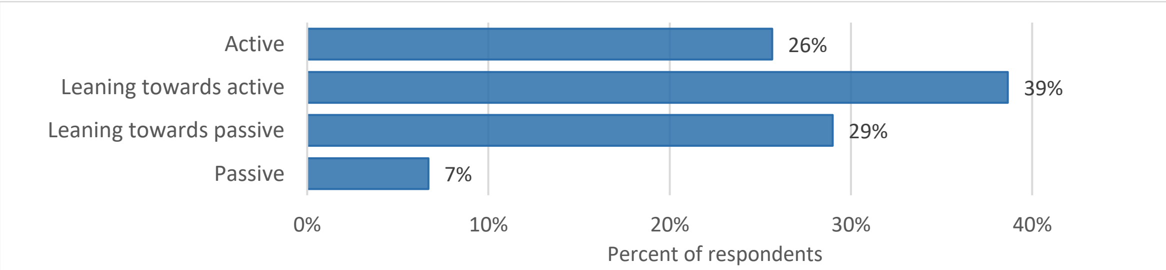


Source: Own work

5.4.2 Content preferences and desires

In terms of the trip type, millennials are certainly oriented more towards active type of trip, meaning that they are deciding for trips that require higher physical and/or mental effort. In other words, they want an increased volume of one or more of the following activities: sightseeing, sports, educational activity, local involvement etc. Around 65% of millennials either strictly prefer active trips or they are leaning towards this type. Figure 55 shows the millennials' preference for trip type in terms of activeness.

Figure 55: Proportion of millennials by their preferred trip type in terms of activeness



Source: Own work

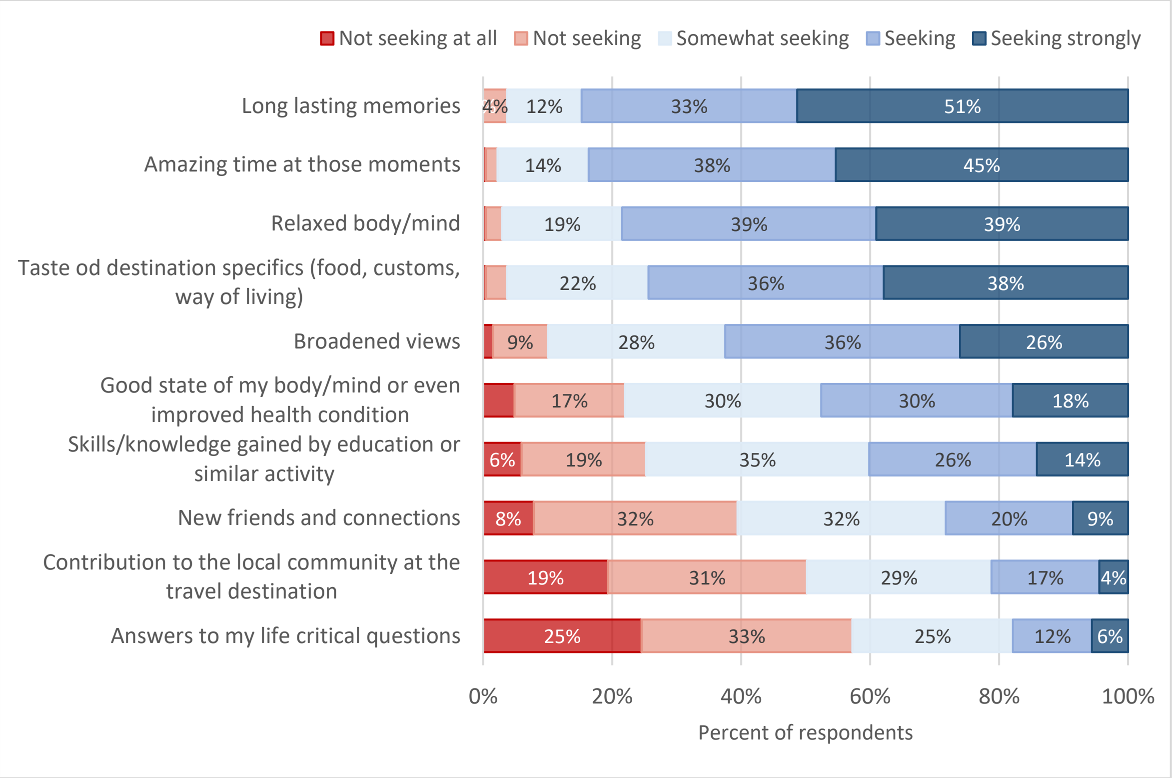
The starting hypothesis here is that there are at least two times more millennials who prefer active type of trips or are leaning more towards active trips in comparison to passive trips. The null and alternative hypothesis look as follows:

Null hypothesis (H0):	Proportion of millennials that prefer active trips is two times bigger than the proportion of those that prefer passive trips
Alternative hypothesis (H1):	Proportion of millennials that prefer active trips is more than two times bigger than the proportion of those that prefer passive trips.

Result of the t-test shows that the null hypothesis cannot be rejected (p-value = 0.86, significance = 0.05, n = 269). By reducing the multiplier from 2 to 1.5, the null hypothesis can be rejected and the alternative hypothesis is accepted (p-value = 0.021, significance = 0.05, n = 269). In other words, the collected data shows that for each millennial who prefers passive trips, there are at least 1.5 millennials who prefer active trips.

As an outcome of a trip, millennials primarily want to have nice memories of a well spent time but also to get rest and relaxation. In addition to this, they would like to gain a taste of the destination with respect to different aspects but also to broaden their views. Figure 56 shows the millennials' level of desire for different trip outcomes.

Figure 56: Desired trip outcomes



Source: Own work

The hypotheses to test here are related to the desire of millennials to meet, discover and learn about new destinations. The fist hypothesis is that there are more than two thirds or 67% of millennials who are seeking or seeking strongly to taste the destination food, customs and way of living. The testing setup looks as follows:

Null hypothesis (H0):	Proportion of millennials that are seeking to "taste" destination specifics is 67%
Alternative hypothesis (H1):	Proportion of millennials that are seeking to "taste" destination specifics is greater than 67%.

Result of the t-test shows that the null hypothesis can be rejected (p-value = 0.003, significance = 0.05, n = 269. In other words, the collected data shows that out of three millennials, more than two are seeking to "taste" the destination specifics.

The second hypothesis that there are more than two thirds or 67% of millennials who are seeking or seeking strongly to broaden their views. The testing setup looks as follows:

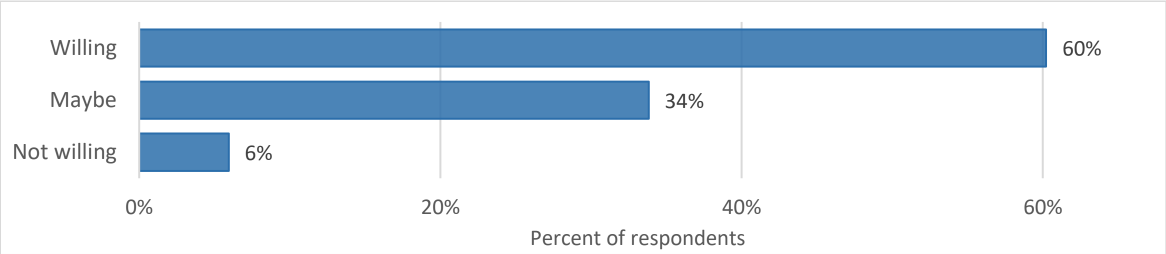
Null hypothesis (H0):	Proportion of millennials that are seeking to broaden their views is 67%
Alternative hypothesis (H1):	Proportion of millennials that are seeking to broaden their views is greater than 67%.

The null hypothesis clearly cannot be rejected as the mean value ($\mu = 0.62$) is much lower than the threshold of 67%. By reducing the threshold to 55%, the null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.006, significance = 0.05, n = 269. In other words, the collected data shows that more than 55% are seeking to broaden their views when traveling.

There are three other trip outcomes that are related to the general wish to meet, discover and learn. These are: gain of skills/knowledge through education or similar activity, acquiring new friends & connections and contribution to the local community at the travel destination. All three of these outcomes are rated much, much lower in terms of the desire by millennials. A conclusion can be made here that even though millennials want to learn and discover about the destinations they travel to, they don't want to go too deep into these activities. They want to taste the destination and get a feeling about it, but are not interested into making any major bond or involvement with the destination and local community.

When asked if they would be willing to take much longer journey to their destination in exchange for a richer experience they would potentially gain, 60% of millennials responded positively. Only 6% of the group clearly stated that they are not willing to sacrifice their time and comfort for this purpose. Figure 57 shows the proportion of millennials by the willingness to take this trade-off.

Figure 57: Proportion of millennials by the willingness to take much longer journey in exchange for a potential gain in experience



Source: Own work

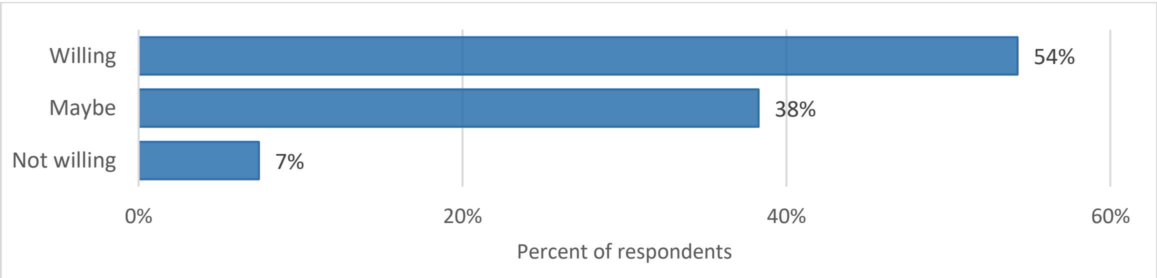
The starting hypothesis here is that there are more than 67% or two thirds of millennials who are willing to take much longer journey in exchange for a potential gain in trip experience. The null and alternative hypothesis look as follows:

Null hypothesis (H0):	There are 67% of millennials willing to take much longer journey in exchange for a richer trip experience
Alternative hypothesis (H1):	There are more than 67% of millennials willing to take much longer journey in exchange for a richer trip experience.

It is clear that the null hypothesis cannot be rejected as the tested mean (μ=0.60) is much lower than the given threshold (μ=0.67). By reducing the threshold from 67% to 55%, the null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.041, significance = 0.05, n = 269). Therefore, the collected data shows that there are more than 55% of millennials who are willing to take much longer journey in exchange for a potential gain in trip experience.

Millennials give a very similar response when asked if they are willing to pay extra money for a unique experience, on top of the ordinary trip cost. Around 54% of the cohort is willing to pay for it, while 7% is not interested in this offer. Figure 58 shows the proportions of millennials by the willingness to pay extra for a unique experience.

Figure 58: Proportion of millennials by the willingness to pay for a unique experience on top of the ordinary trip cost



Source: Own work

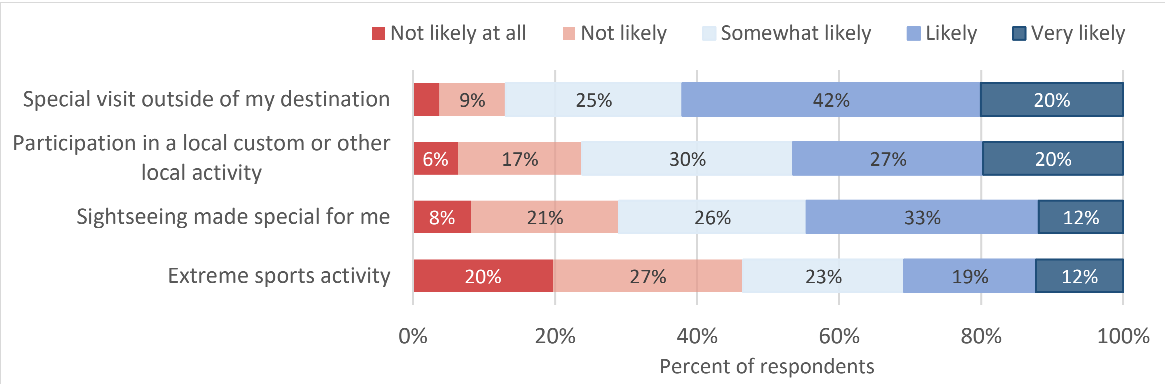
The starting hypothesis here is that there more than 67% or two thirds of millennials who are willing to pay for a unique experience on top of the ordinary trip cost. The null and alternative hypothesis look as follows:

Null hypothesis (H0):	There are 67% of millennials willing to pay for a unique experience on top of the ordinary trip cost
Alternative hypothesis (H1):	There are more than 67% of millennials willing to pay for a unique experience on top of the ordinary trip cost.

It is clear that the null hypothesis cannot be rejected as the tested mean ($\mu=0.54$) is much lower than the given threshold ($\mu=0.67$). By reducing the threshold from 67% to 45%, the null hypothesis can be rejected and the alternative hypothesis can be accepted (p-value = 0.001, significance = 0.05, n = 269). Therefore, the collected data shows that there are more than 45% of millennials who are willing to pay for a unique experience on top of the ordinary trip cost.

As a unique experience, special visits outside of the destination is something that 62% of millennials are likely or very likely to pay extra for. Specific local activities are also something that is attractive to 47% of respondents, while 45% of respondents are willing to pay for a unique tailored sightseeing. Figure 59 gives the likelihood of paying extra money for different kinds of unique experience by millennials.

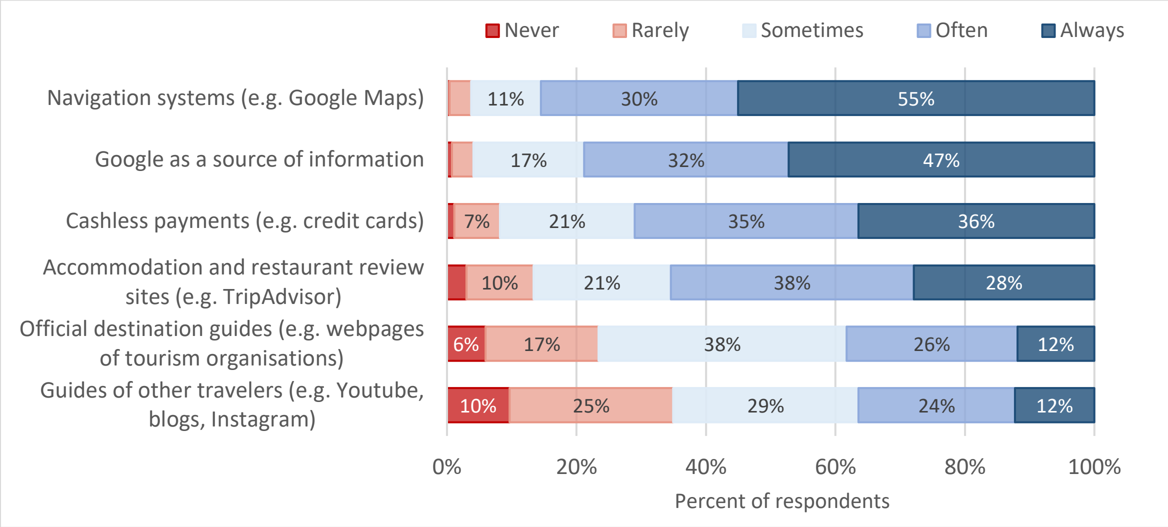
Figure 59: Likelihood of paying for different kinds of unique experience



Source: Own work

Millennials are heavy users of new technologies and they behave in this way also when traveling. Navigation systems such as Google Maps are often or always used by 85% of millennials. Google as a source of information and cashless payments are extensively used by 79% and 71% of millennials, respectively. Figure 60 shows the usage of different technologies by millennials, when traveling.

Figure 60: Usage of different technologies during trips



Source: Own work

Not that high usage is reported for the official destination guides of travel & tourism organizations. Also, the guides of other travelers or so-called influencers, are not being used too much. Only 36% of millennials use these guides extensively.

6 SEGMENTATION OF MILLENNIALS

The fine granular behavior of millennials covered in the previous chapter is now used to form groups or segments of millennials which can be easily described and distinguished. The focus now switches from the very precise, lower level quantitative analysis made for hypothesis testing to a higher level, softer analysis in terms of the interpretation. Even though each person as well as each traveler is pretty much unique, individuals belonging to the same segment share a lot in common when observed across various travel habits. In other words, their behavior as a group is substantially different from other segments and can be easily distinguished. This offers a lot of opportunities to companies and other type of organizations that are targeting consumers and positioning themselves in the markets related to traveling.

The grouping itself is done by using the cluster analysis. It is conducted in two stages: hierarchical clustering in the starting stage and non-hierarchical clustering for fine-tuning the results. The most important travel habits analyzed in the previous chapter are used here as the input for cluster analysis.

The chapter consists of three sections: feature selection and engineering, clustering process and finally, description and interpretation of the resulting segments.

6.1 Feature selection and engineering

Variables or features that are used for cluster analysis are chosen with respect to all four aspects of travel behavior: general perspective on traveling, trip planning and organization, transportation and accommodation preferences and travel experience. Table 5 shows all the features used in the cluster analysis together with the accompanying description and scale.

Table 5: Features used for cluster analysis

Nr.	Feature	Type	Scale (min to max)
1	Traveling is important	Original variable	1 – 5
2	Travel frequency	Original variable	0.5 – 6.5
3	Booking early upfront	Factor analysis (FA) applied on short, medium and long booking window	-2.3 – 2.0
4	Booking trip elements separately	Original variable	1 – 4
5	Comparing price online	PCA applied on exercise of online price comparison for transportation and accommodation	4.5 – -1.1 (reversed)
6	Relative expenditure on traveling	Original variable	1 – 13
7	Paying with cash	Original variable	1 – 5
8	Price affects the choice of accommodation	Original variable	1 – 5
9	Comfort affects the choice of accommodation	Original variable	1 – 5
10	Functionality affects the choice of accommodation	Original variable	1 – 5
11	Concerned about environmental impact	Original variable	1 – 5
12	Choosing less crowded destinations	Original variable	1 – 3
13	Researching about destinations	Factor analysis (FA) applied on usage of technology for destination discovery	-3.6 – 2.5
14	Revisiting destinations	Original variable	1 – 5
15	Taking active trips	Original variable	1 – 4
16	Willing to invest time or money to gain additional experience	PCA applied on willingness to take longer journey or pay extra for additional experience	0-7 – -2.1 (reversed)
17	Want to have amazing time and great memories	Factor analysis (FA) applied on desired trip outcomes	-3.8 – 1.5
18	Want to meet, discover and learn	Factor analysis (FA) applied on desired trip outcomes	-3.1 – 3.0
19	Want to rest and relax	Factor analysis (FA) applied on desired trip outcomes	-2.7 – 2.7

Source: Own work

As it can be seen from the Table 5, twelve features are used in their original form while the remaining seven features are a product of dimensionality reduction applied on two or more variables. Factor analysis (hereinafter: FA) as a technique for dimensionality reduction is used in majority of these cases. For all the cases where there are only two features which need to go through the process of dimensionality reduction, principal component analysis (hereinafter: PCA) had to be used instead of FA. In particular, FA requires at least three features in order to extract one factor. It allows the usage of two features only in the cases where there is strong correlation between the two (>0.7), as noted by Yong and Pearce (2013, p. 79).

Before feeding the clustering algorithm with the features, a correlation between each pair of them is calculated to ensure that the same information is not contained in two or more features. Out of 179 pairs of features, there was only one pair with the correlation between 0.3 and 0.4 and eight pairs with correlation between 0.2 and 0.3. Therefore, there is no danger of obtaining clusters which are unreliable due to the same information being counted more than once and consequently inflating the results.

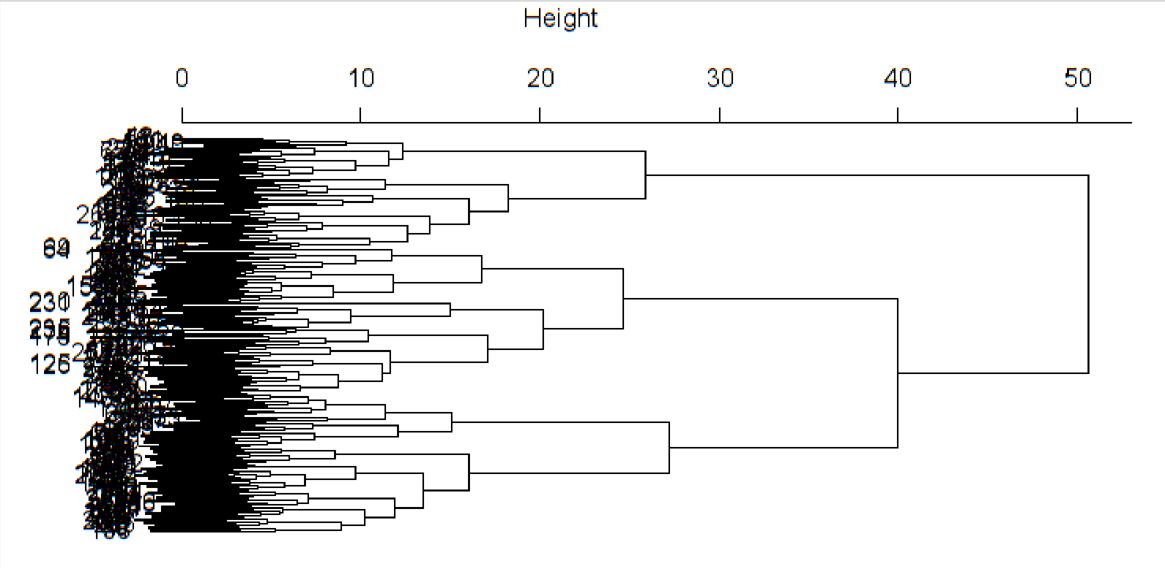
6.2 Clustering

The clustering itself is done in three phases. In the first phase, a scaling of all features is performed to ensure equal importance of each feature in the clustering process. In the second phase, hierarchical clustering is made in order to determine the most feasible choices for the number of clusters. The third phase is reserved for the final stage of clustering, where the fine tuning of clusters is made using the non-hierarchical, k-means clustering.

The scaling of features is done so that the mean of each feature is subtracted from it and the result then divided by the standard deviation of the same feature. As the clustering methods are based on distance calculation between the observations, this procedure ensures that no feature can outweigh other features due to the larger scale and consequently, larger distances. After the scaling is performed, each feature has equal importance in the clustering process.

Succeeding the feature scaling, hierarchical clustering is conducted. This phase has the goal to recognize the optimal number of clusters in terms of reliability and information gain. When considering the reliability, it is desirable to have the clusters or at least their means as distant as possible, which ensures that the clusters are indeed different enough from each other. In terms of the information gain, it is desirable to have the number of clusters which is not to low, so that there is enough granularity for stakeholders when targeting the consumers and positioning themselves in the market. Balancing these two parameters yields the optimal number of clusters. A tree diagram called dendrogram, which represents the hierarchical relationships between surveyed millennials is shown in Figure 61.

Figure 61: Dendrogram as a result of hierarchical clustering

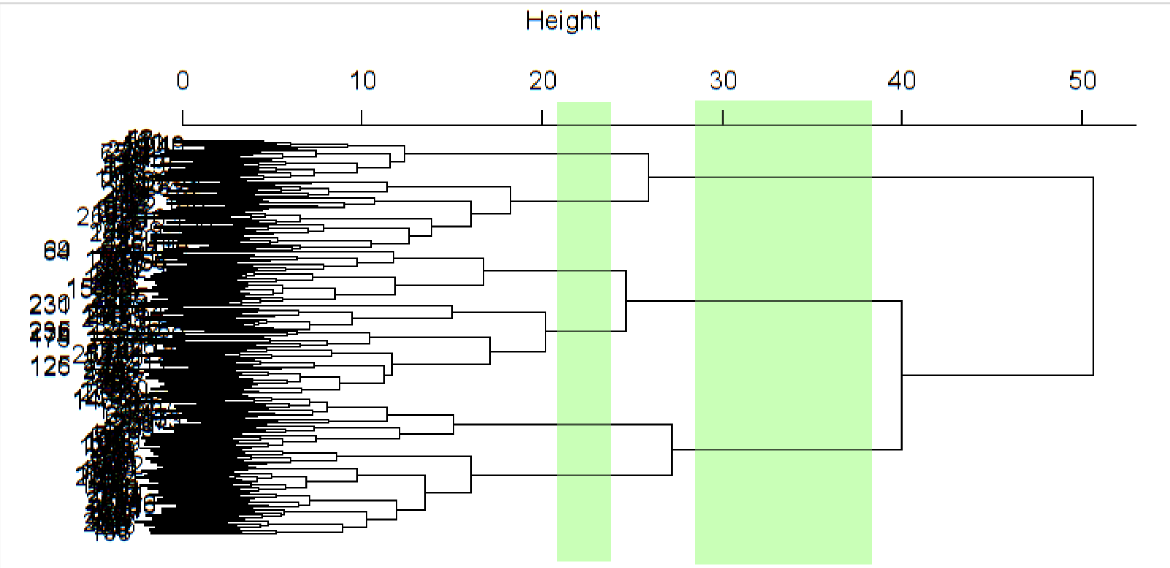


Source: Own work

When thinking about the number of segments for the millennial population in general, it probably does not make sense to go anywhere over 6-7 segments. Choosing the number of segments to be higher than that would result in too many groups of smaller proportions. As a consequence, it would only make the targeting and positioning harder for the relevant stakeholders.

By looking at the dendrogram in Figure 61, it can be seen that the areas satisfying both the reliability and information gain would be around the height of 20 to 24 (6 clusters) and 28 to 40 (3 clusters). Figure 62 highlights the mentioned areas on the dendrogram.

Figure 62: Most suitable choices for the number of clusters



Source: Own work

After obtaining the feasible number of clusters from the hierarchical clustering stage, the k-means clustering is performed as the final step in the process. The k-means algorithm requires two parameters prior to the start, the number of clusters and the staring position of the cluster means, where the latter parameter(s) can also be a result of random initialization.

While the choice of six clusters provides a finer granularity when describing the millennial population, the clusters are not stable enough. The resulting size of the clusters in this case is extremely dependent on the initialized cluster means when running the k-means algorithm. Clusters obtained by running the k-means algorithm with means initialized to the mean values from hierarchical clustering are almost impossible to reproduce, even with multiple random initializations of these parameters. Different random initializations of the means are also yielding quite different clusters of millennials. The explanation for this outcome can be found in insufficient distances between the clusters, which makes them very unstable and highly dependent on the starting parameters. All this leads to the conclusion that the choice of six clusters is not a reliable result of the millennial segmentation in this research.

Moving to the second feasible solution, the number of clusters is reduced to three. Even though this result is less granular than the former one and some information about the millennial cohort segments is now gone, these clusters are very stable. Random initialization of cluster means leads to the almost same clusters in majority of the cases. Clusters obtained by random initialization are also matching those clusters obtained by initializing means to the values from hierarchical clustering. The size of resulting clusters is 119 (45%), 85 (32%) and 60 (23%). As the distances between millennials here are 19-dimensionalal vectors, these clusters cannot be easily visualized. However, a detailed table description of each cluster is shown in the next section.

6.3 Description and interpretation of the resulting segments

Each of three clusters obtained in the previous sections represents a segment of the millennial population in terms of travel habits. In order to describe and understand these segments, each of them has to be shown across the mean of all 19 features used for segmentation. Before looking at the segments itself, Table 6 gives an explanation of the symbols used for describing the segments in Table 7.

Table 6: Symbol legend used for the description of segments

Symbol	Meaning
++	High above the total mean
+	Slightly above the total mean
○	Around the total mean
-	Slightly below the total mean
--	Far below the total mean

Source: Own work

Table 7 reveals the segments obtained through the clustering process by showing them across the mean of each feature used that was used by the algorithm.

Table 7: Segments of millennials shown across the features

Feature	**Lazy travelers (23%)**	**Travelholics (32%)**	**Careful planners (45%)**	**Total (n = 264)**
Travelling is important	3.03 --	4.19 ++	3.68 o	3.70 o
Number of trips annually	2.85 -	4.29 ++	2.61 --	3.20 o
Booking early upfront	-0.28 --	0.03 +	0.19 ++	0.03 o
Booking trip elements separately	2.97 --	3.36 ++	2.93 --	3.08 o
Comparing prices online	0.74 --	-0.23 ++	-0.25 ++	-0.02 o
Relative expenditure on traveling	3.52 o	4.56 ++	3.40 --	3.80 o
Paying with cash	3.53 ++	3.07 +	2.20 --	2.78 o
Price affects accommodation selection	3.78 --	4.51 ++	4.59 ++	4.38 o
Comfort affects accommodation selection	3.60 --	3.98 o	4.57 ++	4.16 o
Functionality affects accommodation selection	3.50 o	3.11 --	4.03 ++	3.61 o
Concerned about environmental impact	2.75 o	2.53 --	2.92 ++	2.75 o
Preferring less crowded destinations	2.42 -	2.40 -	2.57 ++	2.48 o
Researching about destination	-0.80 --	-0.06 o	0.54 ++	0.04 o
Revisiting destinations	3.48 ++	2.64 --	2.98 o	2.98 o
Prefer active trips	2.43 --	3.44 ++	2.55 -	2.81 o
Willing to invest time or money to gain additional experience	-0.44 ++	0.16 -	0.11 -	0.00 o
Want to have amazing time and great memories	-1.00 --	0.41 ++	0.29 ++	0.04 o
Want to meet, discover and learn	-0.15 --	0.18 ++	-0.07 -	-0.01 o
Want to rest and relax	-0.31 -	-0.38 -	0.45 ++	0.01 o

Source: Own work

Segment one can be named as the “lazy travelers”. This is the smallest segment accounting for 23% of the millennial cohort. Average traveler from this segment finds traveling much less important than the average millennial overall and is not travelling so frequently. On average, he/she is also not booking early nor comparing the prices online too much. Not much importance is given to any of the factors affecting the accommodation selection and not much research is being done about the destination. On the other hand, members of this segment use cash a lot more, they are revisiting favorite destinations and they are willing to invest time or money to gain extra experience during their trips. In short, these travelers don’t find traveling too important and they are not putting a lot of effort into it.

The second segment can be best described as the “travelholics”. It accounts for 32% of the millennial cohort. Average traveler from this segment finds the traveling extremely important, travels much more than the average millennial overall and spends much bigger portion of his/her income on traveling. However, these travelers are very price sensitive when it comes to accommodation and care about the price much more than they do for the comfort. They have a very high preference for active trips and want to spend amazing time and have great memories afterwards. They want to meet and discover new places, cultures and people. As a consequence, they are not revisiting their favorite destinations that often. In short, these travelers take many trips, invest a lot into this segment of their life and want to get a lot in return.

The third segment can be best described as the “careful planners”. It is the largest segment and accounts for 45% of the millennial cohort. Average traveler from this segment considers travelling as important as it is for an average millennial overall, but travels less that him/her. These travelers research a lot about their destination, compare prices extensively and book very early. They are very careful when choosing the accommodation and give high importance to each of the factors: price, comfort and functionality. They prefer less crowded destinations where they want to have some great time, but mostly rest and relax. In short, these travelers don’t travel very often but when they do, they are not taking chances and they plan their trips very carefully.

Table 8 shows the qualitative, side-by-side comparison of the segments described above, with the most important characteristics.

Table 8: Qualitative comparison of the millennials' segments in terms of traveling

Lazy travelers (23%)	**Travelholics (32%)**	**Careful planners (45%)**
– Indifferent to traveling – Travel moderately frequent – Spend moderately on travel and pay with cash – Don’t book early – Don’t compare prices online – Price, comfort and functionality are not important for the choice of accommodation – Don’t research about destinations and often revisit their favorite – Don’t prefer active trips	– Find traveling very important – Traveling very frequent – Spend a lot on travel – Compare prices extensively and book elements separately – Very price sensitive – Don’t revisit favorite destinations – Prefer active trips – Want to have amazing time and great memories – Want meet, discover and learn about places, cultures and people	– Find traveling important – Traveling not so frequent – Don’t spend to much on travel – Research a lot about destinations – Compare prices extensively – Book very early – Very price sensitive but also give importance to comfort and functionality – Prefer less crowded destinations – Want primarily to rest and relax, but also to have great time and memories

Source: Own work

Even though the demographics data is not a part of the clustering process, it is still very informative to look at the statistics of these features for the obtained clusters. Table 9 shows the comparison of clusters in terms of demographic properties.

Table 9: Demographic comparison of the millennials' segments

Demographic feature	**Lazy travelers (23%)**	**Travelholics (32%)**	**Careful planners (45%)**	**Total**
Gender (%)	Female: 51 Male: 46 Other: 2	Female: 56 Male: 44 Other: 0	Female: 60 Male: 39 Other: 1	Female: 57 Male: 42 Other: 1
Country (%)	Croatia: 32 B&H: 27 UK: 5 Germany: 3 USA: 3 Others: 30	Croatia: 29 B&H: 20 UK: 8 Germany: 7 USA: 2 Others: 34	Croatia: 18 B&H: 9 UK: 18 Germany: 9 USA: 8 Others: 46	Croatia: 25 B&H: 17 UK: 12 Germany: 7 USA: 5 Others: 34
Age (mean)	28.6	28.5	28.1	28.3
Higher education (%)	83	91	90	89
Employed (%)	68	78	69	72

Source: Own work

The gender distribution in all segments is fairly similar to the distribution of the whole cohort. There is a slightly higher share of males in the *lazy travelers* segment and a slightly higher share of females in the *careful planners* segment. In terms of the geo areas millennials are coming from, there is a notably higher share of Balkan countries in the *lazy travelers*, while the western countries have a higher share in the *careful planners*. Age is almost the same across all segments. Millennials from the *lazy travelers* segment seem to have lower formal education in comparison to others while the *travelholics* have a higher employment rate in comparison to others.

7 DISCUSSION

The first section of this chapter reviews the findings about millennials' travel habits on the level of the whole demographic cohort. It connects the answers to individual research questions and forms a higher-level interpretation of habits for different aspects of travel. The second section reviews the travel habits of millennials at the level of segments, which were obtained in the previous chapter.

7.1 Travel habits of millennials at the full cohort level

As a demographic cohort, millennials really value traveling. More than 90% of them like it and more than 55% find it either important or even very important element of their life. More than half of them are spending 20% of their income or even more, for travel. In other words, they are spending roughly 2.5 monthly salaries for travel in one year. These are already clear signals showing that there is a strong bond between millennials as the demographic cohort and travel as an activity. However, even though there are opinions about millennials traveling very frequent, this seems not to be the exact case. They are, on average, taking just slightly more than three trips per year. Even more importantly, they don’t want to travel more frequent than they do already.

Therefore, a conclusion can be made that millennials have a strong preference for traveling and are ready to invest a major portion of their income into it. However, they are not taking a trip whenever there is a chunk of free time available.

When selecting their destinations, more than 75% of millennials research about the destination on their own using different web sources. More than 70% of them will book their trip elements separately. Also, 70% of them will compare accommodation prices online while even more than 80% will compare transportation prices. Their favorite booking channel are online travel agencies, followed by the sharing economy services and direct service providers. Proportion of those who buy bundled packages through traditional travel agencies is more than three times smaller when compared to the proportion of those who use online travel agencies. Big majority of them will book their long and medium long trips anywhere from six to one month upfront while shorter trips will be booked in the last month and especially withing the last two weeks. Around 80% of them are paying for their bookings with a card and this proportion is more than two times bigger than the proportion of those who pay in cash.

All the findings stated above show that roughly three out of four millennials are very cautious when planning and organizing their trips. They will invest substantial time and effort but also the use available technology to find and book the best possible trip for themselves. This is a clear signal to all companies and associations related to traveling that they need to be widely present and visible across the web space. In addition to this, a high emphasis has to be put on competitiveness as millennials do not shy from doing a deep exploration and comparison of the available options. They are carefully looking for the highest value they can get for the invested money. Missing on any of these three criteria: visibility, distribution through modern technology and competitiveness just means missing a big portion of the cake.

For reaching the travel destination, cars and planes are used by more than 70% of millennials. No mean of transportation is being avoided or used less due to the environmental impact by any notable share of the group. Only less than a quarter of millennials are intentionally choosing the means of transportation with lower gas emissions when traveling. Price is notably the most important factor for millennials when booking the transportation. Journey duration comes as a second and comfort as the third in terms of importance. Functionality of transportation and gas emissions come at the end with a much lower influence.

It can be concluded that millennials don’t want to invest too much money nor time into reaching the destination. It seems that they look at the transportation as the necessary evil, which should cost as little money and take as little time as possible. Therefore, it is hard to sell any additional or even premium service to millennials inside the element of transportation. Service providers should rather invest resources into optimizing the cost of the transportation and reducing the time duration of the transit.

Even though it has lower importance for accommodation than it has for transportation, price is the most important factor here as well. However, the comfort plays a much bigger role for accommodation than it does for transportation. Functionality is medium important while the supporting functions have almost no importance. In terms of the comfort and functionality characteristics, millennials highly value private bedrooms and bathrooms as well as the properly adjusted temperature. Private apartments are often chosen as the accommodation type by 52% of millennials while the hotels are chosen by 50%. Guest house or staying at family come behind at around 35% each.

These results show that millennials care more about accommodation and they are willing to invest more. However, they are not willing to pay for any premium service that is not crucial. Privacy and properly adjusted temperature are the things they don’t want to compromise about. Therefore, the service providers should focus on offering not to big, basic accommodation to satisfy the price constraint, but private and properly cooled/heated to satisfy the comfort requirements.

Even though they are somewhat concerned about the environmental impact, millennials are not taking any extensive measure to reduce it. Proper waste handling and energy management inside the accommodation as well as the use of recyclable packaging are the measures which top their behavior across this dimension. Traveling closer to home or using means of transportation with lower gas emissions are measures which don’t really hit the nerve of millennials. Therefore, playing on the card of environmental impact reduction does not seem to be a prospective strategy when targeting millennials.

For each millennial that strictly prefers more crowded destinations, there are at least five of those who prefer less crowded destinations. Around one third of the cohort is indifferent to this choice. When it comes to revisiting their favorite destinations, less than 30% of the cohort is commonly doing this. Also, for each millennial that is taking passive trips there are at least 1.5 of those who are taking active trips. In terms of the trip outcomes, the highest priority is given to having amazing time and great memories followed by relaxation. However, more than 67% of millennials are seriously interested in “tasting” the destination and more than 55% in broadening their views. Not many of them are interested into making new friends and connections, contributing to the local community or gaining new skills. More than 55% are willing to sacrifice time and comfort to gain extra experience during their travels, while more than 45% are ready to pay for it. All forms of technology are used extensively by this cohort, especially mobile app navigation systems, web-search engines, review sites and card payments.

When considering the obtained results, it is clear that millennials value more the private spots when traveling, where they can spend some amazing moments. They also want to continuously explore new destinations, where they can meet and learn about new cultures, places and people. They are also willing to enrich their experience by sacrificing on time, comfort and money. However, even though they are quite open to novelties, millennials are not interested into engaging too deep with the destination nor the local community. To acquire millennials, service providers should offer them to go out, to see and taste as much as possible. However, no investment should be made into making any activity too complex, as it will not pick up the interest of millennials. Full support for technology has to be enabled, as this is simply another mother tongue for millennials.

Summarizing all the findings about travel habits of millennials, it is clear that millennials:

- like and highly value travel
- invest substantial portion of their income in it
- invest a lot of time to research about possible destinations, mostly on web
- extensively use technology to find and book deals that satisfies their needs
- are extremely price sensitive about transportation
- care about the transportation price and journey duration more than they do about comfort
- care a lot about accommodation price but also about the comfort
- consider private space as the most important accommodation characteristic
- do not seek and therefore do not want to pay for any premium feature of accommodation
- prefer less crowded destinations
- take active trips more often than passive
- are mostly interested in having amazing time and great memories
- are also interested in meeting and tasting the destination & culture as well as learning about it
- are fairly ready to sacrifice time and comfort or invest money to enrich their experience
- extensively use technology such as navigation systems, web-search engines, review sites and card payments during their trips
- do not travel as crazy and do not want to travel more than they do now
- do not book trips compulsively and just before trip itself
- are not too much concerned about environmental impact when traveling and are not avoiding means of transportation with higher gas emissions
- do not revisit destinations
- are not too interested into engaging too deep with the destination and the local community.

7.2 Travel habits of millennials at the segment level

When looking at the travel habit of millennials through the cohort segments, there are three clearly distinguishable segments: lazy travelers, travelholics and careful planners. The *lazy travelers* are not too much in love with taking care of their trips. They are very inactive when it comes to researching about destinations, choosing transportation and accommodation or even taking active trips. They are often revisiting their favorite destinations, use cash a lot and are ready to invest time, comfort or money to get an extra travel experience. This segment represents 23% of the whole millennial cohort.

It can be concluded that there is almost a quarter of millennials that don't want to bother with the trip organization in any way. They are ready to pay for a prepared, bundled travel package for a passive trip at a familiar destination. They are not attracted by lower price nor great comfort and their attention cannot be gained by any particular trip outcome.

The *travelholics*, on the other hand, are very addicted to travel. They travel very often and spend a lot of money on it. However, they are very price sensitive and make a lot of comparisons before booking their trips. Due to that, comfort and functionality are not crucial factors for this segment of millennials. They are taking active trips almost exclusively. In these, they want to meet and learn but also have some amazing time and nice memories afterwards. This segment represents 32% of the millennial cohort.

These people are attracted by places which offer opportunities to explore and do variety of stuff. They are satisfied as long as they have something interesting to do at the destination. They are not shy on spending the money for these things, even though they are looking to get the best value for invested money.

The *careful planners* are taking a limited number of trips but they are taking no chances with the organization of their trips. They research a lot about destinations, book very early upfront and do a lot of comparisons of transportation and accommodation. Value and comfort have almost equally high importance to this segment, with the functionality being just slightly below these two. They prefer less crowded destinations where they can rest and relax but also spend some great time and get nice memories. This segment represents 45% of the millennial cohort.

The people from this segment will be attracted by places that are less crowded and peaceful in a way. However, the accommodation in these places will also need to satisfy their somewhat higher standards. As they are booking their trips early upfront, their attention also has to be picked up long before the occurrence of the trip itself.

7.3 Research bias

When interpreting the results obtained with this research, potential bias also needs to be discussed and taken into account. As already mentioned in the chapter four (Research methodology and data collection), there is a clear sampling bias across two dimensions: education and nationality/country of origin. Namely, 89% of the respondents in this sample have either already earned or are currently pursuing a degree in higher education. Also, 41% of respondents are coming from the Western Balkan countries, specifically Croatia and Bosnia & Herzegovina.

Having a high share of respondents with an academic degree is probably impacting the obtained research results for the aspect of trip planning & organization as well as the trip experience & desired content. It is logical to assume that people with higher education tend to be more organized and more structured. Therefore, the respondents in this sample are probably investing more time and effort into planning and organizing their trips than the overall millennial cohort. They are probably using the technology for this purpose more as well. When it comes to the desired trip outcomes and destination content, it is very likely that this profile of respondents is impacting the observed strong desire to meet, discover and learn about the destination, its culture and its people. This preference is expected to be lower for the overall millennial cohort.

Higher share of respondents coming from the Western Balkan countries is probably influencing some of the results for the aspect of millennial's general perspective on traveling. Due to historical, political, religious and economic factors, people from this region are used to travel less than the general population. As such, the reported travel frequency and the desire to travel more than done currently is likely to be understated. These parameters are expected to be higher for the overall millennial cohort.

Due to the biases described above, it would be hard to generalize the results to the overall millennial cohort. However, the results provide a good description for the travel behavior of millennials with higher education, coming from the South-East Europe.

CONCLUSION

The research goals of this master thesis were to collect, describe and quantify data about millennial's travel habits. All the research questions were separated into four aspects of travel: general perspective on traveling, trip planning and organization, transportation & accommodation preferences and the desired travel experience.

As this research covers more or less the full scope of the millennials' travel behavior, none of the four mentioned aspects of travel could be examined in full depth. However, a moderately wide set of research questions were put in place for each of them. Consequently, the collected data enables a very balanced and fairly insightful description of the overall travel behavior of millennials. However, a stakeholder interested in some deep insights from only one or two aspects would need to conduct a new research, designed specifically for that purpose.

In general, the hypotheses testing made to answer research questions proved a lot of claims and statements that were observed in the literature. To summarize, it is confirmed that millennials like to travel and invest substantial portion of their income into it, invest a lot of time and effort into planning and organizing their trips, extensively use technology for these purposes as well, are very price sensitive about accommodation and even more about transportation, take active trips more often, want to learn and discover about the destination and people, prefer less crowded destinations, do not revisit destinations often and use technology extensively during their trips as well.

Some of the claims and common opinions about the travel habits of millennials were proved not be right. It is shown that millennials do not travel too often, do not book just before their trips but rather do a proper trip planning, are not too concerned about the environmental impact of their trips and do not want to engage too deep with the destination and the local community.

The segmentation showed that are three clearly distinguishable segments of millennials when considering the full scope of their travel behavior. These are namely: lazy travelers, travelholics and careful planners. If the segmentation would be focused on just one or two out of the four aspects in total, it would probably be possible to get a higher number of segments that are stable or in other words, distinguishable enough.

Even though there are some very powerful insights into the millennial’s travel behavior that are obtained with this reasearch, some of them might not be generalizable to the overall millennial cohort due to the sampling bias. Namely, the reported numbers for the travel frequency might be underestimated, while the strong propensity towards trip planning as well as technology usage might be overestimated.

As a direction for future research on the topic, it would be interesting to focus on any of the following three travel aspects: trip planning and organization, transportation & accommodation preferences and the desired travel experience. One proposal would be to make an in-depth research about the way how millennials search for potential destinations. This is the starting stage in the overall travel process which strongly influences all later stages. Consequently, insights about it would provide value to all stakeholders in the travel & tourism sector. It is clear from this research that more than 75% of millennials use web sources when doing this. However, it would be very valuable to know when does the search for destination start, which web channels in particular are being used for the search and how much, which brands and which type of people make influence on the decision etc.

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APPENDICES

Appendix 1: Povzetek (Summary in Slovene language)

Ta magistrska naloge je napisana z namenom pridobitve novega vpogleda v potovalne navade generacije, ki jo imenujemo milenijci. Glavni cilj raziskave je zbiranje, opis in kvantitativna analiza podatkov o potovalnih navadah milenijcev s štirih vidikov: splošni pogled na potovanja, planiranje in organiziranje potovanja, preference glede transporta in nastanitev, želene izkušnje, doživetja in vsebina potovanja.

Podatke v okviru te raziskave smo zbirali v dveh fazah. Najprej je bila izvedena fokusna skupina, z namenom pridobitve krovnega razumevanja in osnovnega uvida v potovalne navade milenijcev. V drugi fazi pa je potekalo zbiranje podatkov s pomočjo spletnega vprašalnika, ki je pokrival širok spekter vprašanj o potovalnih navadah. Podatki, ki so bili pridobljeni s spletnim vprašalnikom so bili uporabljeni za testiranje hipotez na podlagi različnih statističnih analiz in za oblikovanje segmentacije udeležencev, ki so izpolnili vprašalnik.

Analiza zbranih podatkov potrjuje številne splošno razširjene predstave o milenijcih in njihovem potovalnem vedenju. Na podlagi podatkov lahko zaključimo, da milenijci zelo radi potujejo. Velik del njihovih prihodkov porabijo za potovanja, a so hkrati tudi precej cenovno občutljivi. Veliko časa porabijo za raziskovanje potencialnih destinacij in planiranje svojih potovanj. Milenijci v splošnem raje potujejo na manj obljudene in manj turistične kraje, večinoma pa jih zanimajo aktivna potovanja.

Najbolj zaželena rezultata potovanj sta lepi spomini in dobro preživet čas. Zelo pomembna faktorja pa sta tudi spoznavanje znamenitosti destinacije in izkušnje z lokalno kulturo. Milenijci so pripravljeni žrtvovati čas in udobje ali vložiti dodaten denar, z namenom, da še dodatno obogatijo svoje izkušnje na potovanjih. Pomembno jim je, da vidijo čim več različnih krajev, zato povečini ne hodijo na iste destinacije večkrat. Pri načrtovanju in organizaciji potovanj, prav tako pa tekom samega potovanja, se milenijci v veliki meri poslužujejo tehnologije in tehnoloških pripomočkov.

Kljub nekaterim potrjenim predstavam o potovalnih navadah milenijcev, pa podatki vseeno ovržejo nekatere, predvsem v medijih razširjene predstave glede potovanih navad milenijcev. Na podlagi rezultatov smo namreč ugotovili, da si milenijci v splošnem ne želijo potovati še pogosteje kot že potujejo sedaj in da njihove rezervacije potovanj niso kompulzivne narave. Prav tako jih ne zanima pregloboko spoznavanje destinacije in močno povezovanje z lokalno skupnostjo. Tudi vpliv na okolje med potovanji, za milenijce ni pomemben dejavnik.

Na podlagi celotnega obsega potovalnih navad smo uspeli razločiti tri segmente milenijskih popotnikov: lenobni popotniki, potovalni obsedenci in pazljivi načrtovalci. Lenobni popotniki, ki predstavljajo 23% vseh udeležencev, radi rezervirajo paketne ponudbe in so pasivni popotniki, ki najraje obiščejo že znane lokacije. Potovalni obsedenci, ki predstavljajo 32% vseh udeležencev, potujejo zelo pogosto in za svoja potovanja namenijo precejšen del denarja. Zanimajo jih izključno aktivna potovanja, kjer želijo preživljati nepozabne trenutke. Pazljivi načrtovalci, ki predstavljajo 45% vseh udeležencev, investirajo veliko časa v planiranje in organiziranje svojih potovanj in dajejo veliko pomembnost dobremu razmerju med ceno in udobjem. Ljubše so jim manj turistične destinacije in si želijo predvsem počitka in umirjenega dopustovanja.

Ker ta raziskava zajema velik obseg potovalnega vedenja milenijcev, nam rezultati nudijo dober in razmeroma uravnotežen vpogled v potovalne navade milenijcev. Kljub temu pa bi bilo potrebno, za poglobljeno razumevanje katerega od štirih opisanih vidikov potovalnih navad, v prihodnje izvesti še kakšno raziskavo, ki bi se osredotočala izključno na enega izmed omenjenih vidikov potovalnih navad.

Appendix 2: Summary

This thesis is written with the aim to gain insights into travel behavior of millennials. The goals of the research are to collect, describe and quantify data about millennial's travel habits, with respect to four general aspects of travel: general perspective on travelling, trip planning & organization, transportation & accommodation preferences and the desired travel experience & destination content.

Data collection as the part of this research was done in two phases. First, a focus group was conducted to gain a high-level understanding of the millennials' travel habits. In the second phase, an online questionnaire covering the full scope of their travel behavior was released. The data collected from the questionnaire is used to test various hypotheses by performing different statistical tests but also to carry out a segmentation of the survey respondents.

The analysis of the collected data proves many of the widely believed conceptions regarding millennials and their travel behavior. At first, it shows that millennials really like to travel. They invest significant portion of their income into it but are also very price sensitive. They spend a lot of time researching about the destination and planning their trips. Millennials prefer less crowded destinations but they are mostly interested in taking active trips. Amazing time and great memories are the most wished outcome while meeting the destination and experiencing the local culture is very important as well. Millennials are also willing to sacrifice time and comfort or invest money to enrich their experience. They want too see different destination and therefore do not revisit places. Technology is used extensively in planning and organizing their trips but also during the travel itself.

On the other hand, the data disproves some of the claims regarding millennials that is widespread in media. It shows that they do not want to travel more frequently than they do now. They also do not book their trips compulsively. They are not interested into engaging too deep with the destination and the local community. Environmental impact during traveling is not an important factor to millennials either.

Looking at the full scope of travel behavior, there seem to be three clearly distinguishable segments of the millennial cohort: lazy travelers, travelholics and careful planners. Lazy travelers, representing 23% of the cohort, are buying bundled packages for passive trips at a familiar destination. Travelholics, presenting 32% of the cohort, travel very often and spend a lot of money on it. They are taking active trips almost exclusively and want to have amazing time during their trips. Careful planners, representing 45% of the cohort, are investing a lot of time into planning their trips and put a lot of weight onto the comfort/price ratio. They prefer less crowded destinations and want to rest & relax during their trips.

As this research covers the full scope of the millennial's travel behavior, the results provide a balanced and fairly insightful description of the overall travel behavior of millennials. However, a stakeholder interested in some deep insights regarding any of the four aspects of travel would need to conduct a new research, designed specifically for that purpose.

Appendix 3: Questionnaire on travel habits of millennials

Travel Habits of Millennials

General Questions on Traveling

1. Do you like traveling ?

Mark only one oval.

- Yes
- No
- Not sure

2. How important is traveling for you ?

Mark only one oval.

- Very important, I am willing to sacrifice many other things in my life for traveling
- Important, but not crucial
- Somewhat important, but there are many other things with equal or higher importance
- Not so important, but I travel from time to time
- Not important at all

3. How many times per year (on average) do you go on a travel ?

Mark only one oval.

- I almost never travel
- Once
- Two times
- Three times
- Four times
- Five times
- Six times or more

4. If you would have full freedom to schedule your annual vacation-allowed time, how many trips per year would you then take ?

Mark only one oval.

- No trip at all, I don't like to travel
- One long trip over a year, where I use all of my travel-dedicated time
- Two slightly longer trips
- Three not so long trips
- Four shorter trips
- Five short trips
- Six or more very short trips

5. What motivates you to travel ? Please rate each of the answers listed below.

Mark only one oval per row.

	Doesn't motivate at all	Doesn't motivate much	Somewhat motivates	Motivates	Strongly motivates
Meeting new cultures, countries and people					
Relaxation					
Self development and improvement of my personality in certain aspects					
Having a great time					
Overcoming a challenging life situation					
Moving from my daily routine					
Spending time with people that are important to me					
Answering life-critical questions					
Doing sports and healthy living					

6. What company of people do you like to have with you, when traveling ? Please rate each of the answers listed below.

Mark only one oval per row.

	Don't like at all	Don't like much	Somewhat OK	Like	Like very much
I prefer traveling alone	⬭	⬭	⬭	⬭	⬭
Parents and siblings	⬭	⬭	⬭	⬭	⬭
Girlfriend/boyfriend or a partner/spouse with kids (if any kids)	⬭	⬭	⬭	⬭	⬭
A friend or group of friends	⬭	⬭	⬭	⬭	⬭
Bigger group of people binded by a mutual interest (profession, religion, sports etc.)	⬭	⬭	⬭	⬭	⬭

Planning and Organizing Trips

7. How do you usually select a destination for your trip ? Please rate each of the answers listed below.

Mark only one oval per row.

	Never	Rarely	Sometimes	Often	Always
I ask others for recommendations.	⬭	⬭	⬭	⬭	⬭
I explore potential destionations by myself (via Google, Youtube, Instagram etc.) and choose among them.	⬭	⬭	⬭	⬭	⬭
Destination itself is not a key factor for me. I give more weight to other factors (e.g. price, proximity) and choose the destination afterwards.	⬭	⬭	⬭	⬭	⬭

8. How long upfront do you usually book your trips ?

Mark only one oval per row.

	12 months or more, before the trip	6-12 months before the trip	4-6 months before the trip	2-4 months before the trip	1-2 months before the trip	3-4 weeks before the trip	2-3 weeks before the trip	1-2 weeks before the trip	Several days before the trip
Long trips (e.g. three-week trip)	◯	◯	◯	◯	◯	◯	◯	◯	◯
Medium length trips (e.g. one-week trip)	◯	◯	◯	◯	◯	◯	◯	◯	◯
Short trips (e.g. weekend trip)	◯	◯	◯	◯	◯	◯	◯	◯	◯

9. What is your usual approach when booking your trips ?

Mark only one oval.

◯ I usually buy a bundled package where both the transport and accommodation are included and taken care of.

◯ I usually book thing separately in order to have higher flexibility and control of the trip.

◯ It depends on the occasion, but I lean more towards buying bundled packages.

◯ It depends on the occasion, but I lean more towards booking things separately.

10. Do you compare prices of ACCOMMODATION across different online platforms, before booking it ?

Mark only one oval.

- Always
- Often
- Sometimes
- Rarely
- Never

11. Do you compare prices of TRANSPORT across different online platforms, before booking it ?

Mark only one oval.

- Always
- Often
- Sometimes
- Rarely
- Never

12. How do you usually organize and book your trips (accommodation, transport, extras) ? Please rate each of the answers listed below.

Mark only one oval per row.

	Never	Rarely	Sometimes	Often	Always
I book directly over accommodation/transport providers.					
I use online travel agencies (Booking.com, Expedia, eDreams, Trivago, etc.).					
I use sharing economy services (Uber, Airbnb).					
I buy bundled packages from traditional travel agencies where everything is already taken care of.					
I buy bundled packages from specialized, online travel agencies where everything is already taken care of.					
My family/friends take care of the organisation.					

13. What methods of paying for your bookings (accommodation, transport, extras) do you like to use ? Please rate each of the answers listed below.

Mark only one oval per row.

	Don't like at all	Don't like much	Somewhat OK	Like	Like very much
Cash					
Credit, Debit or Prepaid Cards					
Mobile Payments (Apple Pay, Google Pay, etc.)					
PayPal					
Cryptocurrencies					

14. What share of your annual income do you spend for traveling ?

Mark only one oval.

- Up to 5%
- Up to 10%
- Up to 20%
- Up to 30%
- Up to 40%
- Up to 50%
- More than 50%

Accommodation and Transport Preferences

15. What type of accommodation are you usually staying in, when traveling ? Please rate each of the answers listed below.

Mark only one oval per row.

	Never	Rarely	Sometimes	Often	Always
Hotel					
Guest House / Bed and breakfest (a separate house rented to guests)					
Bungalow (common in tropical areas)					
Hostel					
Private appartment (e.g. appartment rented via Airbnb)					
Place of my host (family, friend, acquaintant)					
My car/van					

16. To what extent do the following factors influence your choice of ACCOMMODATION, when traveling ? Please try giving the highest rating to only one or two factors, in this question.

Mark only one oval per row.

	Doesn't influence at all	Doesn't influence much	Somewhat influences	Influences	Strongly influences
Comfort (e.g. enough space, clean and tidy etc.)	⬭	⬭	⬭	⬭	⬭
Price	⬭	⬭	⬭	⬭	⬭
Functionality (e.g. fridge, balcony, table, closet etc.)	⬭	⬭	⬭	⬭	⬭
Supporting functions and content (e.g. parking space, wellness, restaurant)	⬭	⬭	⬭	⬭	⬭

17. How important to you are the following characteristics of ACCOMMODATION, when traveling ? Please rate each of the answers listed below.

Mark only one oval per row.

	Not important at all	Not very important	Somewhat important	Important	Very important
Private room	⬭	⬭	⬭	⬭	⬭
Private bathroom	⬭	⬭	⬭	⬭	⬭
Private kitchen	⬭	⬭	⬭	⬭	⬭
Wi-Fi	⬭	⬭	⬭	⬭	⬭
Air-conditioner in summer time	⬭	⬭	⬭	⬭	⬭
TV	⬭	⬭	⬭	⬭	⬭
Working desk	⬭	⬭	⬭	⬭	⬭
Permit to carry pets	⬭	⬭	⬭	⬭	⬭
Permission to smoke inside	⬭	⬭	⬭	⬭	⬭
Staff that is able to speak English (if abroad)	⬭	⬭	⬭	⬭	⬭

18. What means of transport do you usually use, to reach the travel destination ?

Tick all that apply.

- [ ] None, I don't travel
- [ ] Plane
- [ ] Train
- [ ] Bus
- [ ] Car
- [ ] Ship
- [ ] Bike
- [ ] Motor-bike

Other: [ ] ______________________

19. To what extent do the following factors influence your choice of TRANSPORT, when traveling to your destination ? Please try giving the highest rating to only one or two factors, in this question.

Mark only one oval per row.

	Doesn't influence at all	Doesn't influence much	Somewhat influences	Influences	Strongly influences
Comfort (e.g. enough space, pleasant temperature)	⬭	⬭	⬭	⬭	⬭
Price	⬭	⬭	⬭	⬭	⬭
Functionality (e.g. Wi-Fi, electricity)	⬭	⬭	⬭	⬭	⬭
Journey length (time-wise)	⬭	⬭	⬭	⬭	⬭
Gas emissions	⬭	⬭	⬭	⬭	⬭

20. How important to you are the following characteristics of TRANSPORT, when traveling to your destination ? Please rate each of the answers listed below.

Mark only one oval per row.

	Not important at all	Not so important	Somewhat important	Important	Very important
Enough room for your legs	⬭	⬭	⬭	⬭	⬭
Enough room for sleeping	⬭	⬭	⬭	⬭	⬭
Proper heating when cold and air-conditioning when hot	⬭	⬭	⬭	⬭	⬭
Electricity for charginng electronic devices	⬭	⬭	⬭	⬭	⬭
WI-FI	⬭	⬭	⬭	⬭	⬭
Permission to carry pets	⬭	⬭	⬭	⬭	⬭
Personnel/driver that is able to speak English (when abroad)	⬭	⬭	⬭	⬭	⬭

21. What means of transport do you usually use at your destination ?

Tick all that apply.

- [ ] None, I don't travel
- [ ] I walk a lot
- [ ] Bike
- [ ] Motor-bike
- [ ] Public transport (bus, tram, subway)
- [ ] My own car
- [ ] Taxi
- [ ] Uber / Bolt / Lyft
- [ ] Rent a car
- Other: [ ] ______________________

22. In general, are there any particular means of transport you are trying to avoid or trying to use less ?

Tick all that apply.

- [ ] None, I am not trying to avoid anything
- [ ] Plane
- [ ] Train
- [ ] Bus
- [ ] Car
- [ ] Ship
- [ ] Bike
- [ ] Motor-bike
- Other: [ ] ______________________

23. Are you concerned about environmental impact when traveling (in any possible way) ?

Mark only one oval.

- ( ) Very concerned
- ( ) Concerned
- ( ) Somewhat concerned
- ( ) Not much concerned
- ( ) Not concerned at all

24. What actions are you taking to reduce your impact on the environment ? Please select all the options that apply to you.

Tick all that apply.

- [ ] I am taking no actions because I am not concerned.
- [ ] I am taking no actions, even though I am concerned in a way.
- [ ] I choose destinations closer to my home.
- [ ] I choose means of transport with lower gas emissions, when going to my destination (e.g. taking a bus instead of a plane).
- [ ] I choose means of transport with lower gas emissions, at my destination (e.g. using public transport instead of a car).
- [ ] I make as little waste as possible and I take care of it.
- [ ] I use recyclable/organic packaging instead of plastic, even if it's a hassle and takes more time or money.
- [ ] I am saving energy at the place of my stay, with efficient use of lighting, heating and air-conditioning.
- Other: [ ] ____________________

Travel Experience

25. In general, what kind of destinations do you prefer ?

Mark only one oval.

- ( ) More crowded
- ( ) Less crowded
- ( ) It makes no difference to me
- ( ) Other: ____________________

26. What type of destinations do you like ? Please rate each of the answers listed below.

Mark only one oval per row.

	Don't like at all	Don't like much	Somewhat OK	Like	Like very much
Seaside	⬭	⬭	⬭	⬭	⬭
Mountains (hiking, climbing etc.)	⬭	⬭	⬭	⬭	⬭
Ski-resorts	⬭	⬭	⬭	⬭	⬭
Historical cities (e.g. Rome)	⬭	⬭	⬭	⬭	⬭
Modern cities (e.g. New York)	⬭	⬭	⬭	⬭	⬭
Countryside (continental, tropical or some other)	⬭	⬭	⬭	⬭	⬭
Caves and caverns	⬭	⬭	⬭	⬭	⬭
Religious sites	⬭	⬭	⬭	⬭	⬭

27. Do you travel to your favorite destinations more than once or you always choose a new place to visit ?

Mark only one oval.

- ⬭ I always travel to the same, preferred destinations.
- ⬭ I often travel to my favorite destinations, but I still tend to explore other destinations as well.
- ⬭ I sometimes visit the same destination again, but I generally want to explore as many destinations as possible.
- ⬭ I almost never travel to the same destination twice, even though I made an exception or two.
- ⬭ I never travel to the same destination twice.

28. In general, what type of trips do you prefer ?

Mark only one oval.

- ⬭ Passive (mostly relaxation and a bit of sightseeing - low physical and mental effort)
- ⬭ Active (a lot of sightseeing/sports/education/local involvement - much higher physical or mental effort)
- ⬭ It depends on the occasion, but I lean more towards passive
- ⬭ It depends on the occasion, but I lean more towards active

29. What kind of outcome are you trying to get out of your trips ?

Mark only one oval per row.

	Not seeking at all	Not seeking	Somewhat seeking	Seeking	Seeking strongly
Amazing time at those moments					
Long-lasting memories					
Relaxed body/mind					
New friends and connections					
Broadened views					
Skills/knowledge gained by some kind of education or similar activity					
Answers to my life-critical questions					
Good state of my body/mind or even improved health condition					
Contribution to the local community at my travel destination					
Taste of destination specifics (food, customs, way of living)					

30. In general, are you willing to take a much longer journey to your destination in exchange for a richer experience that you will potentially gain ?

Mark only one oval.

- Yes
- No
- Maybe

31. In general, are you willing to pay extra money for a unique experience, on top of the price of your ordinary trip ?

Mark only one oval.

- Yes
- No
- Maybe

32. For what type of unique experience are you likely to pay extra ? Please rate each of the answers listed below.

Mark only one oval per row.

	Not likely at all	Not very likely	Somewhat likely	Likely	Very likely
Sightseeing made special for me					
Special visit outside of my destination					
Participation in a local custom or other local activity					
Extreme sports activity (e.g. bungeejumping)					

33. Do you use technology a lot during your trips ? Please rate each of the answers listed below.

Mark only one oval per row.

	Never	Rarely	Sometimes	Often	Always
Navigation systems (e.g. Google Maps)					
Cashless payments (e.g. credit cards)					
Accomodation and restaurant review sites (e.g. Trip Advisor)					
Official destination guides (e.g. webpages of tourism organisations)					
Guides of other travelers (e.g. Youtube, blogs, Instagram)					
Google as a source of information					

Demographics - Final Six Questions

Thank you very much for coming so far.
There are only six short questions left to finish the survey and these are all related to demographics (age, gender, country of origin, education level etc.).
Answers to these questions will help a lot in understanding the behavior of different population groups while the the full anonymity is still preserved.

34. What is your gender ?

Mark only one oval.

- Female
- Male
- Other

35. How old are you ?

Mark only one oval.

36. What country are you coming from ?

Mark only one oval.

37. What is your highest level of education (either finished or currently pursuing) ?

Mark only one oval.

- No formal education
- Primary school
- Secondary school / High-school
- Apprenticeship (especially known in the German-speaking countries)
- Associate degree
- Bachelor degree
- Master degree (M.Sc., M.A., M.B.A or equivalent)
- Doctoral degree (Ph.D. or equivalent)

38. What is your current status ?

Mark only one oval.

- Student
- Student in a "working-student" status
- Employed
- Unemployed
- Retired

39. What is your monthly net income ?

Mark only one oval.

- I don't want to answer.
- No income at the moment
- Up to 400 EUR
- 401 - 800 EUR
- 801 - 1200 EUR
- 1201 - 1700 EUR
- 1701 - 2300 EUR
- 2301 - 3000 EUR
- More than 3000 EUR