

YPartnership's December newsletter

Peter C. Yesawich is Chairman and Chief Executive Officer of *Ypartnership*, America's leading marketing, advertising and public relations agency serving travel, leisure and lifestyle clients. The agency is an integrated marketing communications company that is known for its strategic thinking, breakthrough creativity and innovation in marketing practices.

Tourism Saskatchewan is pleased to welcome Mr. Yesawich as the keynote speaker at the second annual *HOST Saskatchewan – Hospitality, Outfitters & Tourism Conference & Trade Show*, March 22 – 24, 2009 at the Queensbury Convention Centre in Regina.

The following is a copy of YPartnerships newsletter from December, 2008.

ON THE EVE OF THE NEW YEAR

Most marketers of travel services will gladly bid adieu to 2008. But the year ahead promises to be equally challenging, and prevailing market conditions suggest it will be a year of heightened competition. The good news is that the travel intentions of Americans remain robust (71% of active travel households are planning at least one overnight trip during the next 6 months, the same as one year ago), so there is still plenty of demand in the marketplace for those who are aggressive and clever enough to capture it. The challenging news is that several emerging trends will affect the composition and performance of your marketing communications, the most significant of which are highlighted below:

- **Value Is King** - And if you doubt that, take a look at what is happening in retailing across America: the "big box" discounters are still churning out year-over-year same store sales increases, while most "luxury" retailers are reporting double-digit declines. The message for travel service marketers is clear: expect consumers to demand more in exchange for what they pay. They won't necessarily opt for the least expensive alternative, but they will shop aggressively to ensure they don't overpay for what they consider rightfully theirs in the current economic climate: a good deal. They are also more likely to purchase inclusively-priced travel services to exercise greater control over the total cost of the trip...before they depart;
- **Vacations And Business Trips Will Get Shorter** – not surprisingly, two-thirds of active travelers who participated in our October (2008) *travelhorizons*[™] survey stated that "staying fewer nights" was one of the strategies they intended to employ to manage the cost of their travel in the year ahead. The net effect is you will need to attract proportionately more visitors/guests just to achieve the same number you

served this year. Clearly, withdrawal from the marketplace is not a prudent option when you do this math.

- **Consumers Will Use The Internet Differently** – the first 10 years of Internet usage were defined by our fascination with access to content. It was deep, enlightening and instantaneous. But the percentage of American travelers who go online to plan and purchase travel has remained essentially unchanged during the past two years (roughly two-thirds), and they are increasingly enamored of the Internet's ability to assist with comparison shopping. The growing popularity of meta search engines such as Kayak and Farecast that pull prices for competitive products and services from multiple supplier Web sites then display them in a user-friendly manner will accelerate this phenomenon.
- **Marketing Will Go Mobile** – almost eight out of ten Americans own a cell phone, yet only 15% of them are Internet enabled. This percentage will rise quickly in the year ahead given the growing popularity of the iPhone™, Blackberry Storm™ and similar devices, however, and with this growth will come greater usage for things other than voice and text communications through advancements in mobility marketing. You can expect more travelers to plan and purchase travel services with these devices as a result. In fact, according to our 2008 NEXTGEN Traveler™ survey, fully one out of four "next generation" travelers plan to use their mobile phone or PDA to make or change travel plans (other than through voice communications) in the next two years.
- **All Vacations Are Not Created Equal** – as revealed in a national survey of over 4,000 adults we conducted for Walt Disney Parks & Resorts earlier this year, vacations are increasingly perceived as an appropriate way to recognize certain life events (e.g., anniversaries, school graduations, retirement, etc.). And the vacations taken to celebrate these life events are decidedly special by practically every measure: they are planned further in advance, budgeted at a higher amount, longer in duration, and include more people in the traveling party. Fully seven out of ten adults have taken one of these "Celebration Vacations" before, with "milestone" birthdays and anniversaries topping the list. This insight inspired the introduction one of next year's most innovative promotional offers: free admission to any Walt Disney park on your birthday in 2009!.
- **Travel Agent Usage Will Continue To Rise** – contrary to what you may have read or heard in recent years, traditional travel agents are not down for the count. On the contrary, fully three out of ten American travelers use the services of a travel agent on

a regular basis, and this percentage is growing for two reasons: 1) many travelers now place a higher value on the time it would take to pick through multiple Web sites to find the best options/prices than the fee they would pay an agent to do the same, and 2) consumers see agents as "in the know" and a potential source of otherwise unadvertised deals (of great interest when value is king!).

- **Going Green Is Good For Business** - although most Americans are unfamiliar with the term "carbon footprint," fully 85% consider themselves to be "environmentally conscious!" And an impressive four out of ten now state they would consider shifting their patronage to a travel service supplier who demonstrates environmental responsibility. Most, however, are not willing to pay a premium fare or rate to green suppliers as they expect them to be good stewards of the environment in which they operate.
- **Diversity Awaits Discovery** – two-thirds of Americans are non-Hispanic whites, yet this percentage will decline to 50% by the year 2043 and become the minority (46%) by the year 2050. At that time, Hispanics will represent 30% of all Americans, African Americans will represent 13%, and the Asian population will represent 8%. Hence, diversity represents an emerging market force, and one that will gain more prominence in the year ahead, particularly given the election of soon-to-be president Obama.

There will be no shortage of challenges in 2009, to be sure. But the year ahead is also one that holds great opportunity for those who amend their marketing practices to reflect the manner in which consumers live, work and travel today.

For more information on the proprietary market insights available through Ypartnership visit <http://www.ypartnership.com/#publications>.

And here's wishing you the very best for the New Year.

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