The Generation Effect: The Future of Domestic Tourism in Australia

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Abstract

An understanding of generational shifts in tourist behavior facilitates the effective prediction and accommodation of future tourism trends. Such predictions are important if the Asia-Pacific region is to reach its tourism potential. This study investigates the domestic travel motivations of 632 Australian Baby Boomer, Generation X, and Generation Y travelers to uncover each generational cohort's travel mindset. Specifically, it considers how the sociohistorical environment when its members "came of age" during adolescence (i.e., thus creating a generation), create a unique lifelong perspective that influences both current and future tourist behavior. Although the survey results show that the travel decision-making process is similar across cohorts, model comparisons reveal generational differences. This study advances the theoretical understanding of the implications of generational perspectives on future travel behavior and provides foresight into demand factors that will drive future travel growth in the Asia-Pacific region and particularly growth in domestic leisure travel by Australians.

Introduction

Understanding future travel behavior is central to maximizing the Asia-Pacific share of the 1.6-billion worldwide travelers that are predicted by 2020 (United Nations World Tourism Organization 2012). As part of this travel boom, East Asia and the Pacific are expected to be among the top three receiving regions, predicted to receive 397 million international tourist arrivals by 2020. Additionally, over the next 50 years, tourism will be a major beneficiary of economic expansion, particularly among the wealthy elite of the emerging economies of China and India (Yeoman 2012b). The retirement of the Baby Boomers in wealthy countries, such as the United States, will further increase the demand for tourism (Chamber 2009). In light of these forthcoming changes in the tourism industry, this article argues that analyzing generational differences in travel views and attitude provides foresight into how to maximize the growing consumer travel desire. That is, examining the current travel behavior of present generations can generate predictions of their future travel behavior.

Predicting the effects of generational demographic changes in the way we live and travel is a central focus of the futures tourism literature. This literature asserts that future consumers will be better educated and informed than many of today's travelers, and thus will have higher expectations about the quality of tourism experiences (Yeoman 2008). Travel will provide an escape from a progressively more demanding and complicated life (Yeoman 2012a). Longer life expectancy, along with better health and greater wealth

in retirement, will extend opportunities to travel, particularly among the growing aging populations of wealthier nations (Becken 2012). In addition, technology advances mean cheaper, faster, more efficient transportation and new travel distribution as well as booking mechanisms that were inconceivable a generation ago (Butler 2009; Leigh and Webster 2012). Adapting to this new way of communicating with consumers presents tourism organizations with a major challenge (Gretzel et al. 2006).

Further, as a result of the post–World War II feminism movement, more women are working outside of the home and pursuing careers, leading to an equal need by men and women for a holiday to recoup from the demands of work (White 2005). This change, coupled with the commercialization and commodification of tourism over the past 50 years, has resulted not only in the development of "mass tourism" but also in more sophisticated holiday options beyond the "sun and sand" experiences of the prewar era. More

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specialized, hedonistic tourist experiences are now available, such as wellness spas, green tourist resorts, and volunteer tourist experiences, which cater to the specific needs of niche tourism markets (Cole 2009; Wilkinson 2009). In addition, global tourism chains with properties in multiple destinations, such as Accor hotel group and Disney theme parks, have intensified competition by creating synthetic, syndicated, but dependable tourist experiences (Cole 2009).

Clearly, a growing number of consumers have the time and money to travel, and consumers will be spending a greater proportion of their discretionary funds on travel (Chambers 2009; Yeoman 2012b). These trends in tourism offerings and consumer spending have led several authors to stress the importance of understanding changes in market demographics and consumer behavior to capitalize on this growth (Gretzel et al. 2006; Formica and Kothari 2008). Thus, identifying generational attitudes toward travel is central to predicting future tourism behavior and maximizing the tourism potential of destinations in the Asia-Pacific region.

To better understand generational influences on future tourist behavior, this study concentrates on the post–World War II generations known as the Baby Boomers (born 1946 to 1964), Generation X (born 1965 to 1976), and Generation Y (born 1977 to 1994) (Norum 2003; Wuest et al. 2008). Combined, these cohorts are presently aged 18 to 66 years and represent a large proportion of the world's adult population. Therefore, they are the largest group of potential travelers both at present and over the next decade. However, academic and mainstream commentary suggests that as they move through the various life stages, they will behave and travel differently from the generations before them (Benckendroff, Moscardo, and Pendergast 2010; Cleaver and Muller 2002; Patterson and Pegg 2009).

The concept of generational cohorts emerged from sociology (Mannhiem 1952) and has since been applied to psychology (Rogler 2002) and business disciplines such as tourism (Benckendroff, Moscardo, and Pendergast 2010; Gardiner, King, and Grace 2013). Today, references to generational cohorts have become commonplace in the media and business press (Coupland 1996; Furlong 2007; Salt 2004, 2006; Sheanan 2005), especially since in both academia and practice, grouping people on the basis of generational cohort membership has become a popular way to explain consumers' past, present, and future behavior.

Generational theorists argue that adopting a generational approach yields richer information than segmenting consumers using other demographic segmentation variables, such as chronological age and life stage, because generational cohort analysis acknowledges the subjective historical influences of time on human behavior (Mannhiem 1952; Schewe, Meredith, and Noble 2000; Schewe and Noble 2000). For instance, demographic changes to the family structure, such as the distribution of couples with children, childless couples, and single parents, will dramatically

influence Generation Y future tourism demand (Glover and Prideaux 2008). Similarly, the "experience economy" is relevant for the Baby Boomers, who will be healthier and wealthier than past generations of retirees and, thus, will seek more adventurous and novel forms of travel (Patterson and Pegg 2009).

Clearly, generational change is affecting tourism demand, making generational cohort analysis an ideal lens through which to forecast the future travel behavior of consumers. Academic discussion of generations and the future has previously focused on the issue of obligation, specifically that current generations have an obligation to future generations (Tonn 2009). While this perspective is informative with respect to tourism-related studies engaged in the sustainability dialogue, a generational obligation is not the focal point here. Rather, the intention of this study is to examine generational cohorts' travel decision-making process to provide insight into how to influence future travel behavior.

This study advances consumer travel decision-making literature (e.g., Assaker and Hallak 2013; Palau-Seumell et al. 2013), in particular, the recent age-based segmentation studies (e.g., Chen, Bao, and Huang 2013; Gardiner, King, and Grace 2013; Mahadevan 2013). Similar to many of these studies, this research concentrates on identifying factors that create a positive attitude and intention to purchase a travel experience. However, this study progresses the body of knowledge by investigating cross-generational similarities and differences in travel decision making by the Baby Boomer, Generation X, and Generation Y cohorts. In doing so, the study distinguishes factors that will influence future demand for travel by these cohorts' members, with particular reference to domestic travel by Australians. Understanding generational diversity is important to extend travel decision-making theory. In doing so, foresight is afforded into how the Asia-Pacific region, and in particular Australia, can maximize the tourism potential of the Baby Boomer, Generation X, and Generation Y consumers. The article begins by discussing the study's context of Australian domestic leisure travel. Subsequent presentation of the theoretical framework, hypotheses, and method is followed by a description of the results. The article concludes with a discussion of the implications and limitations of the study findings.

Study Context

We use domestic leisure travel by Australians as the context for this study because leisure travelers have greater discretion over their travel choices than travelers engaging in other forms of travel, such as travel primarily for business or educational purposes. Furthermore, leisure travelers represent the largest travel market and are more responsive to marketing efforts to motivate travel. In addition, investigation of domestic tourism is also important as several studies contend that travel by residents in their own country—or more localized travel, such as continental travel by residents of Europe
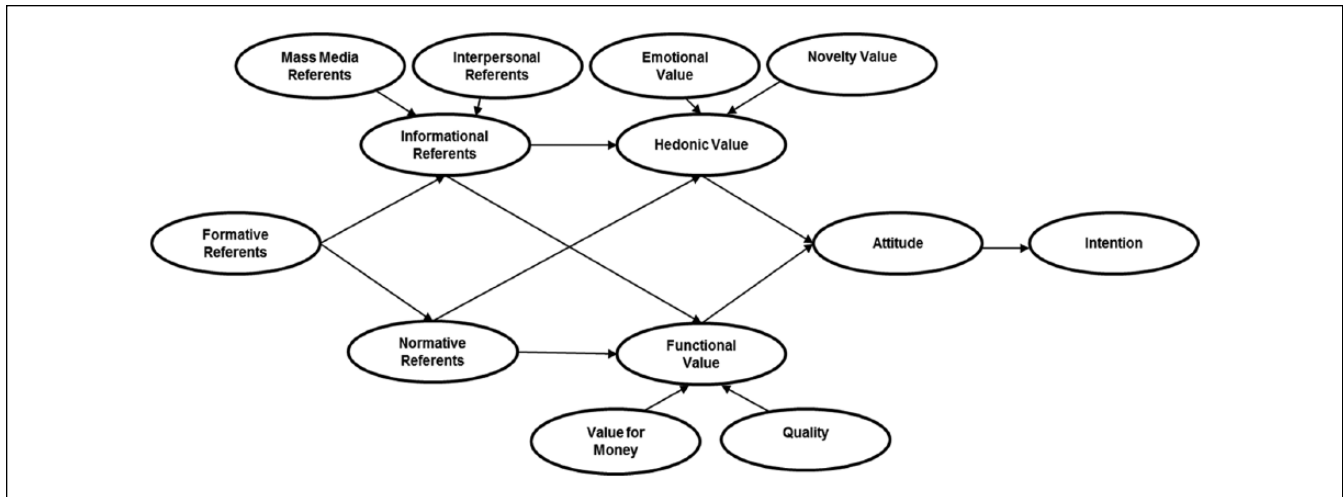
Figure 1. Theoretical model of generational travel decision making (Gardiner, King, and Grace 2013).

and North America—will outperform long-haul travel in the future (e.g., Aramberri 2009; Butler 2009). This is especially true given predicted future oil shortages (Becken 2012), rising energy prices, and consumers' increasing environmental consciousness (Yeoman 2008), particularly about their carbon footprint and the environmental impacts of long-haul air travel (Butler 2009).

Having experienced generational shifts in domestic travel demand from post–World War II to the present, Australia provides an exemplar location for understanding the generational effect on tourist demand. The period from 1946 to 1994 represents the birth years for the Baby Boomer, Generation X, and Generation Y cohorts. When the Baby Boomers were growing up in the 1950s and 1960s, Australia was experiencing a postwar domestic holiday boom. This trend was mostly driven by increasing levels of car ownership and the corresponding promotion of driving holidays, primarily to "sun and sand" beach destinations (White 2005). However, more recently, domestic travel has declined as Australians increasingly travel overseas. Between 1998 and 2008, domestic overnight visitor trips dropped by 4.5% and outbound international trips increased by 84.0% (Australian Government 2009). This trend is anticipated to continue, with the prediction that "domestic tourism's share of total tourism consumption in Australia is expected to fall from 74 per cent in 2007 to 67 per cent in 2017" (Australian Government 2009, p. 13). As such, there is concern that "a generation of young Australians is growing up without a tradition of an annual local holiday" (Australian Government 2009, p. 2). Identifying ways to reinvigorate motivations for domestic travel among Australians therefore constitutes a major challenge for Australia's domestic travel industry. Such a challenge is also shared by the United Kingdom, New Zealand, Canada, and Japan, all of which are also experiencing declines in domestic travel (Voigt et al. 2010). To assist in reversing this trend, this study seeks to provide foresight with respect to the future travel motivations of Baby Boomers, Generation X, and Generation Y, and in doing so, attempts to identify ways to stimulate future consumer demand for domestic travel in Australia. This study also has implications for other destinations seeking to tap into the generational mindset of consumers.

Theoretical Framework and Hypotheses

This study employs generational cohort analysis to anticipate future travel behavior by the Baby Boomer, Generation X, and Generation Y cohorts. Figure 1 presents the model of generational travel decision making that forms the theoretical basis of this study (Gardiner, King, and Grace 2013). We use this model to make statements or "truth claims" (Bergman, Karlsson, and Axelsson 2010, p. 859) about the current travel behavior of these consumer cohorts to predict their future behavior. We then present historical mechanisms, or "explanatory claims," to foretell their behavior (Bergman, Karlsson, and Axelsson 2010, p. 859). Thus, consistent with the ontological typology of future studies, this article seeks to predict the future behavior of these cohorts (Bergman, Karlsson, and Axelsson 2010). To achieve these outcomes and apply the model across the three generational cohorts, we partitioned the model into three central components: (1) the establishment of key referents, (2) the influence of key referents on perceived value, and (3) the influence of perceived value on attitudes and intentions. The following subsections present the hypotheses for each of these components.

Key Referents

Each cohort's shared experiences of "coming of age"—maturing from adolescence to adulthood—during a particular

sociohistorical era acts as an initial input into the shared formative referents (Gardiner, King, and Grace 2013) create a generational mindset that remains with the cohort throughout the members' life span (Arsenault 2004; Wuest et al. 2008). Each generation's formative experiences shape that cohort's informational referents, such as mass media and interpersonal communication, as well as its normative referents in the form of others' views of the travel behavior. As generational theory proposes that early life experiences determine the lifelong views and behavior of each generation (Davis, Pawlowski, and Houston 2006; Rentz and Reynolds 1991), we expect that formative referents will be equally influential on all cohorts and, accordingly, we propose the following hypotheses:

> *Hypothesis 1a:* Formative referents will have a positive and equal influence on informational referents across all cohorts (i.e., Baby Boomers, Generation X, and Generation Y).
> *Hypothesis 1b:* Formative referents will have a positive and equal influence on normative referents across all cohorts (i.e., Baby Boomers, Generation X, and Generation Y).

Perceived Value

Consumers evaluate travel experiences on the basis of perceived hedonic emotional and novelty outcomes. Consumers also consider the functional attributes of the travel offer. That is, does the offer represent value for money and a quality experience? Although hedonic and functional evaluations of value are evident across all cohorts, the generational literature suggests that what influences value perceptions may differ between cohorts. For instance, Generation X and Baby Boomer consumer travel choices are more shaped by word of mouth than mass media (Fall 2004). Anecdotal evidence suggests the mass media are particularly influential on Generation Y consumer behavior, because Generation Y members grew up surrounded by media and technology (Wuest et al. 2008) and today spend considerable time using the Internet (Bennett, Zhang, and Henson 2003). For this reason, we propose

> *Hypothesis 2a:* The influence of informational referents on perceived hedonic and functional value will *differ* across the Baby Boomer, Generation X, and Generation Y cohorts.

Normative referents also shape consumer beliefs (Ajzen 1991). Commentary on Generation Y suggests that normative referents are particularly influential on this cohort's consumer choices, describing members as conspicuous consumers (Schiffman et al. 2008) that highly value peer relations (Kumar and Lim 2008; Morton 2002; Taylor and Cosenza 2002) and place great importance on the social self (Stevens, Lathrop, and Bradish 2005). Similarly, Generation

X consumers have been characterized as brand conscious (Herbig, Koehler, and Day 1993), suggesting that the opinion of others influences their travel choices. In contrast, the literature suggests that Baby Boomers are more self-oriented, and will seek self-fulfilling travel experiences as they age (Cleaver and Muller 2002; Patterson and Pegg 2009). For these reasons, we propose

> *Hypothesis 2b:* The influence of normative referents on perceived hedonic and functional value will *differ* across the Baby Boomer, Generation X, and Generation Y cohorts.

Attitudes and Intentions

Commentary on generational cohorts suggests that they will have different beliefs about travel based upon their generational perspective. Members of the Baby Boomer generation have prospered from the buoyant economic climate during adulthood and overall have accumulated certain wealth (Dann 2007). Some Baby Boomers are free from mortgage debt (Cleaver and Muller 2002) and have high spending power (Heaney 2007; Niemela-Nyrhinen 2007). Therefore, they are not afraid to spend money (Wuest et al. 2008), suggesting that price will be less important than the feelings generated through traveling. Unlike past retirees, Baby Boomer retirees will not be merely filling time but will seek experiences that provide emotional satisfaction and novel outcomes, such as freedom, new experiences, and opportunities for socializing (Cleaver and Muller 2002; Patterson and Pegg 2009).

In contrast, members of Generation X grew up during a period of economic downsizing and insecurity as to the future (Davis, Pawlowski, and Houston 2006; Heaney 2007; Herbig, Koehler, and Day 1993). Accordingly, they are particularly cautious and savvy consumers. Career and success are important for members of this generation, who are ambitious and determined to succeed (Herbig, Koehler, and Day 1993), although they also want a comfortable lifestyle and fun (Schiffman et al. 2008). Thus, travel provides an opportunity to achieve the work–life balance they desire.

Conversely, Generation Y members are accustomed to abundance (Sullivan and Heitmeyer 2008), having grown up in an era where capitalism rules (Norum 2003). Hence, members of Generation Y are consumption-oriented and inclined to spend freely (Knight and Kim 2007; Sullivan and Heitmeyer 2008; Wuest et al. 2008), seeking novel, unique, and personalized consumer (travel) experiences (Kumar and Lim 2008) that give them credibility among peers (Morton 2002) and an image of "coolness" (Bennett, Zhang, and Henson 2003; Norum 2003). The commentaries in the consumer behavior literature on generational cohorts suggest that the cohorts will have divergent value expectations when traveling. Accordingly, we propose

Hypothesis 3a: The influence of hedonic value on attitudes (i.e., hedonic and functional) will *differ* across the Baby Boomer, Generation X, and Generation Y cohorts.

Hypothesis 3b: The influence of functional value on attitudes (i.e., hedonic and functional) will *differ* across the Baby Boomer, Generation X, and Generation Y cohorts.

The travel literature has clearly established that a positive attitude toward a travel experience leads to a positive intention to purchase it (e.g., Han, Hsu, and Sheu 2010; Lam and Hsu 2006; Sparks and Wen Pan 2009). This relationship is expected to remain consistent across all consumers, independent of generational membership. Thus, we propose

Hypothesis 4: Attitudes will have a positive and equal influence on intentions across the Baby Boomer, Generation X, and Generation Y cohorts.

Method

To address the hypotheses, this study employed an online survey. Technology-based interactions are particularly appropriate for collecting data from younger generations, because many young people do not have a fixed-line phone and are instead interacting via the Internet (Australian Government 2008). The Internet is also used to survey older generations (e.g., Yang and Jolly 2008), who are increasingly using the Internet to gather information. As an example, a recent study of more than 5,000 people aged 45 years and over found that they use the Internet (83%) more often than television (65%) and print (52%) media to learn more about a topic (Google and Ipsos 2013). Online surveys also provide other benefits, such as offering a high-level of anonymity; thus, respondents are more likely to admit socially undesirable behavior than with an interviewer present (Aaker, Kumar, and Day 2007). Online surveys have much better response rates and faster response times compared to mail surveys. They also provide wide geographical dispersal and minimize data entry error as respondent's answers are directly transferred into analysis record (Kumar, Aaker, and Day 2002). Given these advantages, an online self-administered web-based survey method was selected for this study.

Survey items were consistent with that used by Gardiner, King, and Grace (2013). The appendix shows the survey items. Informational referents were operationalized as mass media and interpersonal communication, hedonic values were operationalized as emotional value and novelty value, and functional value was operationalized as price and quality. Hence, the study addressed 10 observed constructs—formative referent, mass media referents, interpersonal referents, normative referents, perceived emotional value, perceived novelty value, perceived value for money, perceived quality, attitude, and intention—and three latent constructs—informational referents, perceived hedonic value, and perceived functional value.

Through a market listing company, we invited Australians born from 1964 to 1994 and currently living in Australia to participate in the survey. An email invitation was distributed to 14,300 potential respondents who met these criteria. Age-based quotes were imposed on the sample to ensure an equal spread of age ranges across each cohort, and as a result, each year represented no more than 10.7% of the sample of each cohort. A 50/50 gender quote was also implemented. Cases with missing data appeared to be random. The missing cases, along with individuals who indicated they were not born in or currently living in Australia (95 responses), were removed from the analysis (Tabachnick and Fidell 2013). As a result, the final cleaned data set contained 627 responses: 353 responses from Baby Boomers, 121 responses from Generation X, and 153 responses from Generation Y. The greater sample size for the Baby Boomer cohort accommodates the wider age range of this group compared to the other two groups. The demographic profile of each cohort reflected a diversity that was not dominated by one employment type, family status, education level, or household income.

The data analytical procedure followed the two-step approach of King and Grace (2010), O'Cass and Grace (2004), and Ross and Grace (2012), that is, preliminary data analysis via exploratory factor analysis and hypotheses testing via partial least squares (PLS) analysis. Preliminary data analysis involved the examination of the factor structures, factor loadings, and variance explained estimated via principal components factor analysis and the computation of reliability estimates via Cronbach's alpha. Table 1 reports the factor analysis of the data, showing factor loadings ranging from .72 to .98, variance explained at 68.60% or greater, and alpha levels at .89 or greater for each construct. These statistics are within acceptable levels (Malhotra 2010), indicating that the items are reliable and valid measures of the underlying constructs.

Having established the reliability and validity of the survey measures, the data were then divided into the three cohort groupings on the basis of the respondent's year of birth. Composite mean variables for Baby Boomers, Generation X, and Generation Y were then computed for each construct in readiness for hypotheses testing. Hypotheses testing involved the computation of path coefficients and r-squared values via PLS, which is a widely accepted regression-based modeling procedure (Andreou and Bontis 2007; Hsu 2007). PLS differs from other SEM modeling techniques in that the evaluation of the model is not restricted to any single general fit index (O'Cass 2002). Developed by Wold (1981), PLS is an alternative to the covariance-fitting approaches of LISREL and AMOS in that PLS is a components-based approach that is particularly appropriate for large-scale modeling (Chin, Marcolin, and Newsted 2003; Garthwaite 1994) and the testing of theories in their early stages of development (Fornell and Bookstein 1982). PLS analysis is particularly suitable for this study because it accommodates the varying and small sample sizes and

Table 1. Factor Analysis Results of Key Constructs.

Construct	Number of Items	Factor Loading Range	Variance Explained (%)	Alpha
Formative referents	8	.74–.91	68.60	.93
Mass media referents	4	.81–.93	80.24	.92
Interpersonal referents	4	.72–.93	75.15	.88
Normative referents	8	.82–.91	73.92	.95
Perceived emotional value	5	.76–.97	85.20	.95
Perceived novelty value	5	.81–.90	73.33	.91
Perceived value for money	4	.93–.96	88.33	.96
Perceived quality	4	.86–.95	83.76	.93
Generation consumer attitude	3	.96–.98	83.76	.93
Generational consumer intention	3	.86–.95	82.58	.89

Table 2. Partial Least Squares Results for Models.

Predicted Variables	Predictor Variables	Baby Boomer			Generation X			Generation Y		
		Path	R^2	CR[a]	Path	R^2	CR[a]	Path	R^2	CR[a]
Informational referents	Formative referents	.21	.04	2.12[b]	.39	.15	4.06[b]	.22	.05	2.06[b]
Normative referents	Formative referents	.39	.15	5.04[b]	.40	.16	3.70[b]	.55	.30	7.90[b]
Hedonic value	Informational referents	.30	.09	2.78[b]	.41	.17	4.25[b]	.38	.16	3.64[b]
	Normative referents	−.08		0.77	−.18		2.00[b]	−.23		2.03[b]
Functional value	Informational referents	.17	.04	1.54	.34	.11	2.83[b]	.38	.14	3.56[b]
	Normative referents	.08		0.89	−.03		0.27	.01		0.04
Attitude	Hedonic value	.71	.60	7.68[b]	.52	.59	5.40[b]	.48	.66	4.85[b]
	Functional value	.11		1.40	.35		3.81[b]	.41		3.89[b]
Intention	Attitude	.74	.55	13.18[b]	.76	.57	15.40[b]	.83	.69	18.52[b]
AVA			.25			.29			.33	

Note: AVA = Average variance accounted for.
a. Critical ratio (CR): bootstrap estimate divided by bootstrap standard error.
b. Exceeds minimum acceptable level of 1.96.

because it can manage larger, more complex models with multiple relationships, indicators, and latent variables (Chin 1998). We used SmartPLS version 2.0 software, developed by Ringle, Wende, and Will (2005), to analyze the data. The path coefficients, standard errors, and sample size for each model were used to calculate the *t* statistics according to the formula recommended by Chin (2004).

Results

The data were divided into the three groupings—Baby Boomer, Generation X, and Generation Y—on the basis of the respondent's year of birth. PLS analysis was then conducted for each model. Table 2 reports the results of this analysis, showing the path weighting, *R*-squared (R^2), critical ratios (CR), and average variance accounted for (AVA). Figures 2–4 show the SEM indicating the path weights and the significant, and not significant, paths for the Baby Boomer, Generation X, and Generation Y models, respectively. Path coefficients are deemed significant when the *t* value is greater than 1.96. Significant paths are represented

in Figures 2–4 by a solid line. Nonsignificant paths are shown as a broken line.

Model Comparisons

We first compared the models visually and then using statistical analysis. Table 3 summarizes the visual inspection of the inner model. The results show that although the overall model is valid across the three generational cohorts, differences exist between the generational models. The strength of the paths (or relationship) between constructs was calculated using a *t* value. We did not calculate the *t* value for the relationship between normative referents and functional value because the paths were not significant at the 0.05 level in any of the models. Significant differences between the strength of the paths in the models are indicated by *t* values greater than 1.64. Table 4 shows the *t* values and results of the analysis, conducted via one-tailed *t*-tests. All significant paths reported *t* values between 2.64 and 34.19, indicating significant differences in the strength of the paths between the three models. The following subsections discuss the results
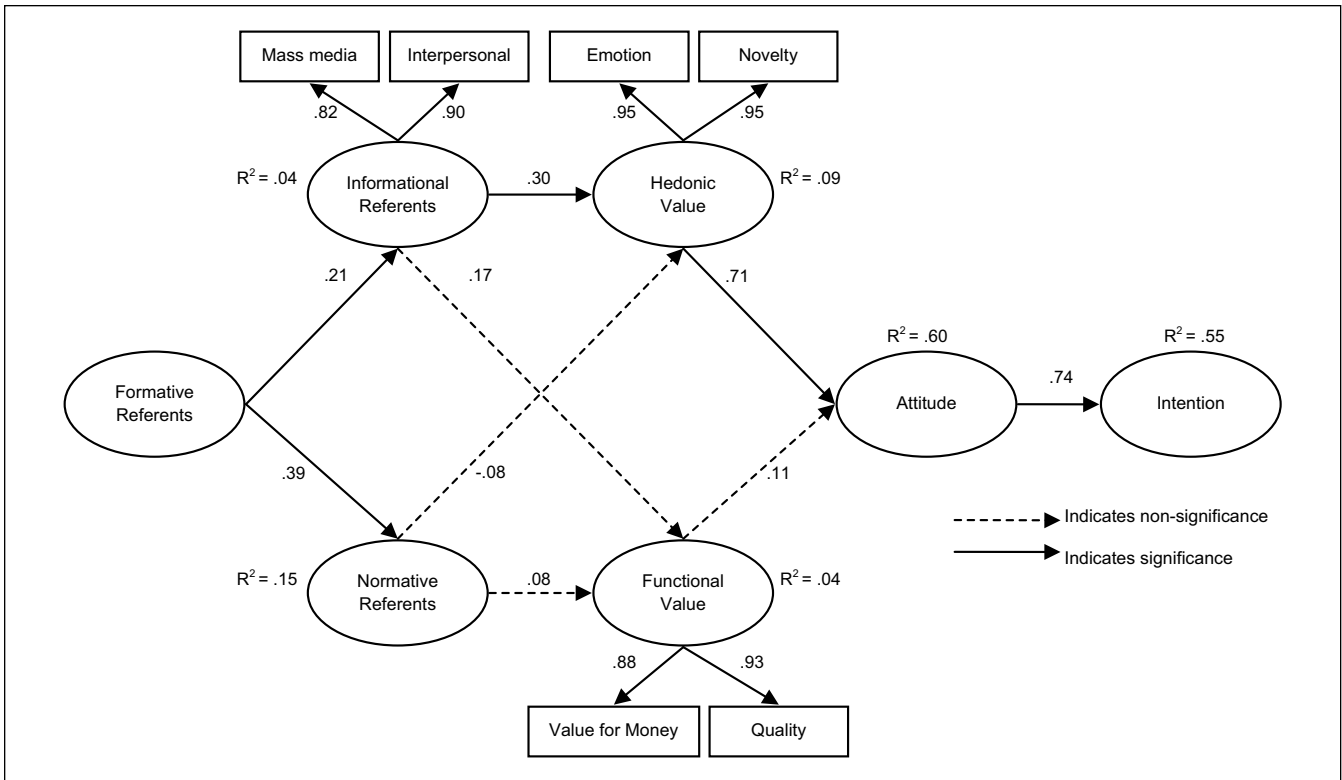
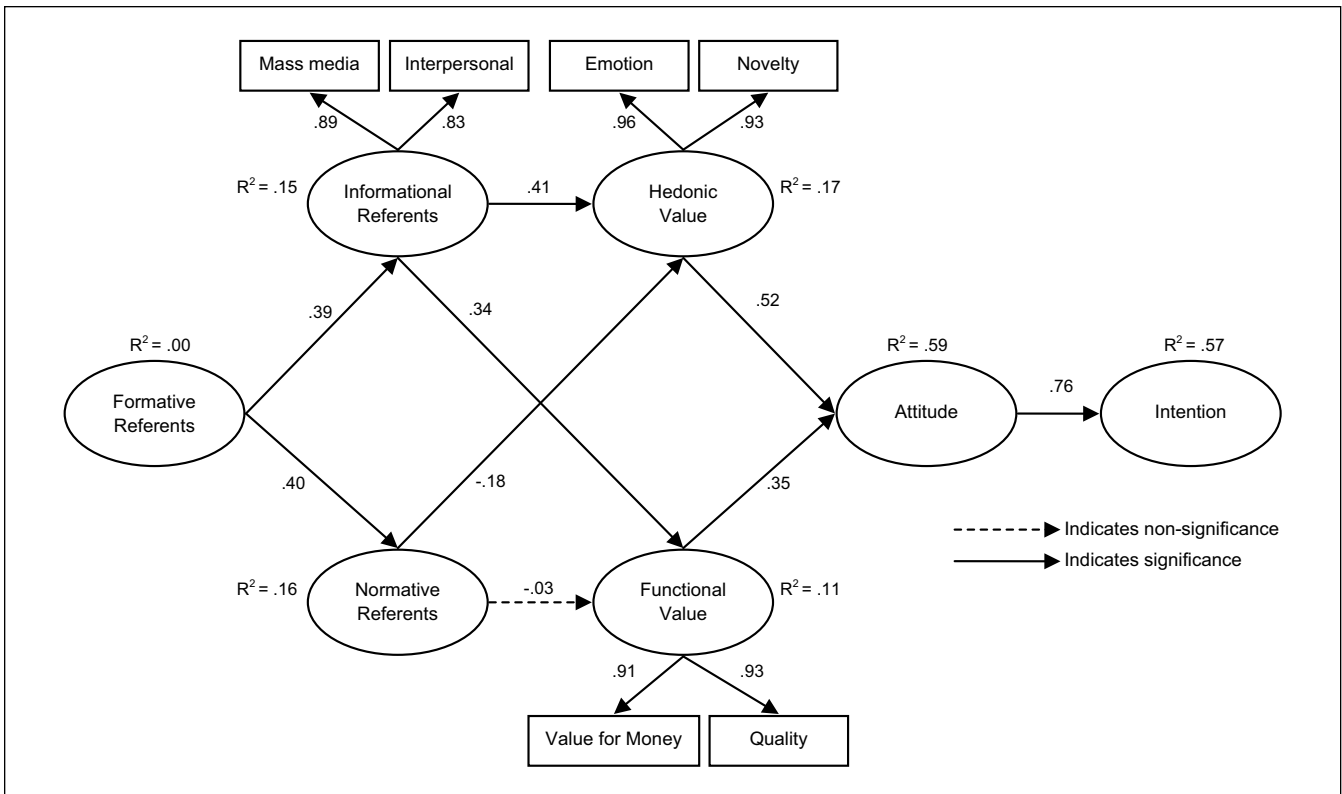**Figure 2.** Baby Boomer model showing results of analysis.
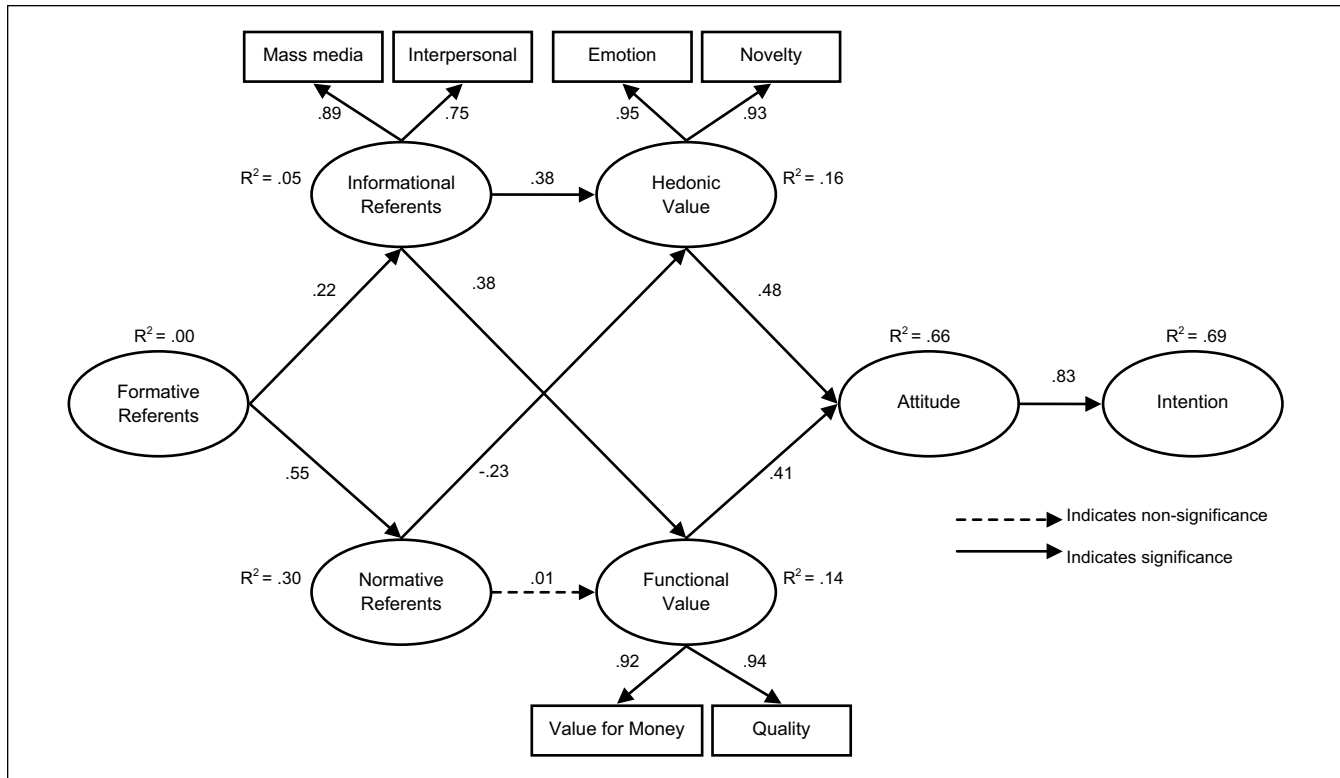

Figure 3. Generation X model showing results of analysis.

Figure 4. Generation Y model showing results of analysis.

Table 3. Comparison of the Baby Boomer, Generation X, and Generation Y Models.

	Baby Boomer (n = 353)	Generation X (n = 121)	Generation Y (n = 153)	Comparison of Models
Formative referents – Informational referents	Significant	Significant	Significant	Same
Formative referents – Normative referents	Significant	Significant	Significant	Same
Informational referents – Hedonic value	Significant	Significant	Significant	Same
Informational referents – Functional value	Not significant	Significant	Significant	Different
Normative referents – Hedonic value	Not significant	Significant	Significant	Different
Normative referents – Functional value	Not significant	Not significant	Not significant	Same
Hedonic value – Attitude	Significant	Significant	Significant	Same
Functional value – Attitude	Not significant	Significant	Significant	Different
Attitude – Intention	Significant	Significant	Significant	Same

relevant to the three components of the model: key referents, perceived value, and attitude and intention.

Key referents. The results show a significant and positive relationship between formative referents and informational and normative referents in each of the models. However, the results show differences between the models in the strength of these relationships. Hence, hypotheses 1a and 1b were only partially supported. Informational referents had a significant and positive influence on hedonic value across all three models. Hedonic perceptions for Generation X, followed by those for Generation Y, were significantly more influenced by informational referents than for

Baby Boomers. Informational referents also positively influenced functional value perceptions of Generation X and Y, and this relationship was significantly stronger for Generation Y than for the other cohorts. Hence, hypothesis 2a is supported.

Normative referents had no significant influence on any cohort's functional value perceptions. Normative referents also did not influence Baby Boomers' hedonic value perceptions. However, this relationship was significant, although negative, in the Generation X and Y models. Generation Y's hedonic value perceptions were significantly more influenced by normative referents than those for Generation X. Thus, hypothesis 2b is supported.

Table 4. Comparison of Path Coefficients via *t*-Tests for the Baby Boomer, Generation X, and Generation Y Models.

Relationship	*t* Value			Comparison of Models' Results
	BB to GX	BB to GY	GX to GY	
Formative referents – Informational referents	17.43[a,b]	1.07	13.62[a,b]	GX significantly stronger than BB and GY. No difference between BB and GY.
Formative referents – Normative referents	1.00	22.73[a,b]	14.47[a,b]	GY significantly stronger than BB and GX. No difference between BB and GX.
Informational referents – Hedonic value	9.56[a,b]	7.36[a,b]	2.45[a,b]	GX significantly stronger than BB[b] and GY. GY significantly stronger than BB.
Informational referents – Functional value	14.02[a,c]	19.58[a,c]	2.96[a,b]	GY significantly stronger than BB and GX. GX significantly stronger than BB.
Normative referents – Hedonic value	10.19[a,c]	15.09[a,c]	3.70[a,b]	GY significantly stronger than BB and GX. GX significantly stronger than BB.
Normative referents – Functional value	11.03[a,d]	8.14[a,d]	2.42[a,d]	No significant paths at 0.05 level in any of the models.
Hedonic value – Attitude	18.59[a,b]	26.87[a,b]	4.10[a,b]	BB significantly stronger than GX and GY. GX significantly stronger than GY.
Functional value – Attitude	26.74[a,c]	34.19[a,c]	4.75[a,b]	GY significantly stronger than BB and GX. GX significantly stronger than BB.
Attitude – Intention	2.64[a,b]	16.85[a,b]	12.54[a,b]	GY significantly stronger than BB and GX. GX significantly stronger than BB.

Note: BB= Baby Boomers; GX = Generation X; GY = Generation Y.
a. Significant difference in strength of paths between models at the 0.05 level.
b. Paths in both models are significant at the 0.05 level.
c. At the 0.05 level, BB path is not significant, but the GX/GY path is significant.
d. Neither path is significant at the 0.05 level.

Perceived value. Baby Boomers' travel decisions were particularly influenced by perceived hedonic outcomes associated with the travel experience, reporting a significantly stronger relationship between hedonic value and attitude than Generations X and Y. Generation X reported a stronger relationship between hedonic value and attitude than Generation Y. However, Baby Boomers reported a nonsignificant relationship between functional value and attitude. In contrast, Generation Y travel decisions were strongly influenced by functional evaluations of value, reporting a significantly stronger relationship between functional value and attitude than the other two cohorts. Functional value is also important to Generation X, showing a significantly stronger relationship on this pathway than Baby Boomers. These findings support hypotheses 3a and 3b.

Attitude and intention. The final relationship tested was the influence of attitude on intention. While the results show that this relationship was significant in all three models, Generation Y, followed by Generation X, reported a stronger relationship than Baby Boomers. Hence, hypothesis 4 is partially supported.

Summary of Results

The comparative analysis of the Baby Boomer, Generation X, and Generation Y models makes evident the differences between the generational cohort models. The results, reported in Table 3, show that the Baby Boomer model differed from the Generation X and Y models in terms of the paths that are significant. This finding is further supported by the *t*-test (equivalent) analysis that shows significantly different path coefficients on all significant paths across the three models, as reported in Table 4. These findings indicate that the generational travel decision-making model is robust for all three generational cohorts. However, differences exist between the strength and contribution of each component across the three models.

Discussion

The results of this study indicate that future travel behavior will differ between Baby Boomer, Generation X, and Generation Y tourists. While these cohorts engage in a similar travel decision-making process, significant differences exist between the cohorts in the strength of relationships within this process. Information from the mass media and interpersonal referents is particularly influential on Generation X travel decision making. The historical environment during the formative years of Generation X could explain this result, as Generation X grew up during a period that saw the introduction of major new technologies, such as computers and the Internet. These technologies changed the nature of communication, made information more accessible

globally, and had a profound effect on society. This cohort is also more educated than previous generations, resulting in greater literacy and better problem-solving skills than past generations (Australian Bureau of Statistics 2006). The literature describes Generation X consumers as being savvy (Wuest et al. 2008), cautious (Herbig, Koehler, and Day 1993), skeptical (Fall 2004; Heaney 2007; Norum 2003), untrusting (Davis, Pawlowski, and Houston 2006), and cynical (Sirias, Karp, and Brotherton 2007). As this study reveals, Generation X consumers have a high propensity for gathering information to guide their travel decision making, which partly explains why Generation X is labeled with these descriptors.

Generation Y consumers are also more likely than Baby Boomers to be influenced by informational referents. This finding aligns with research showing that younger generations spend a large amount of time on media (Bennett, Zhang, and Henson 2003) and that they are more receptive to marketing and advertising than Baby Boomer consumers (Roberts and Manolis 2000). Tourism marketers in Australia and other countries seeking to target Generations X and Y must therefore provide diverse and multiple sources of information when developing marketing strategies to motivate future travel consumption among these cohorts.

The literature also highlights the importance of social approval-seeking and reference groups to the behavior of Generations X and Y (e.g., Kumar and Lim 2008; Morton 2002)—a characteristic verified in this study. This investigation found that normative referents have a significant, but negative, influence on Generation X and Y present-day travel decision making, indicating that members of Generation Y, and to a lesser extent Generation X, seek tourism experiences that allow them to stand out from others. The literature describes this pursuit of differentness as a counterconformity motivation that enables consumers to establish their individuality and self-perception of uniqueness (Tian, Bearden, and Hunter 2001).

Previous studies have identified the desire to counter group norms and behave individualistically in both Generation X (Sirias, Karp, and Brotherton. 2007) and Generation Y (Noble and Schewe 2003), suggesting that consumers from these cohorts desire unique experiences that offer social value and enhance their self-concept in terms of how they want to be perceived by others. One means of achieving this end is creating individualized, customized experiences through a process of cocreation (Binkhorst and Den Dekker 2009). For example, tourism operators could unbundle their offering and then, through a process of cocreation, a consumer and the business could engage in a process of rebundling to create the consumer's own tailored experience. Many low-cost airline carriers have adopted this approach, allowing consumers to select individualized travel packages that may include meals, entertainment, luggage, and so on. The findings of this study support a shift toward a more dynamic process of cocreation

so that consumers, particularly from Generations X and Y, create their own stories and narratives about their travel experiences to share with others.

The results of this study concur with tourism futurist predictions that pursuit of hedonistic experiences—that is, seeking the "good life" or pleasure-seeking—is a future driver of travel consumption (e.g., Cole 2009; Yeoman 2012b). In particular, the findings show that perceived hedonic value is important in shaping Baby Boomers' attitude toward travel. The Baby Boomer generation has been described as seeking experiences that offer an opportunity to try something new, take risks, and achieve self-fulfillment (Patterson and Pegg 2009). Analysis of the Baby Boomer ecotourism market highlights the importance to this cohort of emotional value, such as fun and enjoyment, and novelty value, such as discovery (Cleaver and Muller 2002). Similarly, Baby Boomers "have a greater desire for novelty, escape and authentic experiences than previous cohorts of retirees" (Patterson and Pegg 2009, p. 254). This investigation's findings also agree with earlier findings that for mature travelers, affective components of travel heavily influence attitude toward travel and resulting behavior (Shim, Gehrt, and Siek 2005). This study empirically supports these notions, confirming that Baby Boomers have a greater desire for emotionally satisfying and novel hedonic experiences than members of Generations X and Y, and thus are seeking consumer and travel experiences that enrich their lives. In developing domestic holiday experiences, Australia's tourism industry should therefore focus on creating perceived hedonic value associations to motivate future travel by Australians, particularly among members of the Baby Boomer cohort.

In contrast, this study shows that the functional aspects of a holiday, which are related to value for money and quality, do not influence Baby Boomer travel decision making. This finding does not mean that Baby Boomers do not seek functional value when considering favorable and unfavorable consumer outcomes, as dimensions of functional value—value for money and quality—are still expectations of Baby Boomer consumers. Rather, the findings suggest that functional aspects of the experience are not central drivers of Baby Boomer travel decision making. Future tourists want and expect quality when they travel, as "tourists do not leave their 'values baggage and experiences' at home when they go on holiday" (Yeoman 2008, p. 271). Therefore, Baby Boomers will expect high-quality experiences on holidays, at least equal to or preferably better than their lifestyle at home. Baby Boomer consumers are more willing to spend money than other generations, and they have a "buy now, pay later" consumer attitude (Schewe, Meredith, and Noble 2000). This mindset is thought to be a result of Baby Boomers benefiting from the "good times" during the long period of economic growth post–World War II and, as a result, compared to Generation X and Y consumers most Baby Boomer consumers are now wealthy (Cleaver and Muller 2002; Dann 2007). These factors may have produced

a generation less concerned about the functional aspects of consumption than the younger generations. Hence, future travel offerings to the Baby Boomers should not focus on price or quality but on hedonistic outcomes associated with the experience.

In contrast, the results of this study show that perceptions of the functional aspects of travel influence the travel decision making of both Generation X and Generation Y and are particularly important in shaping Generation Y consumers' attitude toward travel. This finding contradicts some previous descriptions of Generation Y consumers as focused on the hedonic aspects of consumption, such as a pleasurable lifestyle and fun, rather than on the functional aspects of consumption, such as features and specifications (Morton 2002; Thach and Olsen 2006). Other studies, however, support the result of this study finding. For example, functional aspects of a product are central to Generation Y consumer behavior, suggesting that Generation Y consumers try to find the best price–quality relationship when making purchase decisions (Noble, Haytko, and Phillips 2009). Generation Y consumers are willing to pay a premium for brands that have high brand status and toward which they have a positive attitude (O'Cass and Choy 2008). Other researchers report that for Generation Y, functionality relating to appearance and fit when purchasing sport apparel, footwear, and equipment is a key purchase determinant (Stevens, Lathrop, and Bradish 2005), and that functional features are important in attracting Generation Y consumers to shopping malls (Martin and Turley 2004). Similarly, previous research has also supported the findings of this study that functional value is also important to Generation X consumers. For instance, Generation X consumers prefer products that offer the best value for money. They are particularly sensitive to overpricing, because they are not necessarily brand-loyal and are therefore willing to try new products if their expectations are not met (Yelkur 2003).

This study shows a positive relationship between attitude and intention for all three generational cohorts, with Generation Y reporting the strongest, and Baby Boomer respondents reporting the weakest, relationship between attitude and intention. As these perceptions are hedonic and functional value perceptions, these findings can be explained through investigating the determinants of attitude in the model. The Baby Boomer model makes evident that these consumers are highly motivated by perceived hedonic outcomes from holidays, whereas functional aspects of the experience do not play an important role in their decision making. Thus, enhancing the perceived hedonic emotional and novelty outcomes associated with Australian holidays should positively affect Baby Boomers' attitude and their intention to take a holiday in Australia.

Evidence from this study demonstrates that the generational effect has a significant impact on the future of domestic travel in Australia. In the more immediate future, Baby Boomers are expected to dominate the domestic travel landscape as a result of having more discretionary time and money than younger generations. Therefore, stimulating domestic travel in the near future should focus on delivering hedonic experiences that promote emotional reactions and stimulate novelty value associations, particularly among the Baby Boomer consumer group. However, many Baby Boomers (43%) will continue to work beyond the official retirement age, with higher income earners continuing to work to maintain their lifestyle and lower income earners continuing to work out of necessity (Hamilton and Hamilton 2006). In addition, media reports suggest that, owing to the effects of the recent global financial crisis, many Baby Boomers are delaying their retirement and remaining in the workforce to rebuild their retirement nest egg (Megalogenis 2011). Thus, many Baby Boomers will continue to juggle work and travel over the next decade and beyond; thus, tourism marketers cannot assume that all travelers 65 and over are fully retired. Therefore, rather than behaving like previous generations of retirees, this generation may behave more like "empty nesters" in the pre-retirement life stage.

However, also important is that, in time, the travel consumption of Generation X, and in turn Generation Y, will supersede that of the Baby Boomers. Therefore, tourism marketers need to be cognizant of these generational shifts so as to emphasize relevant and meaningful drivers of domestic travel among Generation X and Y consumers. In contrast to Baby Boomer consumers, who are primarily driven by hedonic outcomes associated with travel, Generations X and Y seek unique experiences that differentiate them from others and expect functional value from their travel experiences. Thus, as these cohorts mature, they will develop into the main consumer market for both the Australian domestic travel and travel in the Asia-Pacific region. An important consideration, therefore, is the evolving needs of these consumer groups as they move through the various life stages over the next 20 years. This study empirically proves the validity of generational cohort analysis in understanding and comparing travel decision making of the Baby Boomer, Generation X, and Generation Y cohorts, providing foresight for future travel consumer behavior among these groups. However, further research is needed to fully articulate and appreciate the future travel needs of these groups.

Limitations and Future Research

Like all research, this study is subject to several limitations. While measurement error is a possibility, consistent with recommendations of previous investigators (Page and Meyer 2000), this study took several actions to minimize measurement error, including creating operational definitions, considering instrument wording and formatting, and statistically checking the reliability and validity of measurement. Another limitation of this study is its restriction to the Australian sample population and the three cohorts investigated. Future cross-cultural and cross-generational research is required on

this topic to increase the generalizability of the findings. Likewise, more in-depth qualitative research into key constructs identified in this study would further understanding of the future travel behavior of these cohorts. Most notably, future work should unpack the generational meanings of value, such as what value for money means when Generation Y consumers consider cost/quality trade-offs. Likewise, understanding each cohort's perceptions of emotional value and novelty value associated with leisure domestic and international travel could generate more informed future marketing approaches.

Finally, the present study presents evidence on the travel mindset of only the Baby Boomer, Generation X and Generation Y cohorts at the present point in time. An important consideration, therefore, is how the behavior of these cohorts will change over time. Generational theory suggests that the underlying behavior of each cohort will not change greatly, because the psychology of cohort members was shaped during their formative years. However, consideration should be given to possible changes as each cohort ages and moves through the various life stages. For instance, as Baby Boomers age and health becomes a greater issue, less active and safer forms of travel to better known and less remote destinations with health infrastructure may become more appealing. Likewise, as members of Generation Y establish themselves financially, they may become more like the present-day Baby Boomers and less concerned about the price of the trip and more focused on hedonic pursuits. Thus, this study is not unlike other studies that attempt to predict the future in that it seeks to inform future decisions of tourism marketers and planners on travel behavior rather than finitely prescribe an outcome of how the future will look. For this reason, tourism marketers and planners must undertake ongoing monitoring of generational cohort travel attitudes within the context of broader socioeconomic demographic change so as to adjust these predictions to the present-day reality of the environment.

Conclusion

This study represents the first comprehensive cross-generational study of Baby Boomer, Generation X, and Generation Y travel decision making. The results present empirically supported forecasts of future travel beliefs, attitudes, and intentions of Baby Boomer, Generation X, and Generation Y consumers. Study results advance academic theory in generational travel decision making as well as practitioner understanding of these important consumer groups. Having established that formative influences that define a generation have a significant effect on future decision making, this study suggests that long-term tourism planning would benefit from examination of recent macro societal influences (i.e., formative referents) to forecast implications for travel decision making when the next generation (i.e., Generation Z or the iGeneration) reaches adulthood and its members become independent travel consumers.

The findings and implications of this study are particularly pertinent for Australia's tourism industry as it fights to rebuild the place of domestic travel in the minds of Australian consumers. The findings are also meaningful to other tourist destinations seeking to tap into the generational mindset of consumers to refine tourism marketing and product development approaches to better meet the needs of each generational cohort in the future. Understanding similarities and differences between the generations is important for the Asia-Pacific region to maximize its share of the predicted expansion in worldwide demand for tourism and become a leading tourist region by 2020.

Appendix

Survey Items

Formative referents

My friends when I was growing up influence my attitude towards holidays in Australia today.

My family's values when I was growing up influence my attitude towards holidays in Australia today.

My family's financial circumstances when I was growing up influence my attitude towards holidays in Australia today.

My religious affiliation when I was growing up influence my attitude towards holidays in Australia today.

Education opportunities in society when I was growing up influence my attitude towards holidays in Australia today.

Employment opportunities in society when I was growing up influence my attitude towards holidays in Australia today.

The economy when I was growing up influence my attitude towards holidays in Australia today.

Society's values when I was growing up influence my attitude towards holidays in Australia today.

Mass media referents

To make sure that I buy the right holiday, I often observe stories about holidays in the mass media.

If I have little experience with a destination, before purchasing a holiday there I often look in the mass media for information about it.

To help choose the best holiday alternative available, I often consult the mass media.

Before booking a holiday, I frequently gather information from the mass media.

Interpersonal referents

To make sure that I buy the right holiday, I often observe what other people are doing on holidays.

If I have little experience with a destination, before purchasing a holiday there I often ask other people about it.

To help choose the best holiday alternative available, I often consult with other people.

Before booking a holiday, I frequently gather information from other people.

Normative referents

I rarely purchase a holiday until I am sure others will approve of it.

(continued)

Appendix (continued)

It is important that others like the holiday I choose.
I generally choose a holiday that I think others will approve of.
The holidays I take are what others expect me to choose.
I like to go on holidays that make a good impression on others.
I achieve a sense of belonging by purchasing the same holidays that others purchase.
If I want to be like someone, I often try to go on the same type of holidays as them.
I often identify with other people by going on the same holidays as them.

Perceived emotional value
Taking a holiday in Australia is enjoyable.
Taking a holiday in Australia is exciting.
Taking a holiday in Australia makes me feel good.
Taking a holiday in Australia gives me pleasure.
Taking a holiday in Australia gives me a sense of accomplishment.

Perceived novelty value
Taking a holiday in Australia is something different.
Taking a holiday in Australia is unique.
Taking a holiday in Australia increases my knowledge.
Taking a holiday in Australia offers variety.
Taking a holiday in Australia is something I can talk about when I get home.

Perceived value for money
PV1 Holidays in Australia are reasonably priced.
PV2 Holidays in Australia offer value for money.
PV3 Holidays in Australia are a good experience for the price.
PV4 Holidays in Australia are economical.

Perceived quality
Holidays in Australia offer consistent quality.
Holidays in Australia are well done.
Holidays in Australia offer an acceptable standard of quality.
Holidays in Australia are well organized.

Attitude
Holidays in Australia are good.
I like holidays in Australia.
I have a favorable attitude towards holidays in Australia.

Intention
I would recommend a holiday in Australia to others.
I intend to go on a holiday in Australia in the near future.
I am likely to go on a holiday in Australia in the next 12 months.

Declaration of Conflicting Interests

Funding

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