When Baby Boomers Get Old

Is Switzerland Ready for the Demographic Shift?

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Institut für Tourismus- und Freizeitforschung

Ageing Population and Tourism

When Baby Boomers Get Old:

Is Switzerland Ready for the Demographic Shift?

Final Report

Chur, 30th March 2008

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Short Summary

The Swiss population is ageing fast. By the year 2020 over 3 million people will be aged 50 or above. By 2030, about 23% of the population will be aged 65 or above. The demographic shift will be one of the most important trends to hit the Swiss economy. Although the problem of financing future retirement schemes has been widely discussed in recent years, there has been little discussion of the potential impact on consumer spending and preferences.

This report summarizes some of the findings of a research project that took place at the Hochschule für Technik und Wirtschaft in Chur, in collaboration with a number of other institutions, from 2006 to 2008. The aim of this project was to gain an understanding of what the ageing population trend will mean for the Swiss tourism sector in general and the hotel industry in particular. We wanted to know if the industry is aware of the trend and how they perceive and react to the demographic shift. We also wanted to understand how tourist preferences might change as a result of the ageing population and to formulate some recommendations for the sector.

Somewhat surprisingly, we found that a large majority of hoteliers do not seem to have understood the nature of the demographic ageing taking place. Most ignore that the shift will take place, even if it has already started and that there can be no stopping it.

According to our collected data, the number of trips undertaken, or the travel propensity, is rising over time. People generally travel more today than ten years ago and generally believe they will travel even more in ten years. However, we also found that the participation in travel activities is particularly high among younger seniors, whereas older seniors (those aged 80+) do not declare travelling much. Altogether we calculated that over the next decade, the number of trips taken by tourists aged

50 and above, will rise by an impressive 25%. This easily makes this segment the biggest growth segment in terms of age.

In general, we found that with age, there is a growing preference for domestic travel. This trend is positive for the Swiss tourism industry, provided the industry is able to deliver services that respond to the needs and expectations of senior travellers.

In terms of activities and preferences, what our surveys seemed to indicate is that although one can make some generalizations about the preferences of older tourists, it would be wrong to put all older tourists in the same boat. There are some common preferences among all 50+ tourists, such as a preference for nature, or less interest in sports. There are, however, also substantial differences between a 50, 60, 70 and 80 year-old.

As a result of our work we were able to develop a series of recommendations to the sector. However, we have only begun to explore some of the questions that need to be answered and much more research will be needed to better understand the effects of the ageing population and particularly how the needs and expectations of tourists change with age. It is our hope that this project will have served to generate some interest from the industry and to guide the private partners involved in the project.

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Chapter 1: Introduction

According to a recent report of the Swiss Federal Office of Statistics, three demographic factors are currently leading Switzerland into a new era of population ageing on a scale never encountered before: the coming of age of the so-called baby boomer generation, the continued increase in life expectancy and the reduction in nativity, or the number of children born. The most recent realistic scenarios tell us that almost one quarter of the Swiss population will be aged 65 or above within the next quarter century. By 2020 over three million Swiss residents will be aged fifty or above. That is over 600'000 more than in the year 2000 (Kohli & Cotter, 2004).

In early 2004 the Swiss Innovation Agency (CTI) launched a new initiative entitled "Innovation for Successful Ageing", a platform for supporting applied research into solutions not only to help the elderly, but also to ensure the future competitiveness of Swiss firms in a "greying" market. In collaboration with the University of St. Gallen, the CTI conducted a survey among 105 Swiss companies in 11 different industries and found that these firms generally considered age-friendly products to have a higher than average growth potential. About 32% of the firms said they currently produce or sell age-friendly products and of these a full 70% said that this differentiation had proven a success (O. Gassmann & Reepmeyer, 2004). Likewise, newspaper and popular articles continually paint a rosy picture of the numerous, rich and consumption driven "Golden Generation" that represent a terrific growth potential for goods and service industries alike (Vogel, 2007). Surprisingly, however, relatively few serious studies have been made into the potential effects of the current demographic ageing on the tourism and hospitality industries in Switzerland. Little is known about what the future senior tourist's expectations and preferences might be, how much they are willing to give out for tourism consumption, where they want to go and so forth. Furthermore, the question deserves to be asked whether the Swiss tourism sector has even realized the full potential of the growing senior market segment.

Is any optimism warranted? Will we have hordes of rich senior consumers roaming our hotels, restaurants and boutiques in the near future? Or could reality be a little more differentiated than this? What we know today, for instance, is that household incomes in Switzerland tend to reach their maximum at around the age of 50 and start to drop quite significantly after retirement. Furthermore, statistics generally show that the number of persons suffering from various health problems rises with age. What effect does this have on a person's propensity to travel and willingness to pay? Are Swiss hotels already armed with the proper infrastructure, marketing know-how and sales packages to capitalize on the ageing population trend? If so, what are the success factors in this market? All of these questions and more deserve answers, but these answers are not easily found.

In 2005, the author of this report decided to investigate the effects of the ageing population phenomenon on Swiss tourism and to do so in a holistic manner. Research on senior tourism has been ongoing internationally for many years, but to the best of our knowledge, no study in Switzerland had yet tried to combine a demand-side investigation of consumer behaviour, with a supply-side investigation of organizational awareness. Together with a consortium of partners consisting of hotelleriesuisse (the Swiss Hotel Association), Davos Tourism, Interhome and Solaria Feriensiedlung, we decided to launch an applied research project with funding from the Innovation for Successful Ageing initiative of the CTI. This report is the result of this project.

The aims of the research project were defined together with the consortium. It was clear from the beginning that due to a limit in resources, both financial and time, we would not be able to answer all questions that might be of interest to the industry. The modest aim of the project would therefore be to gather first elements of responses and to lay a foundation upon which further research might be based and continued. Furthermore, it was hoped that some of the results of our study would lead

to an increased awareness of the ageing population phenomenon in the industry in general.

In general the research questions to be explored in this study could be defined as:

- What are the current demographic trends?
- What must hotels do to adapt themselves to the increase in elderly people?
- What can be done on a destination level to adapt to the trend?
- Does infrastructure need to be adapted?
- How can one sell to the new senior segment?
- Are there any real differences between young and old travellers?
- Is the cliché that old travellers have more money to spend true?
- Is it possible to mix old and young clients in one resort or hotel?

In order to assess these and other questions an investigation using both quantitative and qualitative methods was carried out in the period February 2006 to March 2007. It was deliberately chosen to focus on the Swiss market only. Furthermore, the aim was not new theory building as such, but rather to use existing theory and the empirical results of our study to formulate a series of practice-oriented recommendations for the industry.

This report is broadly structured as follows. In chapter 2 the demographic development in Switzerland is described based on existing statistics. In chapter 3 the literature on senior tourist behaviour is briefly examined and discussed in order to understand how differences between young and senior tourists have been conceptually and empirically described in the past. In chapter 4 we present the results of a survey carried out among 710 Swiss households concerning travel and tourism behaviour and consumption. Furthermore we discuss some of the results found in an extensive survey carried out by one of the private partners of this research project, Interhome AG. In the fifth chapter the question of industry awareness of the Swiss hotel industry

concerning the demographic ageing is discussed based on the results of a survey we conducted in January 2007. Furthermore we discuss how the industry is currently selling to the senior segment. Finally, in chapter 6 we develop some recommendations for service providers and destinations in the tourism sector based on our findings.

As has already been pointed out it would be unrealistic to think that all relevant questions could be answered within the limited scope of this research project. However, we do believe that we have been able to gather at least some answers and see this project as more of a beginning than an end in terms of research on the ageing population and tourism.

Chapter 2: The Ageing Population

In order to understand the possible effects of an ageing population on the tourism sector it is necessary first to examine the factors that are contributing to this ageing population. In this chapter we will base ourselves on available statistics and reports to create a picture of the demographic developments that are contributing to the ageing population phenomenon in Switzerland. This picture is based largely on the latest data available on the so-called "average" scenario of the Swiss Federal Statistical Office (OFS). The OFS maintains three separate scenarios concerning the future demographics of the Swiss population. The "average" scenario is the one considered the most likely. The "high" scenario considers a number of hypotheses that lead to a greater population growth, including higher fertility rates and immigration, whereas the "low" scenario considers hypotheses less favourable for population growth.

Population Growth and Ageing

Since the beginning of the 20th Century, the population of Switzerland has more than doubled, from an estimated 3.3 million in 1900 to around 7.5 million in 2005 (Milojevic, 2006). In the same period, the life expectancy of women has gone from 50 to 84 years and that of men from 46 to 79 years. Although the average yearly population growth rate has been around 0.8% over the past century, a number of factors have contributed to periodical accelerations of this growth rate, or even to short periods with negative population growth. The main factor is migration; the others are changes in fertility and life expectancy. As can be seen in Figure 1, which shows the likely evolution of the Swiss population from 1991 until 2050 using the "average" scenario, the Swiss population is expected to continue growing for another thirty years, reaching a maximum of 8.16 million, before declining after this time. According to this scenario, the population size of the category of 65 years and above will continually grow, reaching an impressive 2.25 million by the year 2050, or 27.9% of the population.

The middle scenario of the Federal Statistical Office of Germany shows that the German population will undergo very similar demographical changes. The German population already exhibits somewhat higher proportions of older people, with 17.1% of the population aged 65 or above in 2001. By 2050 this proportion is expected to reach 29.6%. Germany will experience negative population growth as of 2012 already (Statistisches-Bundesamt, 2003).

A common fallacy is to think that increases in immigration that might arise through globalization and the opening up of borders with the EU could stop the ageing population phenomenon. What the "high" scenario in Figure 2 shows is that even with a combination of higher immigration and fertility rates, the total population could approach 10 million by 2050, but the population aged 65 and above would then be close to 2.7 million, over twice as high as today. In both the "average" and "high" scenario then, by 2050 the proportion of the population aged 65 and above will represent almost 28% of the total population. This proportion is at the time of writing about 16.5%.

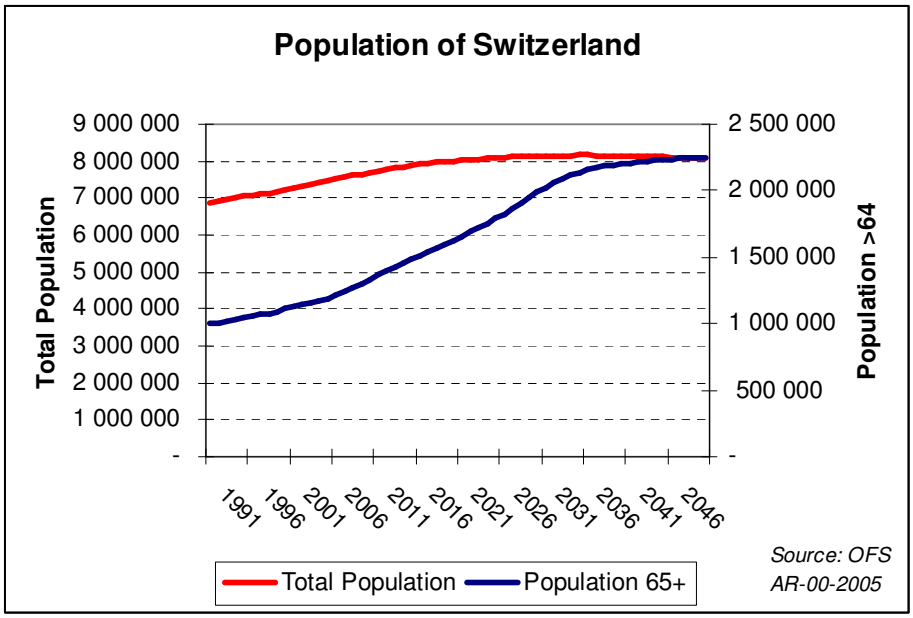

Figure 1: Population Growth 1991-2050 "Average" Scenario

The main drivers of the ageing population are, as previously mentioned, the ageing of the so-called baby boomer generation, the fall in recent decades in fertility and birth rates, the simultaneous fall in mortality rates, particularly among the elderly, and longer life expectancies. International migration is the main external factor entering into the equation. All of these factors, when combined, determine the evolution of the population both in size and composition.

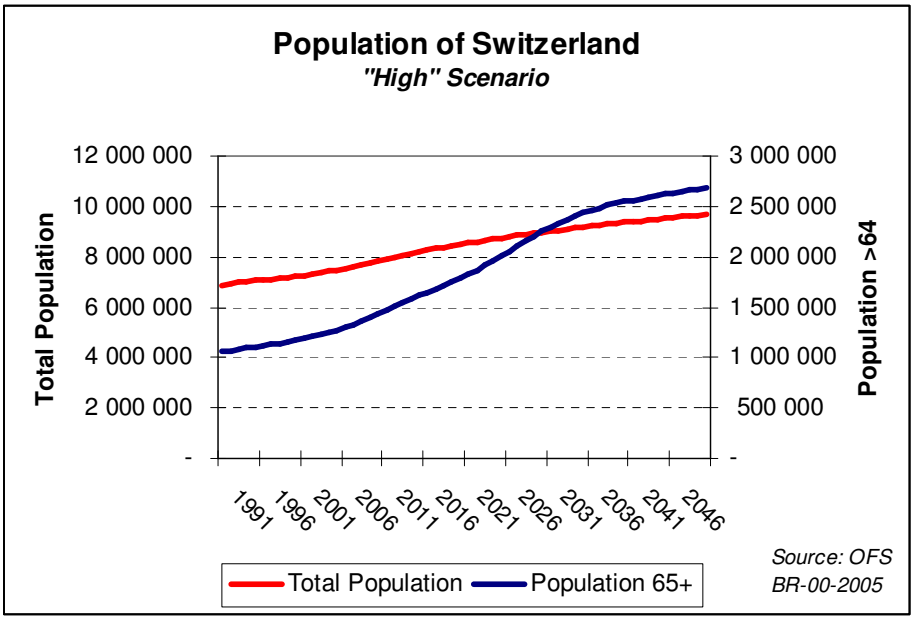

Figure 2: Population Growth 1991-2050 "High" Scenario

The term baby boomer refers to the generation born roughly between 1945 and 1965 (Patterson, 2006). During this period, fertility rates shot up from 1.73 children per woman in 1937, to 2.61 in 1946. After diminishing slightly, a second maximum was attained in 1964 with 2.64 children per woman (Wagner, Sauvain-Dugerdil, Guilley, & Hussy, 2005). A number of factors explain the baby boom in Switzerland. These include an increased preference for marriage after the Second World War, earlier marriage and earlier birth of children, strong economic growth and a higher general economic well-being in the years following the war. In many ways, there was a return to

normality after the war and a general renewed optimism that contributed to encouraging family life. The baby boom took place similarly in most developed countries throughout the world.

As abruptly as the baby boom took place, it seemed to subside once again. The end of the 1960s brought with it a new role for women in Western societies and put into question the traditional family values. The widespread availability of contraceptives certainly also contributed to reduce fertility rates and generally speaking people married later in life, or even not at all. So it was that the baby boomer generation came to be clearly defined in demographic terms, and it is this generation that in the last two years have started reaching the age of retirement. Figures 3 and 4 show the population age pyramids in the years 2004 and 2030 respectively. The advancement in age of the baby boomer generation can be clearly seen from an examination of these graphs.

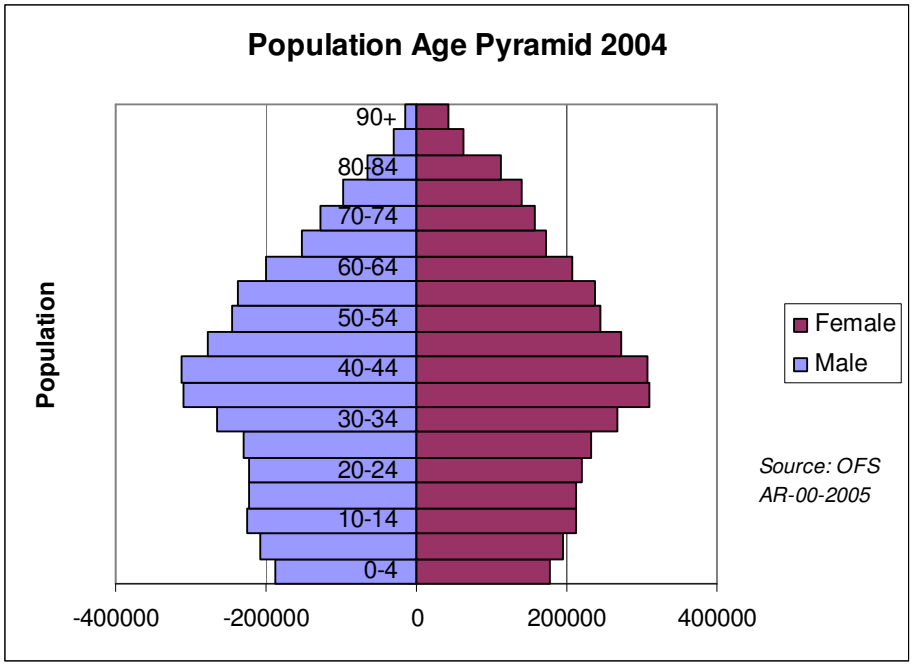

Figure 3: Population Age Pyramid 2004

In recent years fertility has been fairly stable and today women in Switzerland have on average 1.42 children. In order to naturally replace the population this number would have to be 2.1. The average age of the mother is 30.5 years. As a comparison, the average number of children per woman in the EU-15 countries in 2000 was 1.48. In Germany this number was 1.38, in the UK 1.64, in Denmark 1.77 and in Italy 1.24 (Statistisches-Bundesamt, 2003).

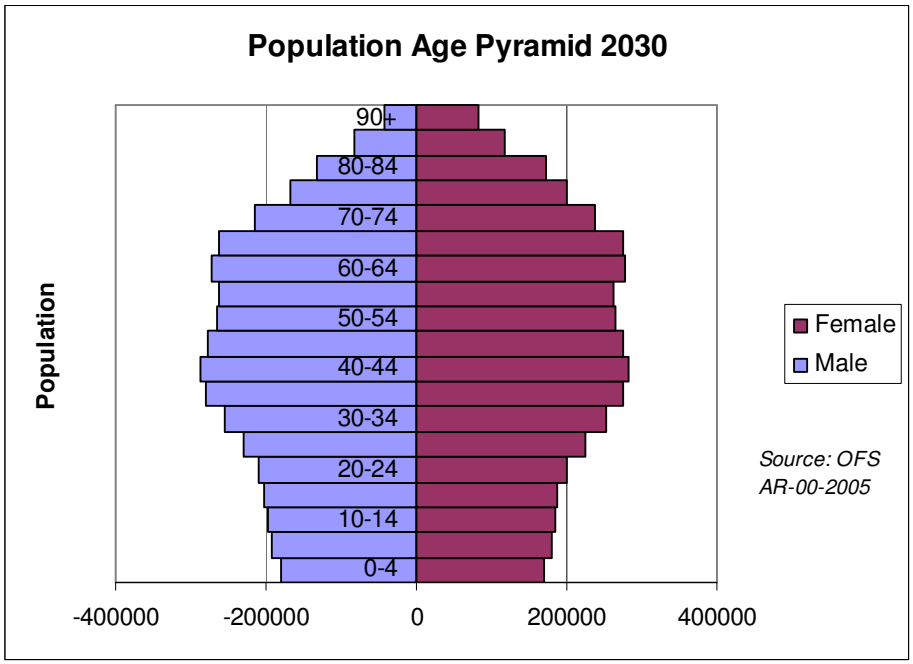

Figure 4: Population Age Pyramid 2030 "Average" Scenario

Mitigating Effects

Immigration plays an important role in Europe in general and serves to reduce somewhat the effects of both the ageing population and the low fertility rates. In Switzerland, the average foreign woman had 1.87 children and the average Swiss woman 1.27 children in 2005 (Milojevic, 2006). Since the 1980s population growth in Switzerland has been mainly the result of immigration. Between 1981 and 2001 almost 2.5 million people immigrated into Switzerland and almost 2 million people emigrated from the country, leaving a net migration surplus of around 500'000 people. If

one considers both international and inter-cantonal migration, the most popular cantons to move to have been Vaud, Zurich, Aargau and Ticino. The cantons of Uri, Jura and Basel-City, on the other hand, have seen more departures than arrivals (Kohli & Cotter, 2004). It is therefore clear that immigration has served to dampen the effects of the ageing population in the past few decades, and can be expected to continue playing such a role in the future. Even so, as previously pointed out, immigration, even if accompanied by rising fertility rates of all women as hypothesized in the "high" scenario, will not be sufficient to stop the ageing population process.

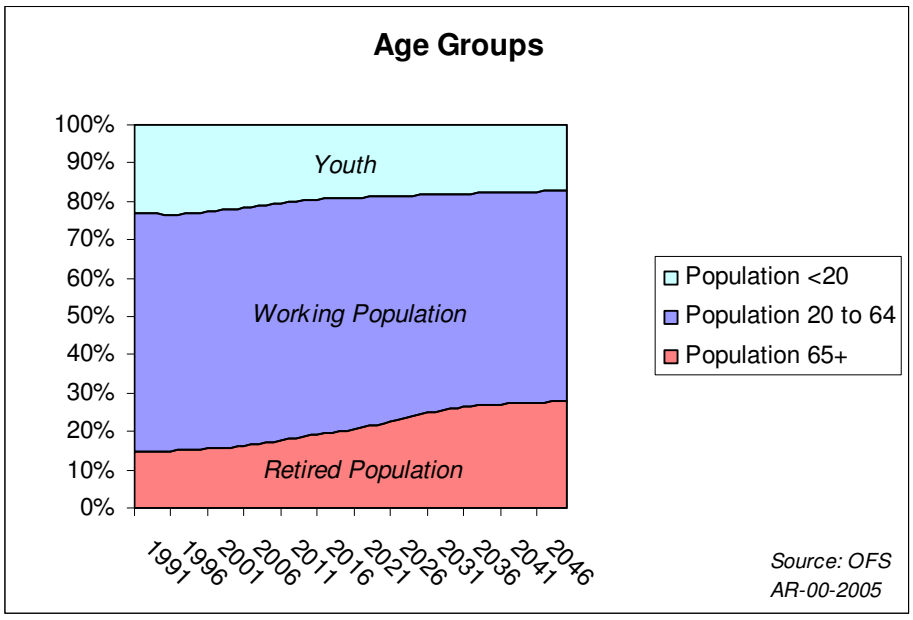

Figure 5: Relative Size of Age Groups According to the "Average" Scenario

A particular challenge for the Swiss economy will be dealing with a smaller workforce in relative terms, as the number of young persons continues to lower, and the number of retired people increases, as shown in Figure 5. Some firms have already started to examine alternative employment and recruitment models, such as hiring older workers or keeping workers as part-time employees after retirement. New financial and pension models may have to be created to deal with this challenge, since today it is often considered financially uninteresting for workers to continue their ac-

tivities after retirement age. In some ways the current system is geared towards encouraging retirement. In case of a lack of qualified workers in the future work force, firms and the government may be forced to change their ways and to re-evaluate the retirement age. The discussion on increasing the legal retirement age has been taking place in Switzerland for some years now, whilst other countries, such as Denmark, have already increased the retirement age. Some flexibility was introduced in the last reform of the federal pension system (AHV/AVS), but further reforms may be expected over the next decades. We do not intend in this report to enter into the discussion, but a thorough examination of the expected increases in the number of elderly, as shown in Figure 6, clearly paints a picture of an older Swiss population that will need somehow to be financed.

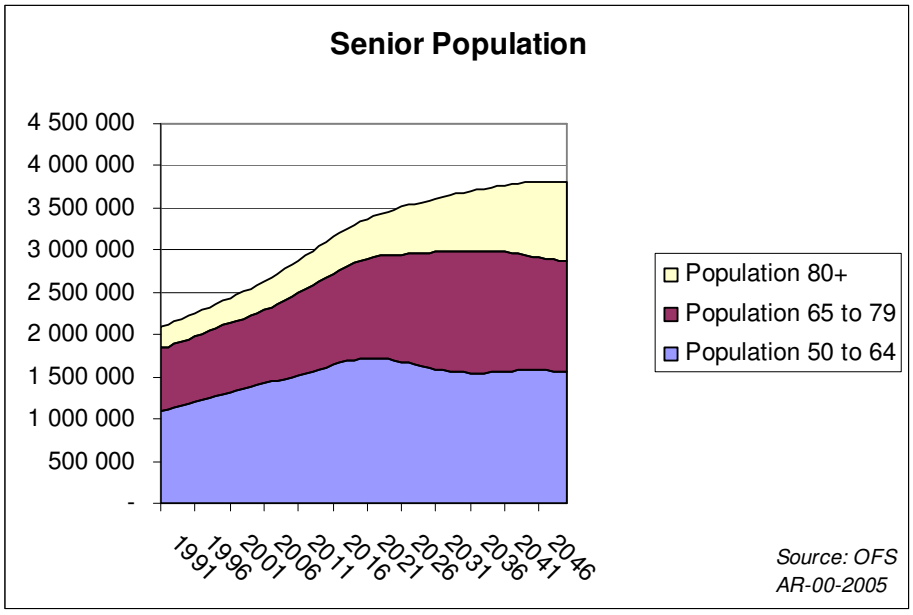

Figure 6: Size of Senior Age Groups

Chapter 3: The Literature on the Senior Tourist

The ageing population, in as much as the scenario of the OFS comes true, could possibly be one of the greatest long-term trends to affect the tourism and travel industries over the next fifty years. Other trends, such as climate change, may also affect the industry, but perhaps not with the same certainty as that of the expected demographic change. In absolute terms, the number of persons aged 50 and above will rise from less than 2.4 million in 2000, to 2.68 million in 2007 and all the way to 3.6 million by 2030. This is a growth of 50% from 2000 until 2030. During the same period, the number of people aged between 20 and 64 will grow by only 5%. As for the population aged 20 or under, it will drop by 10%. For the leisure, hospitality, transportation and other industries comprising the tourism sector of the Swiss economy this means that the relative importance of the mature traveller market will grow. In the extreme, one might even be tempted to say that the future of the Swiss travel market will definitively be grey. Of course, there will still be young persons, particularly in the bigger cities, but over-all, the mature traveller market is likely to become increasingly important and increasingly lucrative.

What do we know about senior travellers today and what could we possibly infer about the senior traveller of tomorrow? In this chapter we review some of the theories and empirical results on senior tourism to help us understand what the effects of the ageing population might be for Swiss tourism firms and destinations.

Generally speaking, two types of studies have been made in the past. The first type of study considers life course variations in tourism and leisure consumption, sometimes with the assumption that leisure behaviour changes according to a number of stylized family life cycle stages. This type of study typically follows a very direct approach of describing key age-related differences in behavioural or perceptual measures, such as willingness to pay, destination preferences, activities and so forth. The second type of study considers consumers, young and old, to belong to one of sev-

eral life style clusters, typically based on their interests, activities and opinions. In this second type of study a certain number of typologies are defined by authors, and customers are segmented according to these typologies. In the following pages we will briefly discuss these approaches and illustrate them with empirical results from the extant literature.

Life Course Variations in Travel and Leisure

The number of older people participating in travel activities has been growing rapidly over the past decades. One reason for this is the general increase in the number of elderly persons in society, but a more important one is the increasing participation of elderly persons in tourism and travel activities. According to a large regular German travel survey, the travel propensity rate of Germans aged 60 or above, measured as the percentage of the population having made at least one trip for leisure purposes lasting five days or more in the past 12 months, has risen from 65.5% in 1994 to 70% in 2004 (Sonntag & Sierck, 2005). The Swiss Travel Market Report, a publication of the University of St. Gallen, reports very similar results, with the corresponding figure for 65 year-olds and above for 2004 in Switzerland being 72%. However, in both Germany and Switzerland, the travel propensity of the total population has recently been declining. In Switzerland it peaked at 80% in 1992 and fell to around 70% in 2004. The travel propensity in general seems to peak with the age group 40 to 50 year olds and starts to drop a little after this. Hence, we are facing a situation where mature tourists are travelling more than ever before, but where there is a general drop in the travel propensity. If mature people in general travel less than middle-aged people and the importance of mature travellers as a group increases as expected, then the most likely effect will be a further drop in the general travel propensity, but a possible further increase in the travel propensity of senior travellers.

One way of characterising, or segmenting, life course variations in travel propensity and travel behaviour in general is by using the idea of the family life cycle. The life cycle concept has been used to study a variety of psychological and social phenom-

ena. One such phenomenon is precisely the life course variation in travel and leisure activities. As countless studies have shown, age and gender can be particularly useful predictors of leisure activity (Horna, 1994). The life time of a person can thus be divided into stages, characterized by specific preoccupations, interests and activities (Rapoport & Rapoport, 1978). This theory has often been referred to as the family life cycle model, due to the traditionally strong link between family size and the aforementioned preoccupations and activities. There appears to be no consensus in the literature on the exact delimitation of the various stages of the family life cycle model (Horna, 1994), however, these stages are usually considered to be the preparation stages of childhood and adolescence, the establishment phase of adulthood, and the culmination phase of third age. Likewise, there is no consensus on what exactly constitutes a senior traveller (Horna, 1994; Littrell, Paige, & Song, 2004). Some studies consider the age of 50 to be the dividing line between non-senior and senior (Oliver Gassmann & Reepmeyer, 2006; Ylanne-McEwen), others 55 , 60 (Lee & Tideswell, 2005) or even 65. This lack of consistency makes direct comparisons of different studies somewhat difficult. It is fair to say that the dividing line between senior and non-senior is actually very individual.

A number of studies have differentiated between younger (typically 50-64 year-olds) and older (typically 65 and older) seniors (Javalgi, Thomas, & Rao, 1992). Some other studies have divided the life time into many stages related directly to the family situation of a person. Thus it has been suggested that the relevant life cycle stages are "Young Single", "Young Couples (with no children)", "Full Nest" (with children), "Empty Nest" (children have left home), and "Solitary Survivor" (the widow) (Lawson, 1991). The relevant stages for the study of senior tourists would presumably in this case be "Empty Nest I (still working)", "Empty Nest II (retired)" and "Solitary Survivor". However, it is also clear that in this family-oriented life time segmentation, age only indirectly influences travel behaviour. Furthermore, a common difficulty encountered by scholars making this last type of study is that not everyone fits into standardized family life stage definitions. For instance, Lawson (1991) found that out of 3'426

responders of his survey, 40% were not classifiable according to his life cycle stages. This type of result obviously casts a shadow of doubt on the method of segmentation itself.

Lifestyle Segmentation

A separate and alternative method for client segmentation has been used, based on the concept of lifestyle. According to the lifestyle method, it is possible to build schematic clusters out of people's attitudes, opinions, beliefs or preferences (Gonzalez & Bello, 2002; Vyncke, 2002). This approach was used by the authors of the Swiss Travel Market Report to divide Swiss tourism trips into four clusters. The first was called "travel and relaxation" and accounted for 34.5% of travels. People within this group typically seek relaxation and to get away from everyday life. The second group, "family holiday" (34.7%), typically travel to be with the family and to make new experiences. The "curious hedonism" group (21.9%), consisting of mainly retired people, enjoys comfort and pampering and looks for cultural experiences. Finally, the "social matters" group (8.9%) is a very mixed group including everyone from pensioners to students, looking for opportunities to socialize with new people (Bieger & Laesser, 2005).

These clusters will inevitably be age-independent. Thus, it is possible, for instance, to be a "social" tourist both at the age of 20 and at the age of 50. Although it is of course possible to focus on the specific lifestyle clusters encountered in a particular age group, such as seniors (Hawes, 1993; Lee & Tideswell, 2005; Littrell et al., 2004; Oates, Schufeldt, & Vaught, 1996), this focussed approach does not easily allow for a comparison between age groups, and thus teaches us relatively little about senior versus non-senior travel and tourism behaviours. This approach may be interesting from a marketing perspective, but does not explain what key differences exist between young and old travellers. A further problem is that there will always be borderline individuals who are difficult to categorize with any level of certainty.

Age and Generation Effects

A common difficulty in all studies of life course variations in travel and leisure behaviour lies in differentiating between behavioural variance genuinely related to age, and that related to a particular generation or cohort.

It has often been pointed out that people's opinions, beliefs and behaviours are deeply rooted in the particular time and place they grew up, such that entire generations "think alike" and adhere to particular principles and behaviours which are different than those of the generation of their parents or that of their children (Horna, 1994). For example, as previously mentioned, it has been found that in 2004 in Germany, 70% of seniors (defined as 60 years old or more) make at least one trip with 4 nights or more per year (Sonntag & Sierck, 2005). This compares to a figure of 65.5%, for the same age group, ten years earlier. Thus, the senior age group appears to have changed its behaviour over time. This makes it problematic to use the results of life course variation studies for prediction purposes, especially for long-term predictions. If the particular research problem is to predict future travel behaviour, then a hypothesis concerning behaviour related to a particular cohort must be emitted.

One such hypothesis is that if you measure, for example, travel intensity of a given age group at a given time, for instance in 1994, one could expect to find that the 1994 cohort will exhibit a similar behaviour ten years later (Lohmann & Danielsson, 2001). In other words people may not change their behaviour much over time. This hypothesis obviously contradicts, at least to a certain degree, the basic assumption that travel and leisure behaviour changes with age and in our opinion therefore stands on somewhat shaky theoretical ground, despite the existence of some empirical evidence to back up the hypothesis.

In accordance with findings in literature, we would suggest that one should expect to find a host of different factors influencing travel behaviour, including some related to

generation cohort, and some of which will indirectly influence this behaviour through age. Thus, it is only fair to assume that a person of, say, 55 years of age today, will have gone through some important life changes by the time he is 65, possibly involving retirement, changes in disposable income, children leaving home, grandchildren being born, deterioration of health or even the loss of a spouse. Furthermore, factors such as the cost and ease of travel as well as travel and communication technology will evolve in this time. These factors may indeed on average align in such a way that by coincidence, the same travel intensity or preference appears to prevail in a cohort at two different stages of the life cycle, but this would be pure coincidence, and in itself does not validate the hypothesis that people don't change their behaviour with age.

As our discussion has illustrated, using the results of studies of travel behaviour life course variation for predictive purposes must be done with care. Furthermore, given the significant differences in underlying factors such as household income levels, education levels, culture, travel history, and general infrastructure and technological levels of development between various countries, the results of these studies are often context-dependent, and cannot be directly compared internationally. The travel propensity of Swiss seniors will not be the same as that of, say, Japanese seniors.

A Model of Travel Determinants and Constraints

It is important to note again that age by itself will not explain travel behaviour. What is relevant for both the researcher and the practitioner to understand, are the underlying dimensions of a person's life that change with age, thereby altering travel behaviour. It has been shown that the factors most commonly and strongly affecting people's likelihood or propensity to travel, as well as their total travel expenditure, are those linked to time constraints, budget constraints and health constraints (Fleischer & Pizam, 2002; Hong, Kim, & Lee, 1999). In the case of older seniors, the time constraint is usually no longer a factor (Fleischer & Pizam, 2002). These factors, more than any other, constrain and determine how much a person will travel and spend for travel-

ling. It is these factors that may change in a systematic way with age, thereby leading to life course variations in travelling.

A further series of factors clearly influence travel behaviour. The first one is the relative cost, or price, of travelling. Over the past two decades, and particularly since the liberalisation of air travel in Europe, the cost of air travel has dropped tremendously. Furthermore, globalization in general has led to the opening of borders and facilitated international tourism. Although mass tourism took off already in the 1960s with the advent of charter, the trend has intensified in more recent decades.

Technology in general and information and communication technologies in particular have revolutionized the way firms in the tourism sector do business. The possibility of live bookings by both travel agents and customers directly, as well as yield management pricing models has given a new flexibility to travellers. The modern traveller has more choice available and more flexibility to reserve and cancel with ease and at no extra cost than was previously possible. Technology will most likely continue to develop rapidly over the next decades, having as yet unknown effects on the travel and tourism sectors and on people's propensities to travel.

As illustrated in Figure 7 below, we conceptualize that travel propensity depends on a series of factors. Furthermore, we believe that some of these factors are directly linked to age, such that these tend to change with age, thereby giving us a possibility to describe changes in travel intensity across a person's lifetime. Tastes and travel motivations are to some extent, as already discussed, generation-specific, such that different generations of senior travellers cannot be directly compared. In the next chapter we will examine how these various determinants of travel intensity vary with age, and try to describe the travel behaviours and expectations of various categories of seniors.

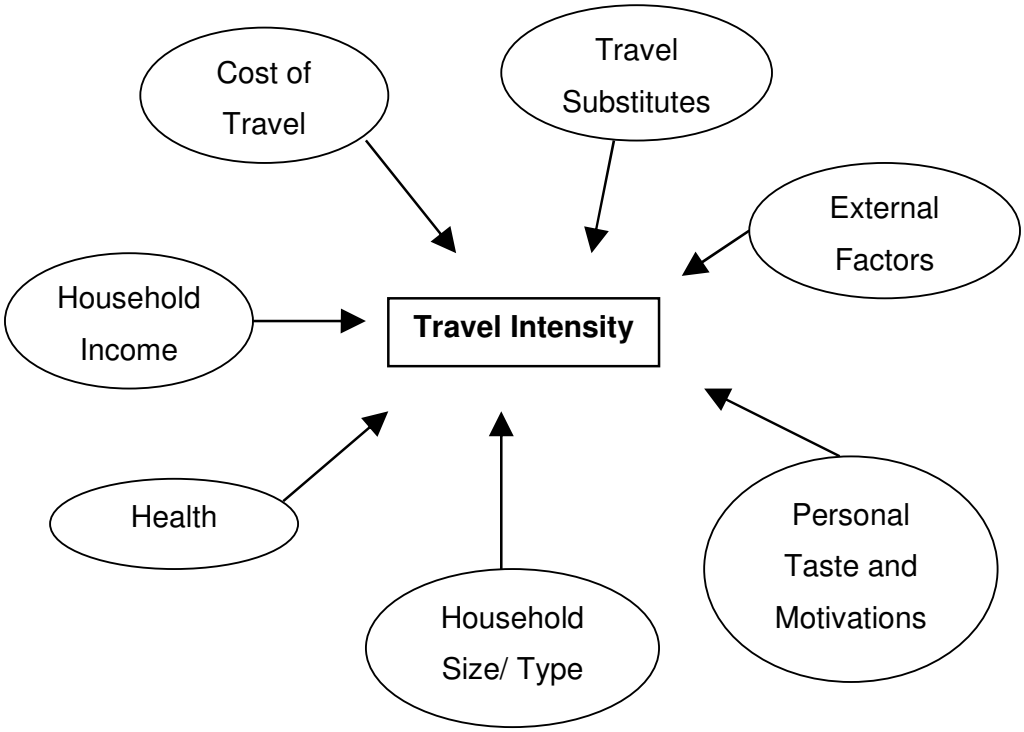

Figure 7: Determinants of Demand for Travel

Chapter 4: Demand-Side Results: What do Seniors Want?[1]

In this chapter we present the results of demand-side surveys carried out as a part of our investigations. These surveys were made possible with the help of the private partners of the research project. Some of the results in this chapter have recently been published in the *Tourism Review* (Sund & Boksberger, 2007).

Definitions of Senior

We prefer to segment senior travellers into three distinct groups. The choice of delimitation of these groups is partly driven by the availability of data. The first group are those we would call "pre-seniors". The pre-senior group are those individuals aged 50 to 64. Typically these persons are still working and therefore tend to have a fairly high disposable income. Many still have children living at home or are at least contributing to their children's welfare by paying for education, travel or living costs. A large majority of the people in this group, around 3 out of 4, live in couples (Wanner, Sauvain-Dugerdil, Guilley, & Hussy, 2005). This group comprises many of the baby boomers and is therefore the group to watch. In as much as this group generally has a higher than average disposable income and high travel propensity, marketing towards this group may be a good way to guarantee a future success with older seniors. In other words, given that the baby boomer generation is now roughly aged 45 to 60, if these customers can be attracted by a destination or hotel today and be made loyal, they may continue to return once they retire.

The second group of senior travellers are those aged 65 to 79, which we refer to as the "young seniors". This group is different from the first in that most have stopped working and have retired. The result is a somewhat lower disposable income, as can

[1] Some of the results presented in this chapter were presented at the 2007 Leisure Futures Conference at the University of St. Gallen and published in the Tourism Review (Sund & Boksberger, 2007)

be seen in Figure 9. However, there are significant inequalities within this group in terms of wealth and income. Those who have held well-paying jobs, purchased their house or apartment and managed to save for retirement, typically benefit from high standards of living. On the other hand there is a non-negligible minority who do not own their residence, do not benefit from big pension plans and therefore generally have to get by with a more modest disposable income. In general, however, Swiss retirees are fortunate to have considerable wealth and are therefore in a position to afford travel and leisure. The young seniors are increasingly in good health and are increasingly mobile and eager to travel. Over 60% live in a couple and many continue to support their children financially (Wanner et al., 2005).

The third senior group are the 80+ who have been referred to in French as the "quatrième âge", and we refer to as "old seniors". This group is not necessarily as homogenous as the previous two groups and the dividing line between young and old senior is also not clear. Some 80-year olds are still in very good physical condition and both willing and able to travel internationally, whilst others suffer from poorer health and general problems such as reduced mobility or problems with sight and hearing. What we know is that this group is comprised of many singles. In fact, statistics show that only 30% still live in a couple, whilst 40% live alone and 30% live with other persons, in institutions or old age homes.

Notes on the Data Used

The results of our investigations in this chapter and the next are based on surveys and interviews carried out in the period 2005-2007. We carried out two surveys and were able to use data from a third survey carried out by Interhome AG.

The first survey was of Swiss households that had booked a holiday with, or had ordered material from Davos Tourism. The survey was sent in December 2006 by mail to 3'510 households. A total of 283 were returned because of wrong addresses. In total 710 survey were returned completed, giving a very satisfactory effective re-

sponse rate of around 22%. This can be considered a very good result for this type of survey. No reminders were sent. Because the sample consisted of potential or existing clients of Davos, the results can be considered representative of a fairly typical Swiss mountain resort. We emphasize that the results may not be fully representative of the Swiss population as such. In fact, in order to establish how representative the sample was of the general Swiss population, we asked respondents to estimate their gross annual household incomes. We gave a range of (A) CHF 70'000 or less, (B) CHF 70'000 to CHF 90'000, (C) CHF 90'000 to CHF 130'000 and (D) CHF 130'000 or above. These ranges represent the quartiles of Swiss household incomes in 2005 according the data of the OFS. Hence, if our sample were to be perfectly representative of the Swiss population in terms of household incomes, we would expect to find one quarter of our sample to fall into each of these income groups. The results of our survey were (for 686 respondents who responded to this question) 26.7% in the first quartile (A), 28.3% in the second quartile (B), 27% in the third quartile (C) and 18.1% in the fourth quartile (D). These results showed us that the fourth (high) income quartile was slightly under-represented in our survey. In a further effort to assess how representative the survey was of the general population we compared the number of households with children, and found that 27% of the respondents lived with children in the household. The over-all proportion in Switzerland in 2000 was 33%. In other words, families were somewhat under-represented in our survey.

On the one hand differences such as those discussed above are to be expected, since it would be quite astonishing if customers of Davos were perfectly representative of the over-all Swiss population. On the other hand, the differences are not very big. Therefore, we would venture that our results should be interpreted as representative of a typical Swiss mountain destination, but also highly indicative of the general Swiss population.

Our second survey was an online survey carried out in January 2007. With the help of HotellerieSuisse emails were sent in two rounds to all their 2'180 hotel members

with links to online versions of our questionnaire in English, French and German language. A total of 254 usable questionnaires were returned, for a response rate of around 12%. We consider this result to be satisfactory. Again, we verified whether the sample was representative of the over-all industry, in this case by ensuring that each category of hotel was adequately represented. The sample and population distribution of hotels according to category can be found in Figure 8 below. The relevant categories were 1* to 5*, and a last category (6) were unrated hotels. As can be seen all hotel categories were well represented in our sample, although rated establishments were a little over-represented as compared to unrated establishments.

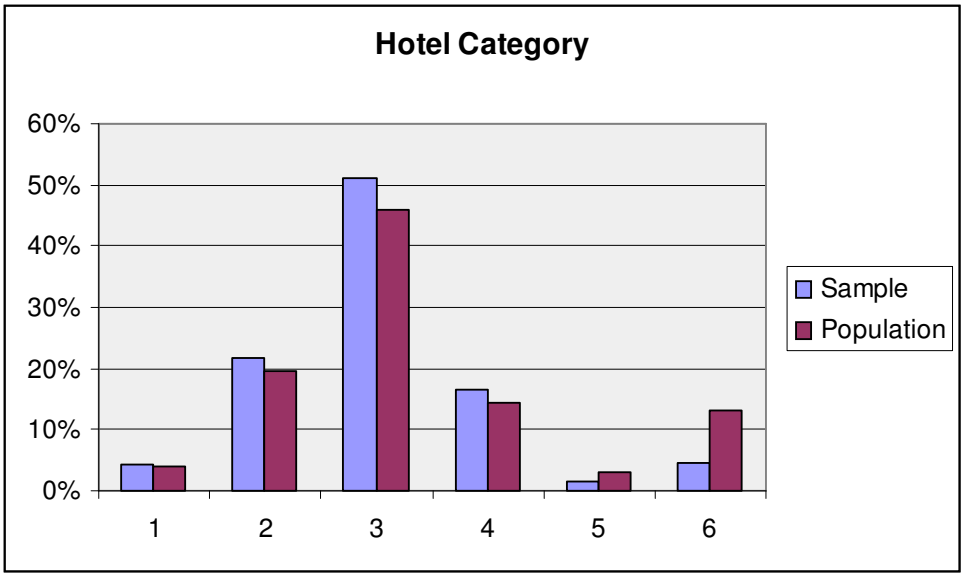

Figure 8: Hotel Survey Sample

We were able to use the data from a further survey, carried out by Interhome AG. A survey was sent in October 2005 to 4'001 existing and potential customers in Switzerland of this leading holiday rental company, also based in Switzerland. The sample can therefore be considered non-random. However, Interhome AG being the market leader in this market, the data is probably representative of the over-all Swiss holiday rental market. The over-all response rate was 26.7%, resulting in 1'069 usable questionnaires.

Finally, we interviewed a number of travel agents and hotel managers in order to explore certain questions and understand the perceptions of industry professionals. Likewise, we interviewed representatives of the organizations Pro Senectute and Pro Infirmis, both in the Graubünden sections.

Travel Propensity and Age

We have already discussed the link between age and travel propensity in terms of the results of the Swiss Travel Market Report and its German counterpart. We also wished to understand how travel propensity changes with age in our own survey. Furthermore we used a novel way of trying to distinguish between cohort differences and differences truly linked to age. We asked respondents to estimate how often they undertook holiday travels (with at least one night) ten years ago, how often they do it today, and how often they think they will do it in ten years. This method may be criticized for two reasons. The first is recall bias, or the fact that people will not remember exactly how many holiday trips they took ten years ago. At most they will be able to estimate some sort of average. The second problem is that no-one knows how much they will really travel in the future. Thus we measured perceptions of the future, or wishes, rather than reality. Nevertheless, we are able to make some statements about people's changing travel propensity over time.

In general respondents reported higher travel intensities today (3.68 trips per year) than ten years previously (2.98 trips). Furthermore, respondents indicated that they believe they will travel more in ten years than today (3.97 trips). However, when we split the sample into different age groups, we found interesting differences between these age groups in terms of current, past and future travel propensities. By applying a rule-of-thumb method of mean +/- 3σ we eliminated three outliers, reporting over 12 trips per year. In terms of current travel intensity, we found that respondents in the age group 18-29 had one of the highest, at 3.53 trips. Travel intensity drops until the age group 40-49 before increasing with the pre-seniors, increasing again with the

young seniors and dropping significantly with old seniors. It should be noted that the sample of old seniors is very small. Nevertheless we include this group in our analysis. The table below summarizes the results in terms of travel intensities.

Our results contradict somewhat the results of the Swiss Travel Market Report which reported travel propensities increasing with age until a maximum amongst pre-seniors, before going down again. The reason for the disparity probably lies with the measurement method. Whereas we have measured the number of trips, the Travel Report measured travel participation rates, not travel intensity (Bieger & Laesser, 2005). Our general participation rate was 98.9%. The declared past participation was 97.3%, the future one being lower at 93%. These numbers are significantly higher than those reported in the Swiss Travel Market Report, presumably because our sample does not represent the over-all population, but rather the existing clientele of Davos, as previously discussed.

If we examine how the different age groups declare their past and future travel intensities we find very interesting patterns. Except for the old senior group, all groups declare travelling more today than ten years earlier. Interestingly however, respondents aged under 30 and those aged 65 and above declared that they expect to make less trips in ten years. The fact that young seniors declare that they expect to travel less when they become old seniors may not be very surprising. What is interesting is that current old seniors declared travelling as much as young seniors today. This seems to confirm that travel intensities have reached a plateau in Switzerland.

The big opportunity in terms of senior travel seems to lie with the 40 to 49 and the pre-senior groups. Both of these groups declare wanting to travel more in ten years, but also more than the current people in these age groups. If the expectations are realized, given that these age groups are the baby boomer groups, this could indeed be a very big opportunity for the tourism and travel industries. Not only will the size of these groups increase, but these groups indicate wanting to travel more in the future. Since the current young seniors declare wanting to travel less in the future, it may be

that the old senior group market will experience less growth than the pre- and young senior groups.

Age Group		Number of Trips Ten Years Ago	**Number of Trips Today**	Number of Trips in Ten Years
Age 30 or Less	Mean	**2.53**	**3.53**	**3.49**
	N	77	77	77
	Std. Deviation	1.578	2.150	2.043
Age 30 to 39	Mean	**2.96**	**3.42**	**3.79**
	N	137	137	137
	Std. Deviation	1.680	2.185	2.224
Age 40 to 49	Mean	**2.91**	**3.34**	**4.01**
	N	185	185	185
	Std. Deviation	1.810	1.870	2.382
Age 50 to 64	Mean	**2.85**	**3.54**	**4.23**
"pre-seniors"	N	190	190	190
	Std. Deviation	2.243	2.159	3.563
Age 65 to 79	Mean	**3.13**	**3.68**	**2.89**
"young seniors"	N	85	85	85
	Std. Deviation	1.765	2.227	2.440
Age 80 or more	Mean	**3.67**	**3.17**	**1.17**
"old seniors"	N	6	6	6
	Std. Deviation	3.386	2.483	1.602

Table 1: Travel Propensity and Age

In order to estimate the size of the future senior market, we can make some simple extrapolations using on the one hand the demographic growth as estimated by the OFS scenarios and on the other hand the declared future travel propensities declared in our survey. These calculations are given in Table 2, below. The total combined effect of senior population growth and respective changes in travel intensity of the three senior groups is between 21.5% and 27.4% growth in the total number of Swiss senior trips over the next ten years. These calculations must, of course, be used prudently. We are assuming that the declared future travel intensities come

true, which may not be the case. Furthermore, the sample size of today's 80+ group is quite small making the numbers for current travel intensity of old seniors very approximate. According to our sample, the travel intensity of the old senior group will fall over the next ten years. This seems quite pessimistic, and given the continued increase of life expectancies, one might expect that travel intensities at least stay similar. Nevertheless, even if the predictions come true, the potential of the senior market is even bigger than one would assume by simply looking at the demographic numbers previously examined.

2007 - 2017		**Average Scenario**	
	Population Effect	Travel Intensity Effect	**Total Effect**
Pre-Seniors	+ 15.7%	+ 14.6%	**+ 32.5%**
Young Seniors	+ 24.9%	- 0.3%	**+ 24.5%**
Old Seniors	+ 22.3%	- 28.1%	**- 12.1%**
General 50+ Market		***Total Effect + 24.4%***	

2007 - 2017		**High Scenario**	
	Population Effect	Travel Intensity Effect	**Total Effect**
Pre-Seniors	+ 18.1%	+ 14.6%	**+ 35.3%**
Young Seniors	+ 27.7%	- 0.3%	**+ 27.4%**
Old Seniors	+ 28.1%	- 28.1%	**- 7.9%**
General 50+ Market		***Total Effect+ 27.4%***	

2007 - 2017		**Low Scenario**	
	Population Effect	Travel Intensity Effect	**Total Effect**
Pre-Seniors	+ 13.2%	+ 14.6%	**+ 29.6%**
Young Seniors	+ 22.1%	- 0.3%	**+ 21.8%**
Old Seniors	+ 17.4%	- 28.1%	**- 15.6%**
General 50+ Market		***Total Effect + 21.5%***	

Table 2: Expected Growth of the Senior Market

Travel Motivation and Age

In order to understand how travel motivations differ between generations and how they change over time we asked a series of questions on the main purpose of travel. Respondents were given a choice of 12 travel motives and asked to point out the main ones. As with the question on travel intensity, respondents were asked to indicate their travel motives ten years ago, today and in ten years. The results summa-

rized in Table 2 indicate a number of things, but a word of caution must be made. Due to the very small number of old seniors in our sample, the results for current preferences among this group can not be interpreted with any degree of exactitude.

Firstly, the preference for physical and sports-related activity seems to drop with age. This is apparent among all senior groups, but is particularly the case among old seniors. Young seniors generally indicate that they expect physical activity to be less of a motivator in the future.

Travel Motivations Today	General Population	Pre-Seniors	Young Seniors	*Old Seniors*
Physical activities/ Sports	48.0%	45.3%	38.8%	*16.7%*
Experience nature	78.3%	81.8%	91.8%	*66.7%*
Seek calm	61.4%	67.2%	48.2%	*100.0%*
Sightseeing	21.1%	18.2%	16.5%	*16.7%*
Sun and bathing	26.1%	23.4%	4.7%	*16.7%*
Gastronomical delights	30.0%	31.2%	29.4%	*33.3%*
Experience history and culture	32.8%	38.0%	43.5%	*16.7%*
Do something for the health (e.g. wellness)	24.5%	27.1%	23.5%	*16.7%*
Socializing (with new or existing friends)	13.9%	13.0%	16.5%	*0.0%*
Shopping	7.9%	3.6%	1.2%	*0.0%*
Time for family, partner or self	53.1%	50.5%	35.3%	*16.7%*
Widen horizons, learn something	33.5%	34.4%	30.6%	*0.0%*
Sample size (n):	***710***	***192***	***85***	***6***

Travel Motivations in 10 Years	General Population	Pre-Seniors	Young Seniors	Old Seniors
Physical activities/ Sports	38.3%	46.1%	26.5%	24.0%
Experience nature	73.8%	75.6%	74.1%	66.0%
Seek calm	64.2%	67.4%	59.3%	50.0%
Sightseeing	19.9%	21.3%	16.0%	12.0%
Sun and bathing	21.0%	22.9%	16.0%	4.0%
Gastronomical delights	30.6%	29.5%	32.7%	28.0%
Experience history and culture	34.6%	35.3%	40.7%	26.0%
Do something for the health (e.g. wellness)	34.1%	35.3%	34.6%	26.0%
Socializing (with new or existing friends)	14.4%	14.3%	16.0%	8.0%
Shopping	4.6%	4.3%	0.6%	0.0%
Time for family, partner or self	53.7%	61.2%	40.7%	38.0%
Widen horizons, learn something	35.1%	35.3%	35.2%	10.0%
Sample size (n):	***710***	***258***	***162***	***50***

Table 3: Travel Motivations

Experiencing nature appears to be higher than average on the agenda of seniors and this is the most frequently mentioned motivation among pre-seniors and young sen-

iors alike. We believe the high preference for nature and landscapes does and will continue to benefit Switzerland as a destination. Interestingly seeking calm appears to be high on the list of priorities of pre-seniors but less so among young seniors and old seniors. We expect this to be linked to the fact that pre-seniors are still working and therefore appreciate time to calm down during their holidays, whereas other groups of seniors are retired and already benefit more extensively from calm during their everyday lives.

A somewhat surprising result is that with age, the importance of having time for family, partner and one self seems to diminish significantly. Other studies have on the contrary shown that visiting friends and relatives becomes more important with age (Javalgi et al., 1992). This may be linked to the grouping we made of three potentially separate questions, namely being with family, being with partner and being alone. For example, we know from demographic data that among young seniors, 40% of women and 15% of men live alone (Wanner et al., 2005). These people may travel to be with their children and grandchildren, but don't live in a family or with a partner, and do not travel to be alone. It may then be unclear whether they should answer "yes" to "time for family, partner or self" as a motivation in our questionnaire. Perhaps the results would have been more easily interpretable if we had separated this question into three. On the other hand, it should be noted as well that the Swiss Travel Market Report has found that in general, the importance of "visiting friends and relatives" as a travel motive has been decreasing over the past ten years (Bieger & Laesser, 2005).

The preference for "sea, sand and sun" looses importance with age, as does sightseeing and shopping. Socializing and experiencing history and culture, however, increase in importance. As for wellness, often considered to be very much a typical senior product, it is interestingly mainly preferred by the pre-seniors.

Our results are in general quite similar to the results of the Swiss Travel Market Report, which found that people aged 55 and above belong mainly to two groups. Seniors belonging to the first group travel mainly for diversion, to see and experience something new, get away from it all, visit or experience sights and culture and to enjoy landscapes and nature. A second, slightly smaller, group terminate a phase of their life with a trip, look for the prestigious character of a trip, search for esteem, or want to experience adventure and perhaps even risk (Bieger & Laesser, 2005).

Destination Preferences and Age

A very important question concerns people's preferences in terms of holiday destination. Decreasing disposable income and worsening health are both linked to age and directly influence mobility. One would expect the choice of destination to be affected. Thus studies tend to show that destination preference differs according to age group. It is, however, not at all clear that one can simply assume that older tourists prefer closer destinations. What does seem to prevail in the literature, is an increase, particularly among older seniors, for travel within a person's own country (Romsa & Blenman, 1989). One might expect that with growing age the preference for closer destinations would increase, and this is indeed what we found. Switzerland was considered the number one or two holiday destination by 88% of pre-seniors and 93% of young seniors, compared to 85.9% of the general sample. The difference between the general sample and pre-seniors was not very big. Young seniors, however, had a clearer preference for more distant European countries than the neighbour countries. Due to the small sample size of old seniors it is difficult to conclude anything about this group. Concerning expectations of destination preferences in the future, the pattern was similar, with the future pre-seniors not differing much from the general population, but young and old seniors favouring Switzerland and neighbouring countries. In general, travel distance decreases with age, but the effect is greatest after retirement. These results are summarized in Table 5.

Our results are similar to those found by Interhome AG in their survey. In the survey carried out, respondents could choose their favourite destinations for holiday rentals among a list of 23 countries (mainly in Europe) where the holiday rental firm is present. These destinations included the most common travel destinations of Swiss travellers in general. Due to the survey design, the age groups used were slightly different than the ones used in our survey. In the case of non-seniors (up until the age of 49), 61.1% of respondents chose Switzerland as a preferred destination, against 72.6% of all seniors.

	Frequency	n	Percent
Up to 29	47	72	65.3%
30 - 39	149	228	65.4%
40 - 49	219	379	57.8%
50 - 59	139	208	66.8%
60 plus	129	161	80.1%
Total	683	1048	65.2%

Table 4: Travel Destinations Interhome Survey

Furthermore, as can be seen in Table 4, there was a notable difference between younger and older seniors, whereby the older ones have an overwhelming preference for Switzerland as a destination. As anticipated, it is not clear what happens among other age groups.

Today	Switzerland	Neighbouring Countries	Rest of Europe	Overseas	*Sample (n):*
General Population	85.9%	63.2%	17.4%	20.5%	*690*
Pre-seniors	88.0%	64.5%	15.6%	14.5%	*192*
Young seniors	93.0%	55.3%	24.7%	17.8%	*85*
Old seniors	100.0%	50.0%	16.7%	16.7%	*6*

(note: primary or secondary destination)

In 10 Years	Switzerland	Neighbouring Countries	Rest of Europe	Overseas	*Sample (n):*
General Population	72.4%	47.6%	15.4%	46.0%	*690*
Pre-seniors	71.8%	52.3%	18.2%	44.2%	*258*
Young seniors	82.7%	56.7%	13.0%	20.6%	*162*
Old seniors	82.0%	42.0%	2.0%	8.0%	*50*

(note: primary or secondary destination)

Table 5: Travel Destinations[2]

Infrastructure and Activity Preferences and Age

A particularly interesting question concerns the infrastructure characteristics preferred by senior tourists. We were able to use results of the rental home survey to understand the particular holiday rental home characteristics preferred by seniors as compared to non-seniors. Due to the lack of previous research on this question we do not formulate any specific hypotheses. Our approach to this question is purely exploratory. We would however expect a greater preference among non-seniors for high-tech related equipment, as well as for the availability or proximity of various leisure activities (Ananth, DeMicco, Moreo, & Howey, 1992; Callan & Bowman, 2000; Mathur, Sherman, & Schiffman, 1998). The results can be found in Table 7.

As can be seen, a number of significant differences exist between age groups in terms of preferences. As we anticipated, there is a stronger preference among younger generations for high-tech attributes, such as internet connection and hi-fi system, or even air conditioning. Having said this, seniors have a very strong preference for television. In terms of amenities, these elderly persons also want towels and

[2] Totals are not equal to 200% due to missing data: some respondents indicated only one preference.

linen to be provided. This may be due to the higher difficulty they experience in carrying heavy luggage with them on holiday.

Confirming some of the findings of previous studies, seniors seem to be less interested in physical activities like swimming, since they rate a pool or going to the sea as less important than do other groups. Proximity to shopping and to a town centre does seem important, however, possibly due to the possibilities such activities and places offer for social interaction.

Finally a very interesting finding is the preference for smaller holiday rentals, with a significantly lower preference for detached houses and large apartments and houses. This is probably due to the older senior group often not travelling with children. Furthermore, there is of course a link between preferred size and willingness to pay

Our demand-side survey revealed preferences concerning the type of trip preferred by seniors, as indicated in Table 6. We found that seniors have a proportionately higher preference for tours, cruises and rural trips than the general population, whereas they have a proportionately lower preference for beach holidays, city trips and winter holidays in the snow. Interestingly, when asked about preferences ten years in the future, pre-seniors claimed a higher preference for beach and city holidays.

Type of Trip Today	General Population	Pre-Seniors	Young Seniors	*Old Seniors*
Beach holiday by sea or lake	46.2%	39.1%	14.1%	*33.3%*
City trip	48.9%	45.8%	43.5%	*66.7%*
Tour with car, bus or train	29.7%	33.9%	31.8%	*66.7%*
Cruise or sailing	8.2%	9.9%	11.8%	*16.7%*
Rural trip or trip to mountains	62.7%	69.8%	68.2%	*66.7%*
Health-oriented (wellness, treatments)	22.1%	22.4%	15.3%	*16.7%*
Winter holidays in the snow	68.9%	65.1%	55.3%	*16.7%*
Winter holidays in the sun or at the beach	9.6%	9.9%	11.8%	*0.0%*
Event- driven trip (concert, sports event…)	14.6%	14.6%	8.2%	*16.7%*
Trip to visit family and friends	21.5%	22.4%	14.1%	*0.0%*
Trip for special event (wedding or other)	5.5%	5.7%	3.5%	*0.0%*
Other	7.7%	5.2%	7.1%	*0.0%*
Sample size (n):	***690***	***192***	***85***	***6***

Type of Trip in 10 Years	General Population	Pre-Seniors	Young Seniors	Old Seniors
Beach holiday by sea or lake	45.2%	49.6%	29.0%	10.0%
City trip	48.6%	55.8%	38.9%	20.0%
Tour with car, bus or train	31.0%	32.9%	34.0%	24.0%
Cruise or sailing	15.1%	17.1%	16.0%	8.0%
Rural trip or trip to mountains	56.2%	57.4%	67.3%	56.0%
Health-oriented (wellness, treatments)	35.1%	38.0%	30.9%	16.0%
Winter holidays in the snow	61.1%	70.2%	48.8%	32.0%
Winter holidays in the sun or at the beach	14.4%	14.0%	14.8%	8.0%
Event- driven trip (concert, sports event…)	12.7%	11.6%	10.5%	8.0%
Trip to visit family and friends	17.0%	18.6%	16.0%	12.0%
Trip for special event (wedding or other)	6.1%	5.4%	5.6%	4.0%
Other	6.9%	6.2%	4.9%	6.0%
Sample size (n):	***710***	***258***	***162***	***50***

Table 6: Trip Type

Age Group:	Up to 29	30 - 39	40 - 49	50 - 59	60 plus	Total	Signif.
n:	*71*	*211*	*340*	*173*	*101*	*896*	
Proximity to town centre	2.39	2.57	2.69	2.52	2.35	*2.57*	0.034
Proximity to sea/lake	1.82	1.93	2.00	2.10	2.45	*2.04*	0.001
Proximity to shops/supermarket	2.04	2.18	2.43	2.35	2.27	*2.31*	0.004
Holiday with other apartments	3.75	3.97	3.69	3.66	3.81	*3.77*	0.058
Holiday with own restaurant	3.82	3.90	3.88	3.73	3.70	*3.83*	0.498
2 bedrooms or more	2.48	2.05	2.00	2.38	2.85	*2.22*	0.000
Detached holiday house	2.85	2.61	2.71	3.06	3.49	*2.85*	0.000
Pets permitted	3.66	4.17	4.12	3.91	4.02	*4.04*	0.082
TV, Radio	2.85	2.57	2.45	2.54	1.99	*2.48*	0.001
Videorecorder	4.44	4.50	4.56	4.57	4.77	*4.56*	0.077
Hi-fi	3.52	3.76	3.99	4.20	4.52	*4.00*	0.000
Internet connection	3.82	4.12	4.06	4.23	4.29	*4.11*	0.091
Washing machine	2.89	2.66	2.82	2.95	2.85	*2.82*	0.324
Dishwasher	2.66	2.52	2.56	2.60	2.72	*2.58*	0.775
Microwave oven	3.41	3.56	3.81	3.82	3.66	*3.71*	0.054
Oven	2.28	2.12	2.29	2.32	2.63	*2.29*	0.036
Coffee machine	3.08	2.91	2.47	2.54	2.59	*2.65*	0.001
Air conditioning	2.69	3.22	3.29	3.35	3.69	*3.28*	0.000
Barbecue	2.70	2.85	2.97	3.24	3.96	*3.09*	0.000
Private swimming pool	2.80	3.08	2.98	3.32	3.64	*3.13*	0.000
Communal pool	2.49	2.86	2.63	3.10	3.28	*2.84*	0.000
Cleanliness	1.21	1.15	1.17	1.20	1.11	*1.17*	0.697
Bed linen provided	1.70	1.73	1.74	1.61	1.45	*1.68*	0.159
Towels provided	2.38	2.05	2.21	1.88	1.74	*2.07*	0.001

Table 7: Rental Characteristics Preferences

Disposable Income and Age

A common argument, perpetuated by the popular media, is that elderly citizens are particularly richer than the rest of society. Reality is somewhat more nuanced. Statistics show that in fact pre-seniors, who most often are still working, tend to have relatively higher disposable incomes than other age groups. The young and old seniors (those over 65) tend, however, to have somewhat lower income levels (Javalgi et al., 1992). Moreover, these people often have higher health related expenses (Fleischer & Pizam, 2002). It is not surprising then that it was found in studies of both mature British and US travellers that these travellers put a great emphasis on value for money (Ananth et al., 1992; Callan & Bowman, 2000). A study of Australian senior travellers found that young seniors spend more than younger seniors (Horneman, Carter, Wei, & Ruys, 2002).

Figure 9 gives an indication of the evolution of disposable household income as it relates to age in the case of Switzerland. As can be seen income increases with age but starts to drop after a person reaches the pre-senior stage. The largest drop in disposable income occurs after retirement, which is at the age of 65 in Switzerland. The picture is similar in the rest of Europe. In the EU-15 countries, in 2001, the median net income of the population over the age of 65 was 86.3% that of the population under 65.

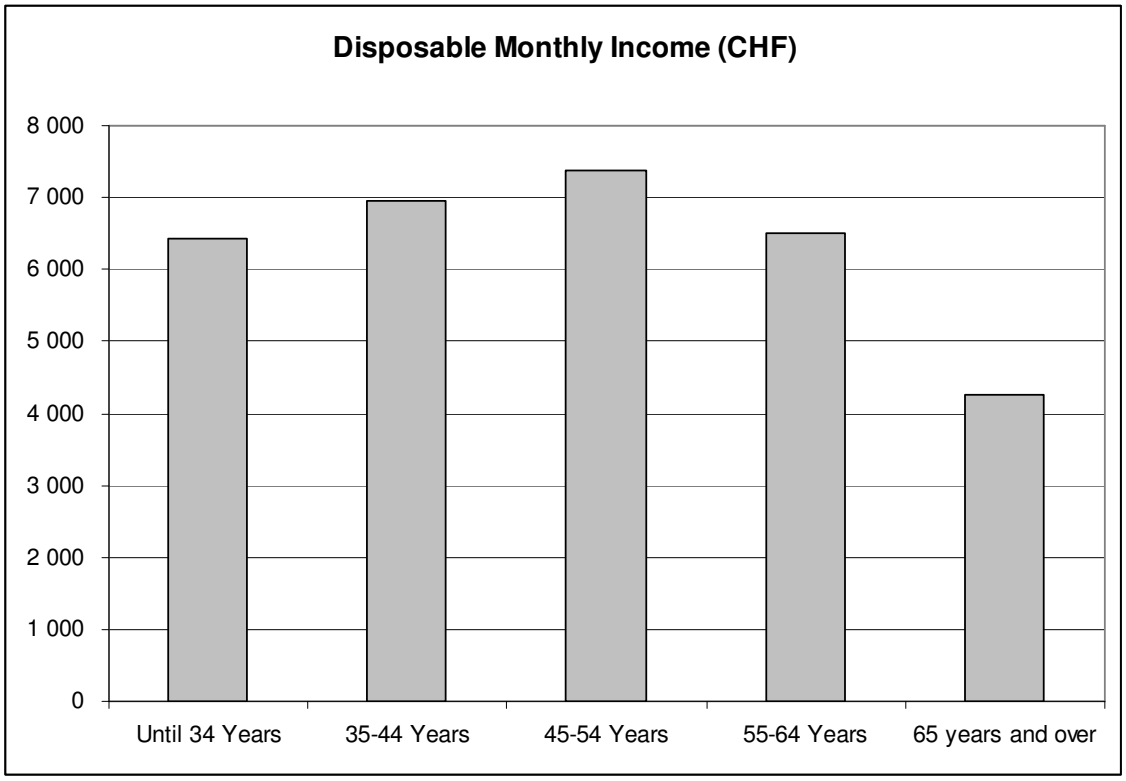

Figure 9: Disposable Income for Different Age Groups in Switzerland

An important limitation of our study is that we do not have disposable income data from the survey on which our analysis is based. Therefore, we will not directly be studying the effect of household income level on holiday rental expenditure. The link we will study is that between age group and expenditure. We therefore assume that expenditure willingness will be directly linked to disposable income. Since we believe

that high-income groups will, all else equal, be willing to spend more for travel, and given that income changes with age, we hypothesize a direct relationship between age and willingness to pay for holiday rentals. The result of this hypothesis is that the willingness to pay should follow a similar age-related pattern as that of the disposable income, as graphically represented in Figure 9.

Chapter 5: Supply-Side Results: Is the Industry Ready?[3]

In this chapter we present the results of our supply-side survey and interviews carried out as a part of our investigations. The over-all aim of this part of our investigation was to understand if the Swiss tourism industry and the hospitality industry in particular, are ready to face the demographic shift. A second aim was to try to identify best practices, effective behaviours and to understand how industry professionals perceive the senior market today.

Data Used

As already mentioned in the previous chapter, an online survey was sent to all 2'183 hotels classified in Switzerland in January 2007, in cooperation with the Swiss Hotel Association (hotelleriesuisse). According to hotelleriesuisse statistics, these hotels represent over 60% of available beds and generate 74% of the total number of hotel-nights in the country. An email explicitly inviting general managers or members of the senior management to respond was sent to the hotels, with a reminder being sent two weeks later. In total we had 254 usable questionnaires in return (11.6%). Given the population size we consider this an adequate sample size. As explained in the previous chapter, we verified if the sample was representative by comparing the sample proportion of respondents belonging to the different hotel categories, with the actual proportion of hotels in those categories. This verification was particularly important in order to assess the risk of non-response bias. The result was very satisfactory.

Further tests were made. In order to test for late response bias, we divided the sample into early and late responses and compared the organization size of early and

[3] Portions of this chapter have been published and presented at the 2007 Hospitality and Leisure: Business Advances and Applied Research Conference (Sund, 2007)

late responding hotels, by looking at the average number of rooms. The average number of rooms was 42 for both sub-samples. This satisfied us that there was no late response bias, and we refrained from making further analysis. This choice was made because early responses were the result of the first email sent out, where instruction were given in German language, followed by French language. We noted an over-proportional response from hotels located in the German speaking part of Switzerland. Therefore, we inversed the languages in the reminder email, with the result that there was a higher proportion of hotels located in the French speaking part in the later responses.

The detailed scales we used to measure various constructs can be found in the Appendix, and are taken from the extant literature. On the basis of extant literature we included a number of constructs as control variables. Commonly used control variables included organizational size)measured by the number of employees (Garg, Walters, & Priem, 2003) and number of rooms) and organizational performance (White, Varadarajan, & Dacin, 2003). An analysis using our control variables indicated that there were no hidden effects due to these variables. By basing ourselves on instruments that have been commonly used in the literature, we have a certain guarantee of construct validity. We made further specific analysis in order to ascertain this validity by analyzing the correlations between the various items of the main constructs.

Convergent validity refers to whether items within an instrument converge towards a common construct. For instance, the items within our action construct should be correlated if they are to explain the same underlying concept. Discriminant (or discriminatory) validity refers to whether items that should not be related to the same construct are in fact not correlated. In general we would hope to find a higher inter-item correlation within each construct than between the constructs. An examination of the correlations suggested that indeed this is the case and therefore we would venture

that both convergent and discriminant validity is established for the various instruments.

For each instrument we also tested the internal consistency reliability, using Cronbach's Alpha. This procedure tests to what extent items that reflect the same construct yield similar results. A Cronbach's Alpha of 0.70 or above is considered to demonstrate reliability (Cronbach, 1951). The Cronbach's Alpha of our various instruments was between 0.77 and 0.87, confirming reliabilty[4].

Perception of the Demographic Shift

As was demonstrated in chapter 2, the phenomenon of demographic ageing is inevitable, on-going and growing in Switzerland. At this stage it seems highly unlikely that the ageing process can be reversed, let alone stopped. Given that one of the key aims of this project was to understand if the tourism sector, and in particular the hospitality industry, is ready for this demographic shift, we wanted to find a way to measure quantitatively how well the industry has perceived and understood this change. Using our survey, we devised a series of questions to measure this perception. The method was inspired by a 1990 study of U.S. colleges (Milliken, 1990).

We told responders that "An increase in the number of elderly persons has been predicted in Switzerland for the time period 2006 to 2025", and asked them: "If you had to assign a probability as to the likelihood that this increase will take place, what would it be? (0% to 100%)". We then asked: "How likely is it (in your estimation) that your business will be affected by this increase? (0% to 100%)", and "How much of an impact do you think this increase will have on your business?" using a Lickert-type scale of 1 to 7. After each question we asked respondents: "How certain are you of your estimate?" on a Lickert-type scale of 1 to 7.

[4] The detailed results are available from the main author on request.

The results of our questions were quite astonishing and took us by surprise. As can be seen in Figure 10, out of the 254 hotel managers who responded to our survey, 162, or almost 2 out of 3, believe that the probability that an increase in the number of elderly will take place is only 50% or less. It should be noted that no-one thought the probability was 0%. Of course, objectively, and barring any major demography-influencing event, the probability is 100%. Although we were surprised by the extent of the ignorance among hotel managers concerning the demographic shift, one should perhaps not be too astonished. After all, the phenomenon has received much less attention in the media and from tourism and hotel associations, than have other major trends, such as global warming, for example.

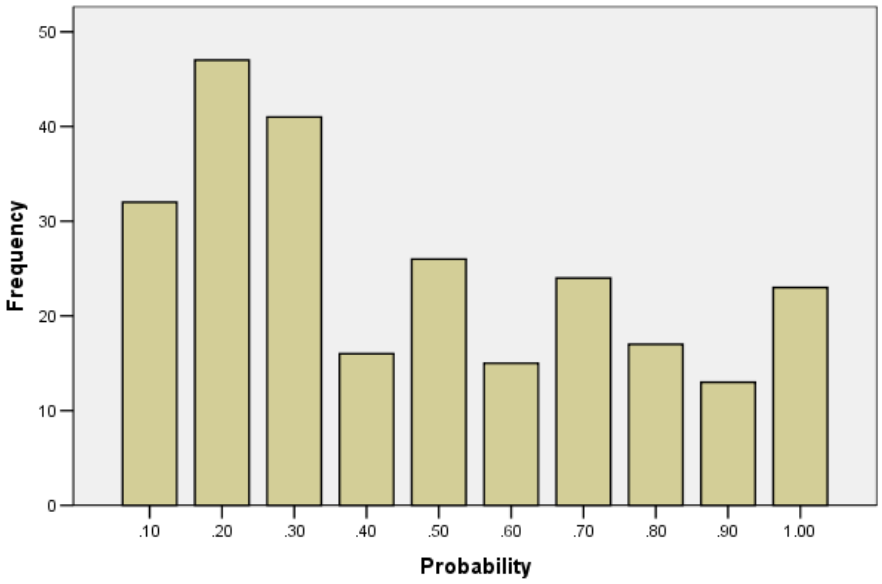

Figure 10: Perceived Probability That the Demographic Shift Will Take Place

When asked to estimate the likelihood of the individual hotel being affected by the ageing population trend, not surprisingly we found two distinct groups of hotel managers. Those hotel managers, who estimated the probability of the demographic shift taking place as being 50% or less, generally estimated the likelihood of their hotel

being affected as being low. On the other hand, hotel managers who believed the probability of the demographic shift to be higher than 50% also believed that there was a high chance of their hotels being affected by this shift. Similarly, the first group reported a lower probable impact. These differences were all statistically highly significant (at 99% or above).

	Perceived probability of being affected	N	Std. Deviation
Managers believing probability of shift is 50% or less	.364	162	.2405
Managers believing probability of shift is more than 50%	.667	92	.2022
Total	.474	254	.2699

	Perceived magnitude of impact	N	Std. Deviation
Managers believing probability of shift is 50% or less	3.89	162	1.351
Managers believing probability of shift is more than 50%	4.49	92	1.271
Total	4.11	254	1.352

Table 8: Perceived Probability of Being Affected and Perceived Magnitude of Impact

The conclusion of these numbers has to be that it appears that a majority of Swiss hoteliers have not yet recognized the demographic ageing process. Those who have not recognized this process further believe that their businesses will not in any way be affected by this process. Only a minority of hoteliers have recognized the trend of ageing and believe that this will have some sort of impact. These results underline the necessity for industry associations, academics, media and other stakeholders to inform hotels and other companies in the tourism sector about the ageing population. As we will discuss later in this chapter, it is not necessary for a hotel to focus on the senior segment in order to be successful, but it *is* necessary to be informed in general.

Segmentation According to Hotel Categories

A number of interesting results came from a purely descriptive analysis of the data collected. As we would have expected, we found that the higher the classification of a hotel, the bigger the hotel tended to be not only in terms of employees, but also in terms of rooms. The same was the case for the number of employees per room, indicating what is well known - that hotels with higher classifications are more labour intensive. In terms of occupancy rates, one of our performance measures, it was interesting to note that 5-star and 4-star rated hotels had on average the same occupancy rate. Furthermore, the "stuck-in-the-middle" 3-star and 2-star hotels had the lowest occupancy rates.

In order to assess the performance of hotels in our sample, we used a specific method. Due to a majority of Swiss hotels being privately owned and operated, there are only very limited publicly available records on financial performance indicators. It has further been noted in previous studies that hotel executives are reluctant to give out details of financial performance (Alvarez Gil, Burgos Jimenez, & Cespedes Lorente, 2001). We therefore followed a method used in several studies, measuring performance using questions on occupancy rates, profitability as compared to direct competitors, and over-all performance as compared to direct competitors (Alvarez Gil et al., 2001; Claver-Cortes, Molina-Azorin, & Pereira-Moliner, 2006; C. C. Miller & Cardinal, 1994; Robinson & Pearce, 1988). We found that the correlation between the two performance measures was adequate (0.63). Their relationship with occupancy rate was somewhat lower (i.e. correlation of 0.40 for the relationship between profitability and occupancy, and 0.48 between general performance and occupancy). These results are, interestingly, very similar to what Alvarez Gil, Burgos Jimenez and Cespedes Lorente (2001) reported. We constructed a performance instrument based on our three indicators, by rescaling the occupancy measure and averaging the three measures. The Cronbach's Alpha of this measure was 0.75. We had to remove a few outliers due to non-response on our measure of occupancy rate.

The Swiss Hotel Association commonly splits the industry into two groups: city hotels and rural/mountain hotels. Looking for performance differences between these two groups we found that city hotels declare a higher performance than rural hotels. City hotels had a mean occupancy rate of 63.52%, a mean profitability of 4.88 and a mean general performance of 5.14. Rural hotels declared a mean occupancy rate of 56.48%, a mean profitability of 4.24 and a mean general performance of 4.95. It is somewhat difficult to make any conclusions based on these results, since two of the measures are perceptual of nature and are evaluated based on a comparison with peers. We would have had to measure real profitability in order to be certain of a true performance difference. That city hotels in general have a higher occupancy rate on a yearly basis is not surprising, since their business is generally less seasonal than in the mountain resorts. On the other hand, city hotels may be faced with higher costs, including wage costs.

Category	Employees	Rooms	Occupancy Rate	Employees per Room
5*	142.5	104.5	64.4	1.4
4*	41.9	64.1	64.2	0.7
3*	15.7	35.5	59.3	0.4
2*	7.4	22.4	54.2	0.3
1*	7.0	58.3	61.5	0.1
Other/None	16.7	18.2	47.4	0.9

Table 9: Hotel Category Differentiation

We tested if there was a difference in performance between members and non-members of marketing organizations, and found that there were indeed differences. These are summarized in Table 10 which shows that members of such organizations seem to perform better than non-members.

Performance

Marketing Organization	Mean	N	Std. Deviation
Non-Members	4.3918	161	.94809
Members	4.7663	93	.85565
Total	4.5289	254	.93133

Table 10: Marketing Organization Membership and Performance

Scanning, Action and Performance

Within the organization theory literature, the importance of organizational scanning has been granted some attention. We wanted to test if differences in scanning might explain the differences in perception with regards to the ageing population trend.

Scanning is defined as the deliberate act of collecting data about the outside environment (R. L. Daft & Weick, 1984; Fahey & King, 1977). The focus of organizational scanning is thus typically considered to be external to the organization, although it has been suggested that the internal environment is scanned as well (Thomas, Clark, & Gioia, 1993). Donald Hambrick (1982) has argued that the total amount of scanning does not necessarily differ from one organization to another, but that the focus of this scanning does (Hambrick, 1982). That scanning is done selectively across sub-sectors of the environment has been evidenced quite extensively in the literature (Boyd & Fulk, 1996; Richard L. Daft, Sormunen, & Parks, 1988; Garg et al., 2003; Hambrick, 1981), but so has the fact that organizations may exhibit varying levels of scanning and use various methods of scanning (Beal, 2000; Fahey & King, 1977; Lang, Calantone, & Gudmundson, 1997; Sutcliffe, 1994). In fact it has been found that executives in high performing organizations scan the environment more broadly and frequently than those in low performing organizations (Richard L. Daft et al., 1988), something we wanted to verify in our analysis.

In our survey the level of scanning was measured using Miller's (1987) scale. This instrument has four items evaluated on a 7-point Likert-type scale and gathers information on the extent to which various devices of scanning are used by the executive's firm (D. Miller, 1987).

Another important variable we wanted to measure was the extent to which Swiss hotels have taken actions to address the senior segment. We did this by constructing a measurement instrument based on actions taken. In general, organizational actions can be changes of a strategic nature, of a competitive nature or of a structural nature (Dutton & Duncan, 1987; Ginsberg, 1988; Thomas et al., 1993). We loosely based our measurement of organizational (strategic) action on Thomas, Clark and Gioia's (1993) instrument. We used four questions adapted to fit this particular survey. Respondents estimated the extent to which actions have been taken to serve the senior tourist segment, on a 7-point Likert-type scale. Our four item instrument proved to be highly reliable, with a Cronbach's Alpha of 0.85.

We verified if there were differences in the level of scanning between members and non-members of marketing organizations. We found that there were. One might speculate that marketing organization membership leads to higher access to industry reports and statistics, giving the executive more incentive and access to information about trends happening in the external environment thereby leading to more scanning. This in turn leads the executive to make better, more informed, decisions, thereby positively influencing performance.

Scanning

Marketing Organization	Mean	N	Std. Deviation
Non-Members	4.2655	161	1.24803
Members	4.6774	93	1.01254
Total	4.4163	254	1.18210

Table 11: Marketing Organization Membership and Scanning

In a recent study of Israeli firms, it was found that high performance firms tend to view their environment as more certain than low performance firms (Carmeli, 2001). Although the exact nature of this relationship was not given in that study, we would suggest that this relationship may in fact occur, and would in that case be the result of high performance firms more actively scanning their environment. Hence, we might expect to find that low performance firms engage in less scanning and feel more uncertain about the state of their environment. Conversely, we would expect that high performance firms engage in more scanning and feel less uncertain about the state of the environment. We tested this relationship using our data and found that our hypothesis could be verified.

We divided our sample into two sub-samples, containing respectively high- and low-performance organizations. We did this by ranking the hotels according to performance and roughly dividing the sample into two similar-sized sub-samples. We then compared the two sub-samples on the level of uncertainty linked to the probability assigned by each hotelier, and the level of scanning, in order to determine if there are indeed, as hypothesized, significant differences between the low- and high-performance organizations. Since an initial analysis of the distributions of the values of scanning, uncertainty and performance in the two sub-samples showed that we could not assume normality of these distributions, we chose to use a non-parametric test of two independent samples, and ran a Mann-Whitney U test.

The mean scanning score for the 123 hotels considered to have a low performance was 4.18 with a standard deviation of 1.24, compared to a score of 4.68 with a standard deviation of 1.05 for the 122 high performance hotels. For uncertainty the mean score for low and high performance hotels was 3.97 with a standard deviation of 1.63, and 4.47 with a standard deviation of 1.54, respectively. The two-tailed Mann-Whitney test showed a significant difference in both scanning, with scores showing 99.8% significance, and in state uncertainty, with scores showing 97.9% significance.

All in all our analysis leads us to conclude that we have found sufficient evidence to support both our hypothesis. In other words, we found that high-performance hotels scan the environment more, and feel more certain about their perception of the ageing population trend. We have been able to demonstrate that organizations using scanning mechanisms more extensively tend to have lower uncertainty and higher performance than their low-scanning counterparts. Thus there is a clear value to spending some resources on scanning activities.

We also examined these differences by comparing the group of hoteliers estimating the probability of the ageing population trend as lower than 50% with those estimating it above. We found that the ones (correctly) estimating the probability as higher were also the ones more actively scanning the environment and the ones with higher performances. Not surprisingly there was no link with actions. Just because an hotelier has identified the ageing population trend it does not necessarily make him more likely to market or sell to that particular segment.

		Scanning	Performance	Action
Managers believing probability of shift is 50% or less	**Mean**	**4.3164**	**4.4275**	**3.8812**
	N	162	157	162
	S. D.	1.16988	.91865	1.30759
Managers believing probability of shift is more than 50%	**Mean**	**4.5924**	**4.7867**	**4.0109**
	N	92	88	92
	S. D.	1.18931	.87888	1.24582
Total	**Mean**	**4.4163**	**4.5565**	**3.9281**
	N	254	245	254
	S. D.	1.18210	.91912	1.28460

Table 12: Scanning, Performance and Action

Some Perceived Preferences of Senior Guests

With our survey we wished to find out how Swiss hotels view their senior guests today. Questions were asked involving length of stay, preferred months and spending

among others. Out of the hotels surveyed, 42% said that seniors (65+) represent less than 25% of their over-all guests, whilst 41% said this segment represents between 25% and 50% of their business. For 17% of the hotels surveyed, the 65+ segment represents over 50% of their guests.

A commonly asked question concerns the length of stay of senior customers compared to other segments. We asked hoteliers whether older guests stay longer than other segments. A majority of respondents reported that older guests stay longer than other segments. This is reported in Figure 11. Another question concerned the perceived willingness to spend of older guests. Approximately half of the hoteliers surveyed believe that older guests (65+) spend the same as other segments, whereas 27% believe that older guests spend more. From these results it is hard to conclude anything concerning the expenditure of senior guests. Probably these numbers reveal some uncertainty on behalf of hoteliers concerning the real spending power of seniors. As was discussed in the previous chapters, disposable income generally drops after retirement age. On the other hand, the seniors who travel to Swiss hotels probably represent the wealthier income groups and may not exhibit any drop in their willingness to spend during holiday stays.

Do your older guests (65+) stay longer than other segments?

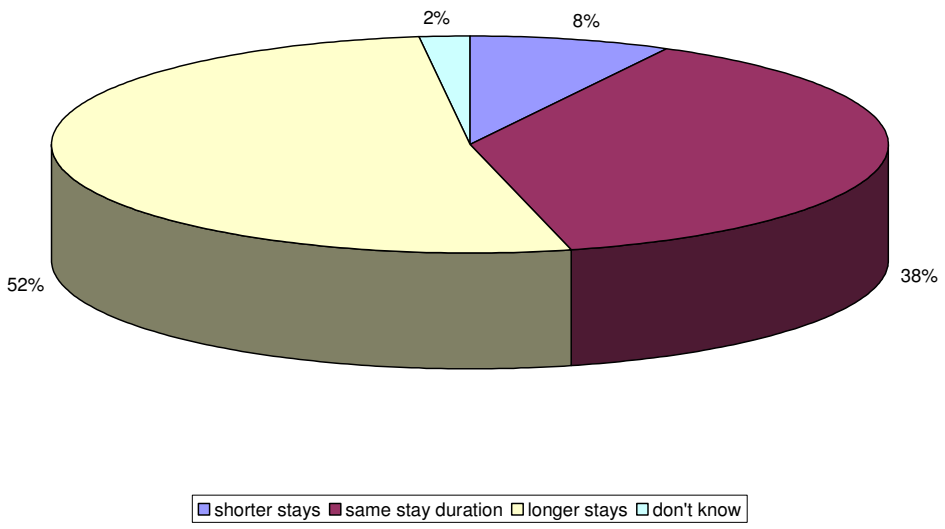

Figure 11: Perceived Length of Stay

How much money are older guests (65+) willing to spend during their stay (on hotel, food, activities etc.), compared to other customer segments?

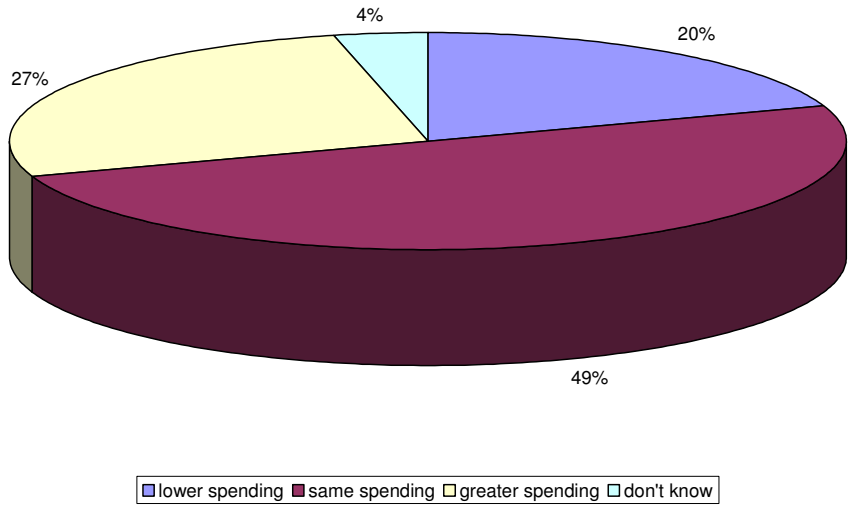

Figure 12: Perceived Willingness to Spend

We wished to understand what the favourite travel periods are for older tourists. We asked this question in both the demand-side survey, and our hotel survey. This allowed us to make a unique comparison between what hoteliers perceive to be the preferred travel months for guests aged 65 and above, and what a panel of persons aged 65 and above identified themselves as being the preferred months. We found some divergence between what older tourists declared themselves and what hoteliers reported, however this divergence was not very large. The results can be found in Figure 13.

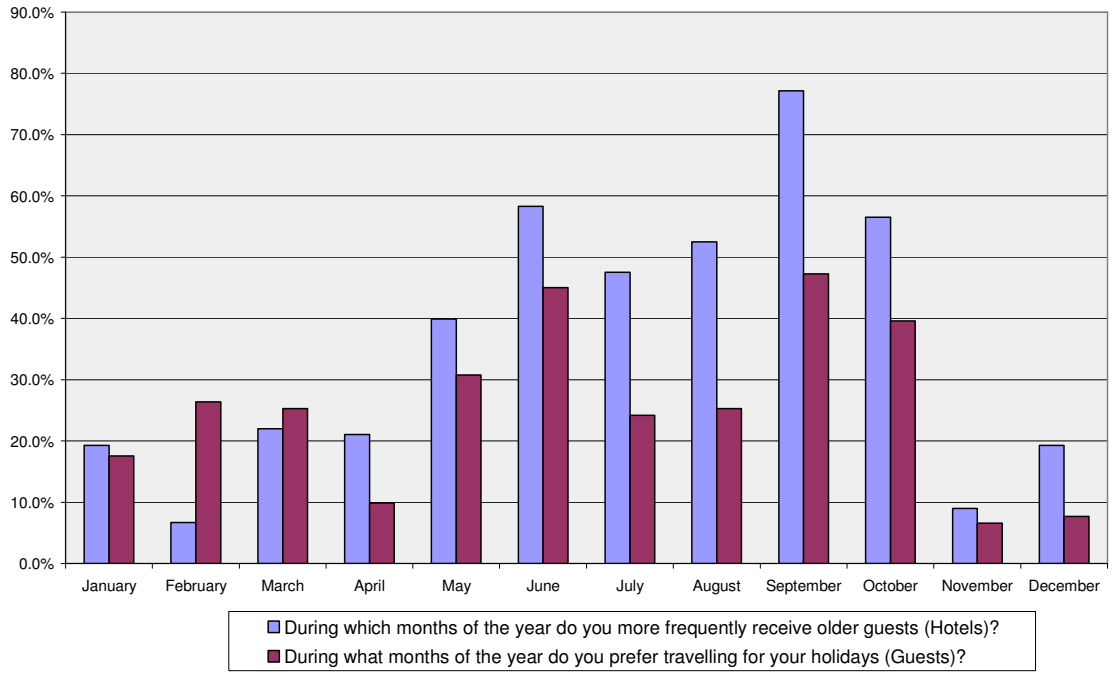

Figure 13: Preferred Months (% of respondents)

During our interviews, we identified some disagreement among the persons interviewed concerning the possibility of mixing older and younger tourists in the same destination or hotel. Some of the experts we talked to seemed to think that young tourists don't like to mix with older tourists, and vice versa. Through our questionnaire we asked hoteliers whether in their experience it is possible to mix young and older

guests in their hotel. Somewhat astonishingly, 96% answered "yes". It seems to be the experience of almost all hoteliers that it is perfectly possible to have a mix of both young and old guests in the same establishment. Although we did not ask a similar question of the respondents to our demand-side survey, this does confirm what many industry experts have noted: that older tourists in particular prefer to be with other segments, and not to be segregated. It would seem then that young tourists also don't mind to mix.

Marketing and Sales to Senior Segments

In our sample of 254 Swiss hotels, only around 14% declared using age as a way to segment their customers. Given the recent trend of life-style segmentation, this is not astonishing. It is therefore also not surprising that we found that 72% don't make a specific marketing towards the senior segment.

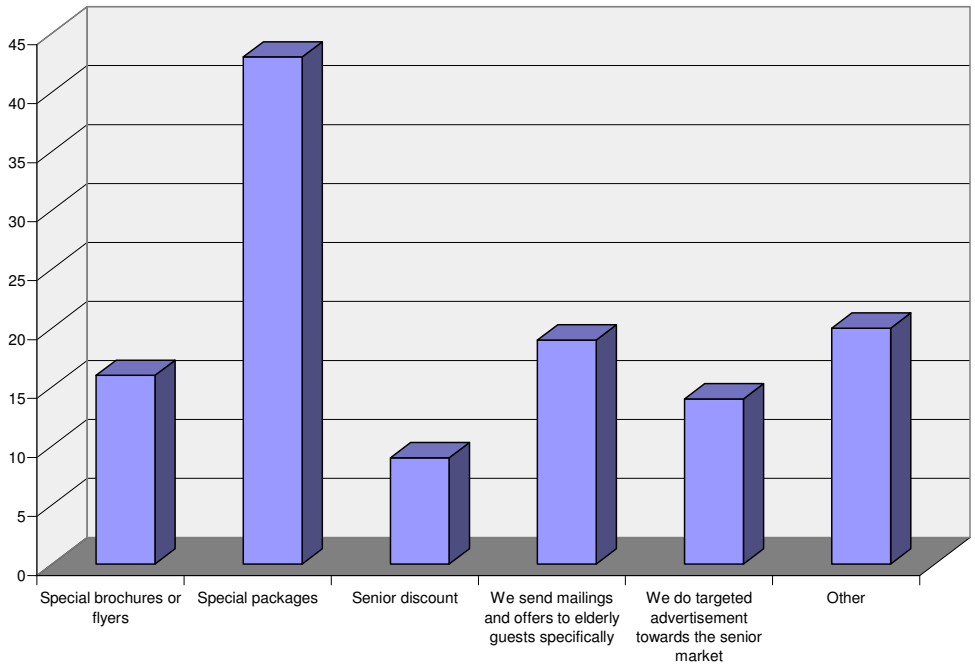

Figure 14: Senior Marketing Tools

For the remaining 28% who do specific marketing for the senior segment, we asked what marketing is done. Figure 14 shows the proportions using various methods. The main methods used seem to be:

- Special packages aimed at senior segments
- Targeted mailings
- Specific flyers or brochures

It is worth noting that senior discounts are disappearing. Today's seniors clearly don't want to be identified as such and neither expect, nor want, preferential pricing due to their age. If the preferential rate is disguised as part of a specific package, including for instance activities clearly preferred by this segment, this will be better accepted by the senior.

A number of other tools and methods were mentioned by hoteliers in addition to those in Figure 14. These included:

- Walks with a guide (mountain or city)
- Cultural activities, mainly concerts or museum visits
- Half-pension schemes
- Special menus (mainly lighter dinners)
- Wellness and health offers
- Room upgrades
- Early dinners
- Combined walking/cable-car offers
- Golf, bicycle or other lighter sports- packages

Some very interesting ideas transpired from our survey. For instance, one hotelier organizes get-togethers with younger persons. Another offers senior residents to go to courses offered by the local university. Yet another organizes transfers for seniors

who do not have their own method of locomotion. A few respondents, although these were clearly a minority, declared having elaborate strategies for welcoming senior tourists, including specific communication, adapted lighting and fixtures, large writing, or 24-hour surveillance systems.

A simple method used by a number of respondents to attract senior guests, is to just spend more time with these guests. When asked in the questionnaire what differentiates older and younger guests, the most common answer was that older guests have more time to spend. It was also often noted that they are calmer but more demanding. They require a more personalized attention and will ask more questions and generally seek more interaction with the personnel. Many respondents remarked that senior guests want calm during the night and often eat earlier and go early to bed. They are also, however, the first ones at breakfast.

Chapter 6: Conclusions and Recommendations

The aim of the present study was to understand the process of demographic ageing currently affecting Switzerland and to examine the possible effects it will have on the tourism sector and hospitality industry in particular. Over the thirty-year period from the year 2000 to the year 2030, the number of persons aged 50 and above will rise by 50%, from less than 2.4 million in 2000, to 3.6 million by 2030. During the same period, the number of people aged between 20 and 64 will grow by only 5% and the population aged 20 or under will drop by 10%. This unprecedented demographic shift is likely to affect the Swiss economy in many ways. There is already an ongoing debate about how to finance pension plans, in particular the AHV/AVS, and some employers are devising plans to keep skilled elderly workers on the payroll even beyond retirement age. However, surprisingly little research and debate has gone into the effects that this demographic ageing will have on consumption in general, and tourism and leisure consumption in particular. Although we never meant to answer all questions, we wished to start and contribute something to such a debate with our research project.

Main Findings

We can divide our main findings into those concerning senior customers directly, and those concerning Swiss hotels and their awareness of the ageing population phenomenon.

According to our collected data, the number of trips undertaken, or the travel propensity, is rising over time. People generally travel more today than ten years ago and generally believe they will travel even more in ten years. However, we also found that the participation in travel activities is particularly high among younger seniors, whereas older seniors (those aged 80+) do not declare travelling much. Altogether we calculated that over the next decade, the number of trips taken by tourists aged 50 and above, will rise by a whopping 25%. This easily makes this segment the big-

gest growth segment in terms of age. No other segment will see such growth. We concluded that there is a real opportunity for the Swiss tourism industry to position itself in this greying market, not only vis-à-vis Swiss customers, but also in Europe in general, given that most European countries are seeing a similar demographic development.

In terms of activities and preferences, what our survey seemed to indicate is that although one can make some generalizations about the preferences of older tourists, it would be wrong to put all older tourists in the same boat. There are some common preferences among all 50+ tourists, such as a preference for nature, or less interest in sports. There are, however, also substantial differences between a 50, 60, 70 and 80 year-old. We found it useful to segment the senior tourist into three age groups, but this choice was subjective. Most likely it will be hard for the practitioner to segment purely according to age. We see the general preference for nature as positive for the Swiss tourism sector, since this may give Switzerland a certain competitive advantage over other destinations.

In general, we also found that with age, there is a growing preference for domestic travel. Again, this trend could prove valuable for the Swiss tourism industry, particularly with domestic clienteles.

Somewhat surprisingly, we found that a large majority of hoteliers do not seem to have understood the nature of the demographic ageing taking place. Most ignore that the shift will take place, even if it has already started and that there can be no stopping it. This result was perhaps the most significant and astonishing one of our surveys, and underlines the necessity for more research and information on the ageing population, both in academic and professional circles. Perhaps the demographic shift has been drowned out in the media by other more easily understood issues, such as global warming and terrorism. It is hard to understand demographic changes. These cannot be directly seen or felt. Nevertheless, the change is taking place.

Through our survey we found that in general there seems to be a relationship between the extents of scanning done by a particular hotelier, the uncertainty felt by the hotelier concerning the ageing population trend, and the performance of the hotel. High-performance hotels clearly exhibit higher levels of scanning and experience lower uncertainty than low-performance ones. Furthermore, perhaps for similar reasons, hotels that are members of a marketing organization showed less uncertainty, higher levels of scanning and higher performance. These results show the importance for any firm of staying informed about developments in the industry and in society in general. If you don't know what is happening in the environment around you, how can you be prepared for the future? This simple argument holds true in this case, where clearly there is a difference between those hotels who seem to stay informed and hence more-or-less understand that population ageing is taking place, and those who do not know.

In general our survey revealed that older guests seem to stay longer or the same duration as other guest segments, whilst spending the same or more. Furthermore, hoteliers generally noted some subtle differences between older and younger guests. Older guests seem to be more demanding but also calmer and less stressed for time than younger guests. They need more careful attention and service. Interestingly, almost all hoteliers feel that it is possible to mix younger and older client groups in the same establishment. The most commonly used marketing tools towards senior segments include specific packages, mailings and information material.

Some Recommendations

Throughout our research we constantly stumbled across the problem that it is difficult to actually define who is a senior. Although terms like senior tourism, elderly customers, greying market or best-agers are commonly used, both in the literature, in the press, and even in this report, there is no easy way to define who is old and who is

not. It is important to emphasize that age alone is probably an inappropriate segmentation tool. There is great variance within specific age groups. Some 70-year olds feel young, are full of energy and travel extensively, whereas others feel aged and tired. Some elderly have good pensions and savings and are willing and able to spend, whereas others have to get by on the basic AHV/AVS. Even if healthy and wealthy, there will always be differences in life-styles and activity preferences. Far from being a challenge, this diversity is an opportunity. There is no one successful product for senior tourists, but many.

Despite the obvious diversity and the caveats mentioned above, we do feel that some basic recommendations can be made to the sector concerning senior tourists. These can be summed up as follows:

1. **Be prepared and stay informed**: We have found that many hotels are simply not aware of the change that is taking place. Although we did not measure this, we would expect to find a similar picture among destination managers, transportation companies and other tourism service providers. Regardless of what strategy will be adopted to cope with the demographic shift, a strategy is only good if it is informed and well communicated.
2. **Decide**: Not every hotel or destination has to ride the demographic ageing wave. It is perfectly legitimate to aim for other segments in priority, or even to avoid senior guests altogether. If a destination or hotel does decide to aim for this segment, it is important to devise clear strategies and products for this market.
3. **Package**: The most commonly cited products aimed at the senior segment are packages. Contrary to the business customer, who just needs a room and breakfast, or the younger customer, who wants independence, the older segment likes a carefully put-together package. The package should probably include one or more targeted activities, either cultural or physical.

4. **Adapt**: Although a few hoteliers in our survey believed that all segments should be offered the same products and services, many more made it clear that the service offering needs to be adapted to the specific expectations of the senior segment. It was commonly noted that this segment wants more personal service, smaller food portions and so forth. A key to success in this market is to adapt to these needs.
5. **Make comfortable**: It must be recognized that although very many elderly tourists are in excellent physical shape, and do not want to be treated as different, the probability of suffering from various age-related ailments, such as bad vision or hearing, is simply higher with age. It is not too difficult to make the stay of senior guests more comfortable, but it does require both destinations and service providers to consider age-sensitive elements such as lighting, writing (on menus or elsewhere), doorways, furniture and so forth. Making the lives of senior guests more comfortable will equally benefit younger guests.

Suggestions for Further Research

As has been mentioned the amount of research done not only on the phenomenon of ageing population, but also more generally on senior tourists in Switzerland, is surprisingly and disappointingly small. This has left many questions unanswered. The aim of our research project was to cast some light on the issues surrounding this demographic shift, with a view firstly to understand whether the Swiss tourism sector and the Swiss hospitality industry in particular, is ready for this shift, and secondly to provide some first insights and recommendations about how to successfully serve this greying market.

Through our research we found what we consider to be convincing evidence that the industry is clearly not yet sufficiently aware of the ageing population phenomenon.

We hope through this report and the media attention it has drawn to contribute to raising awareness for the demographic shift.

Furthermore, we have been able to find some limited evidence as to the differences between younger and older tourists. However, much more research will have to be done in this area before meaningful statements and conclusions can be made to guide the industry. In particular further research needs to be made to elucidate how non-senior and senior tourists decide on a destination and a particular service-provider. In particular it would be of interest to understand better the role of price (i.e. the price-elasticity of demand). It would also be of interest to segment the growing senior groups more accurately according to various factors such as income, wealth and household composition, and to examine the links between these and the travel choices made. We would also suggest that we need to find a better methodology for effectively forecasting customer expectations in general. A common problem with the type of research we have carried out is that the time between the survey and the time when practitioners may be able to use the results is quite long.

It is the hope of the author that other researchers, as well as associations, interest groups, destinations and service providers will continue the work on these fascinating questions and thereby help preserve and strengthen the competitiveness of the Swiss tourism sector.

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Appendix

- **Questionnaires**

- **Conference papers and journal article published as a result of the project**