



*The National Voice of Scenic Byways & Roads*

# **MONTHLY MARKETING TOOLBOX Unit Five**

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## MONTHLY MARKETING TOOLBOX

Welcome to Unit Five of the Monthly Marketing Toolbox. Each month we are looking at a different aspect of destination marketing and illustrating how it applies to real world situations. This approach enables you to use the material to transform your own destination or Byway marketing.

This month we're focusing on Step Five: Defining Target Markets. Today's hyper-competitive marketing climate swirling with social media and less effective expensive advertising requires that the markets a destination or Byway is trying to attract be defined precisely to ensure that every dollar spent lands communications directly in front of potential visitors. Effectively targeting markets requires a series of actions to clearly grasp the characteristics of target markets and their wants and needs. It takes thorough research to clearly understand current and potential visitors. It is also important to learn about trends and future realities that will affect visitor behavior. With this research in hand, it is possible then to review the scope and quality of the tourism assets, in order to develop experiences that align available assets and resources with the most lucrative target market segments.



## Today's Prime Byway Visitor Markets

Ultimately every experience created in the travel industry has to suit the end use visit in order to gain any traction. The potential visitor population in the US is vast, and has to be honed down to the most feasible segments of the larger whole that will be most appropriate to target.

Today, there are roughly 248 million adults in the US. The easiest way to view the visitor population as a whole, is divide them into roughly 20 year generational segments. The oldest segment, the GI Generation, yesterdays prime group travelers, are now all over 90, mostly eliminating them from any traveler pool. About 16 million of the 28 million Silent Generation still alive are still active in the travel marketplace. Yet, they do not represent a target market for many visitor experiences, because they do not engage in the level of exploration as younger visitors generally do.

That leaves three primary traveling generations: Baby Boomers, (74 million still alive) Generation X, (83 million) and Millennials (86 million in 2019 figures) from which to carve target markets. Generation Z are mostly still students with others making their travel decisions. Discounting the Baby Boomer market by about 4 million to exclude those who are medically unable to independently engage in daily living, results in an approximate total possible market of 212 million adults. Of those able to travel, approximately 75% of American do, leaving roughly 160 million in the total traveler market.

Reducing the overall market by the economic factors of income, to include only those who have discretionary income to travel (42% have household incomes of \$75K or over) and the education levels (42% have at least an associate's degree) that participate in substantive travel experiences that include mind engaging activities, reduces the overall market by approximately 60%. This leaves an approximate total addressable market of 62 million adults. Even though there is some overlap at the edges of each market segment, i.e. Younger Boomers are time deprived and stressed out, as are the oldest Millennials, the following segmentation is based on three generational segments, so as to not double count.

The primary market for Byway experiences is the 85% of trips taken by Americans using either their personal or rental cars for transportation. The higher the household income, the more trips taken by car.

We are able to carve three primary target markets segments out of the 62 million adults to include one segment from each of today's prime traveling generations:

- (1) Cultural and Heritage Explorers, mostly Baby Boomers, who spend more, explore more locations, and travel more which will be a primary market for the product for the next 30 years;
- (2) Time-Deprived, Stressed-out and Exhausted Professionals, Americans (70%) who work with their heads instead of their hands, mostly Generation Xers, who are constantly connected, overworked, balancing family and work needs, and need to get away to reenergize, and
- (3) Enterprising Millennials, who want absolutely every little detail of their experience spelled out, so they can check out each and every component before they travel, yet still want the whole experience of searching and participating to be enjoyable.

### **Target Market Segment One: Cultural and Heritage Travelers**

Contrary to some research that indicates 80% of American travelers participate in cultural and heritage travel, in reality a much smaller portion of visitors choose cultural and heritage locations as the primary motivator for their trip.

Three of the five segments of cultural and heritage travelers:

Passionate: 14% who seek out cultural and heritage activities as primary motivation for their trip;

Aspirational: 25% who desire to experience and participate in cultural and heritage activities; and

Well Rounded/Active: 12% who are open to experiencing all types of cultural and heritage activities,

make up 51%, creating a prime initial target market of cultural and heritage visitors of approximately 11-12 million individuals. Retirees with incomes between \$50K-\$75K,(11%), who can spend more on discretionary travel because their household expenses are lower, expand this group.

Baby Boomers cultural and heritage travelers are the most “experiencing” generation, spend the most money on travel, explore more locations. Since their highest priority (over 90%) is the ability to escape ones daily life for core relaxation and stress release, coupled with the ability to create lasting memories, they do not necessarily set a budget for travel experiences.

Planning, booking and participating in experiences for this segment must be completely stress free and include the ability to engage and interact with fellow participants. In fact, nearly 80% want their experiences to enrich their relationship with their spouse, partner and/or children. The more communications flow with companions, the most satisfying the experience. There is also a demand for genuine authenticity, something that cannot be manufactured or contrived.

A large part of this group is happy to get outside their comfort bubble a bit, willing to try new things that are not physically stressful, learn about different history and cultures, and be intellectually stimulated and challenged to learn new things. Boomers enjoy telling friends and family about their experiences, so it’s important to leave them with great stories to bring back home.

#### **Typical Cultural and Heritage Boomer Persona**

- **55 and older, married couples, no children at home, grown children, some with grandchildren**
- **Value their health, financial well-being, homes, and communities**
- **90% Caucasian**
- **Average income \$82K**
- **Travel extensively in the US**
- **70% have attended college**
- **Work in professional and managerial careers**
- **Read history, biographies, listen to news and talk television**
- **Live in stable, single family neighborhoods**
- **Very comfortable online**
- **Exploration travel planners**

## **Market Target Segment Two: Time-Deprived, Stressed-Out, Exhausted Professionals**

The second prime market for Byway travel is primarily made up of Younger Boomers (now 55) who are still working full time, with both family and career obligations, Generation Xers, who are in their prime working years and the oldest Millennials (now 37) in their prime career development and child rearing years. The total addressable market in this segment includes approximately 22 million adults.

It's impossible to view Generation X as one continuum, as their prospects change dramatically based on their life stage. Xers with families have completely different priorities than Xers without children. Xers who had children in their 20s, now have college graduates. Those who waited to have families, have high schoolers or younger. Those who delayed child bearing are older first-time parents. Xers have experienced more divorces than any other generation, resulting in more single parent and are the first generation where being multicultural is normal.

Xers were the hardest hit financially during the Great Recession and are more conservative in their social views than Boomers. They take longer to plan and reserve their experiences because they are more cautious, prefer no surprises and value control of their own and family time. They demand open communication and expect immediate ongoing feedback. 57% believe life is exciting and only 10% are not happy.

### **Typical Generation X Time Deprived, Stressed Out, Exhausted Persona:**

- **Middle aged couples**
- **Live in suburban neighborhoods**
- **Own their own homes**
- **Homes have the latest devices and equipment**
- **Older children at home**
- **Both adults working**
- **Work in professional and managerial jobs**
- **Two cars, mortgage payments**
- **Travel regionally and domestically**
- **Involved with both friends and family, often sandwich generation**
- **Life focused on home, home improvement, some DIY**
- **Technology conversant**
- **Cautious travel planners**

## **Market Target Segment Three: Enterprising Millennials**

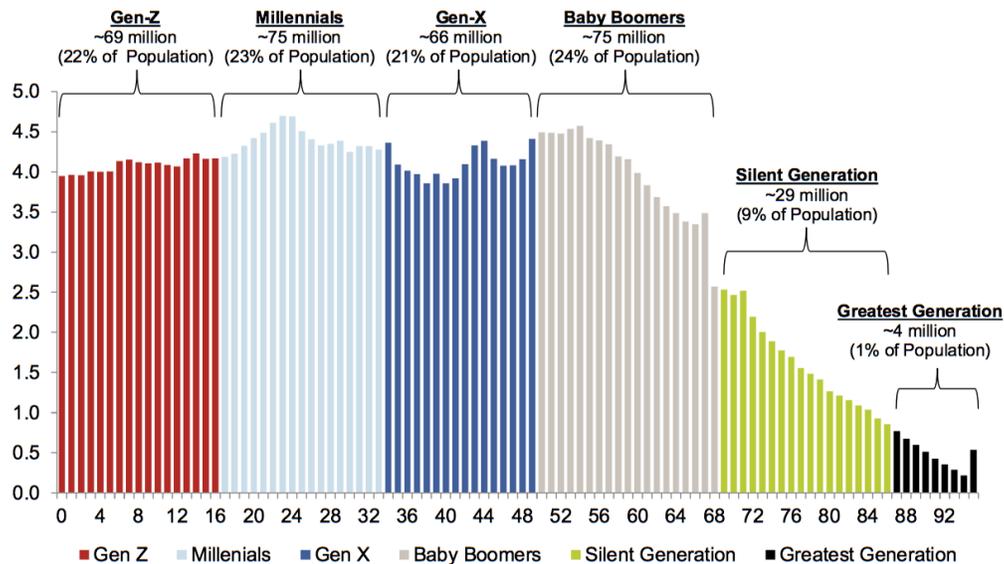
Today's Millennials who range in age from 20 to 37 years old, are segmented into several groupings: college-educated enterprising professionals, young families debt burdened past and continuing students, some living with parents, and the young and educated seeking or not seeking a place to settle down. Leaving out those with limited funds, leaves college-educated enterprising professionals, as the primary target group. Millennials must be reached effectively since they will be primary consumers of visitor experiences for the next 60 years.

Millennials appreciate work/life balance. It is not unusual for two or more to set off on a weekend with no more planning than an hour on Thursday night. Even though they spend more on experiences than things, they want to know every little pricing detail, and check as many as 10 sources before making a decision. And, they do all of it on their smartphone. Over 65% of Millennials value customization that reinforces their individuality and 70% seek immersive, interactive, and hands-on activities. They take vacations that include uniqueness, culinary experiences, small towns and historic places. Combined business and leisure travel will become more frequent as they age. They expect comprehensive information that is accurate and truthful, readily available on a website full details about what is "unique." Negative elements of reviews should not be edited out.

### **Typical Enterprising Millennial Persona**

- **Young educated working professionals**
- **Singles live alone or share**
- **43% married couples**
- **35% significantly above average incomes**
- **Working in management, finance, technology, sales and administration**
- **Young and mobile, with growing consumer clout**
- **Cell phone and email to stay connected, comfortable doing everything online**
- **Travel in the US often**
- **Environmentally conscious**
- **Listen to talk radio, alternative broadcast and sports**
- **Eat out regularly at sit down chain restaurants**
- **Detailed travel planners**

## STEP FIVE: SELECTING TARGET MARKETS



\*Note: For purposes of this report, our generational cutoffs are based on those outlined by Pew Research Center, and we acknowledge that there is no clear consensus on the cutoff date between Millennials and Gen-Z. Population data is as of July 1<sup>st</sup>, 2014, the latest available per the Census Bureau. Assuming a

The target markets of each destination and Byway may be somewhat unique, but all are selected out of the current American prime traveling generations: Baby Boomers, Generation Xers and Millennials.

### Step 5 A: Understanding Broad Traveler Market Segments

Begin the work to select target markets by understanding the broad traveler market segments that are available to attract.

### Step 5 B: Conducting a Visitor Intercept Study/Visitor Research Study

If possible and feasible, conduct a visitor intercept study in your own destination to hear directly from your own visitors.

### Step 5 C: Clearly Define Your Current and Potential Visitors

Utilizing the information collected in Steps 5 A and 5B will enable you to define your current visitors and those visitor segments available to you.

### **Step 5 D: Assessing the Trends and Future Realities in Traveler Markets, Potential Market Niches, Technology and More**

Completing this step will enable you to understand how the visitor behavior of your current and potential visitors will be affected in the future by external events.

### **Step 5 E: Reviewing the Scope and Quality of Tourism Assets and Resources Against Current Visitors and Potential Visitors**

This step will enable you to look carefully at the tourism assets and resources available at your destination or Byway and determine how they align with the available visitors markets.

### **Step 5 F: Selection of Most Lucrative Target Markets**

At the end of the entire process, you will be able to select the most lucrative target markets—those visitor markets to whom the best assets and resources at your destination or Byway best appeal and are most efficiently attracted to your destination or Byway.