

# Implications of population ageing for the development of tourism products and destinations

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## ABSTRACT

**KEYWORDS:** baby boomers, caravanning, case studies, generations, Generation X, population ageing

*Population ageing has been identified as a critical element of demographic change which is a key driver for future consumer demand. Driven by the size of the baby boomer generation, population ageing is likely to affect the future choice of tourism activities and destinations. As the baby boomers retire, their demand patterns and preferences will grow in significance and will strongly influence the future structure of tourism product development. Two case studies are used to demonstrate possible impacts of population ageing on tourism demand and the potential implications for product and destination*

*development. The paper discusses the need to consider demand preferences that are influenced by generational membership and identifies the conditions that may lead to the emergence of a product gap if the changing patterns of demand are ignored.*

## INTRODUCTION

Population ageing is a phenomenon experienced in many developed countries. In Australia, New Zealand, Canada, the United States and the United Kingdom for example, population structures have been heavily influenced by the post Second World War baby boom and by changing social attitudes towards families' composition and size. Based on the premise advanced by a number of scholars (Cohen, 1988; Mackay, 1997; Marconi, 2001; Tapscott, 1998) that membership of a specific generation has an effect on a person's consumption patterns there is reason to believe that the demand for tourism goods and experiences changes as members of specific generations reach consumption and life cycle milestones. These milestones commonly include starting a family, reaching career highs and retiring (Salt, 2003).

The aim of this paper is to demonstrate how changes in the population's demographic structure influence the demand for tourism products and places and to show the importance of identifying generation-based



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consumption preferences in future tourism demand considerations. This paper examines the impact of demographic change, and population ageing in particular, on aspects of future tourism demand amongst the baby boomer generation using trends in Australia as an example. As baby boomers (defined as persons born between 1946 and 1965 [Australian Bureau of Statistics, 2004]) grow older they are likely to change the tourism demand profile of the senior travel market. At the same time, the characteristics of the products and services that are targeted at the baby boomer segment will need modification as this generation ages. If this is not undertaken a product gap of the nature illustrated in Figure 3 may emerge.

It is important to note that the term *baby boomer* refers to the year of birth while the term *senior* is age-based. However, no consistent definition exists for the term *seniors* (Prideaux, Wei and Ruys, 2001). The National Seniors Association in Australia welcomes members aged 50 years or above but the Seniors Card, which entitles Australians to a range of benefits provided by government and businesses, is only available for those aged 60 years and over (*Seniors Card*, n.d.). In contrast, the Commonwealth Senior Health Card issued by the Federal Government is available once a person qualifies for age pension, i.e. 65 years for men and between 60 and 65 years for women depending on their year of birth (*Centrelink*, n.d.). Even within organizations there may be confusion about the definition of who is a senior. For example in Tourism Queensland, the state marketing body funded by the Queensland state government, the understanding of the composition of the seniors market varies between tourists aged 60 years and over to tourists aged 65 years and over (Tourism Queensland, n.d.).

Two case studies are used to demonstrate how the emergence of a gap between supply of and demand for tourism products may occur. The first case study, based on the caravan sector, is used to illustrate the possible impact of the product gap at an industry sector level while the second case study, based on current trends in Norfolk Island, is used to demonstrate the product gap at destination level.

## DEMOGRAPHIC CHANGE AND TOURISM DEMAND

Demographic characteristics play an important role in the choice of tourism activities and destinations and are usually included in visitor surveys (Weaver and Oppermann, 2000). Research conducted by Tourism Queensland (Tourism Queensland, 2003a, 2003b, 2003c) has shown that young singles, for example, are more likely to visit the Gold Coast, a popular coastal resort located in the south of the state, than Tropical North Queensland, a popular nature based resort in the north of the state. Similarly, older married people prefer to holiday at the Sunshine Coast, also located in the south of the state, rather than the Gold Coast. This being the case, a change in individual and aggregated demographics is likely to affect tourism demand in the future.

According to Martin and Mason (1998), the activities pursued during leisure time depend on the availability and use of money, time and space. Over time, the use of these resources is influenced by new technology, as well as social and economic change often creating new activity trends and demand patterns. Applied in a tourism context, Martin and Mason's model suggests that exogenous change is likely to affect tourism demand by influencing the availability of time and financial resources as well as the choice of tourism activities and the destinations at which they are undertaken.

Recent events including September 11, SARS (Severe Acute Respiratory Syndrome) and the 2005 Tsunami in Indonesia have shown that there are other factors that influence tourism demand. In fact, the World Tourism Organization (1995) identified eight factors, which have since been confirmed by a number of authors (for example French, Craig-Smith and Collier, 2000; Goeldner and Ritchie, 2003; Page, 2003; Weaver and Oppermann, 2000). These factors include economics, technology, demography, infrastructure and facilities, politics and legislation, environment, international trade, and safety and security. While it has to be recognized that these inter-related factors, either combined or in isolation, may impact on tourism demand this paper will focus on examining the potential effects of population ageing on tourism de-

mand. Population ageing is considered as one factor of demographic change, which in turn is a subset of social change.

The focus of this paper lies in examining the impact of population ageing on domestic tourism demand. While not addressed in this paper, similar trends are also occurring in many international tourism markets. Population ageing is characterized by an increasing proportion of older people while the proportion of younger people declines (Alvarado and Creedy, 1998). This implies that the total number of older people does not necessarily need to grow, but their share of the total population increases. The effects of population ageing have been discussed publicly in areas that include health care issues (Coory, 2004), social expenditure (Alvarado and Creedy, 1998) and economic productivity (Productivity Commission, 2005). Several authors (for example Foot, 1996; Goeldner and Ritchie, 2003; Schmoll, 1977) advocate that population ageing represents the dominant variable of demographic change, which in turn has been identified as one of the driving forces behind future consumer demand (Foot, 1996; McRae, 1996).

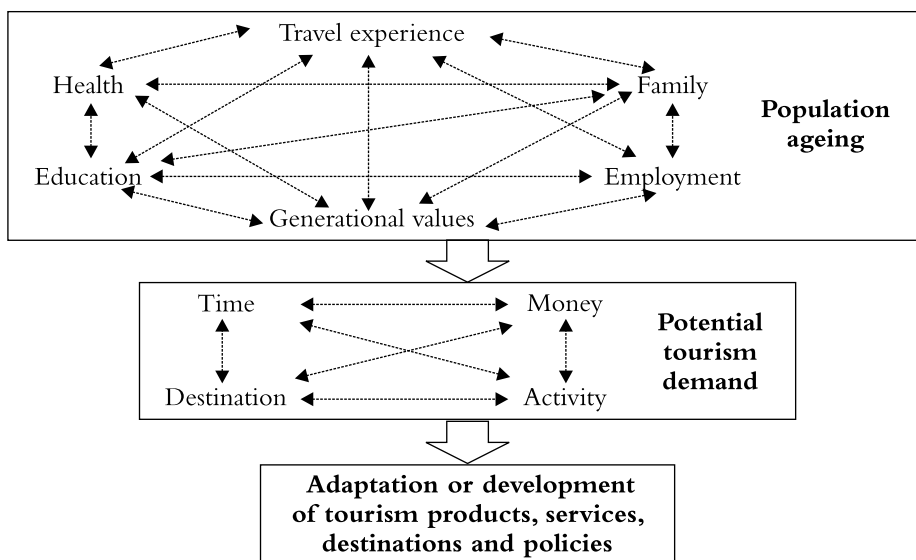
As the population ages, the characteristics of the older generations become more predominant in the society than those of the younger generations. Individual factors, such

as family structures, employment, education, health status, travel experience and generational values, influence individual tourism demand. An increasing number and proportion of older individuals in a society suggests that the older generations' consumption patterns and preferences will have a significant influence on overall tourism demand. An ageing population is likely to create changes in the patterns of demand for the choice of activities and destinations. As a consequence, tourism demand is likely to change over time.

The potential change in demand patterns will have two implications for tourism managers. First, considering that each generation displays its own demand characteristics (Marconi, 2001), destination managers will need to decide if they wish to focus their products and marketing on a particular (ageing) generation or a fixed age group. Second, destination managers will need to consider if their preferred target markets will require products and services to be adapted to match changing demand. Since tourism products are inseparable from the places at which they are consumed, a modification of tourism products to meet changing consumer demand implies that destinations will undergo change. The relation between population ageing, tourism demand, and tourism products and places is displayed in Figure 1. The figure shows that characteristics of an ageing

*The relation between population ageing, tourism demand and tourism products*

*Figure 1*



population can be expected to directly impact on tourism demand which in turn affects the shape and provision of tourism products, services, destinations and policies.

### POPULATION AGEING

In most developed countries life expectancy has increased over the course of the twentieth century while fertility rates have fallen significantly and in many cases dropping below the replacement level of 2.1 children per woman at which the size of a given population can be maintained in the long-term. With fertility rates of 1.26 (National Statistics Institute of Spain, 2004) and 1.29 (National Institute of Statistics of Italy, 2004) respectively, Spain and Italy belong to the countries with the lowest fertility worldwide; Germany (1.41) (Federal Statistical Office of Germany, 2003) finds itself in a slightly better position. A similar trend has emerged in newly developed nations with South Korea, for example, having a total fertility rate of 1.17 in 2002 (National Statistical Office of Korea, 2004). The combination of increased life expectancy and low fertility rate has led to structural ageing of the population.

In Australia, the fertility rate peaked at 3.5 in 1961 during the baby boom but has since dropped significantly to 1.77 in 2004 (Australian Bureau of Statistics, 2007b). It fell below replacement level for the first time in 1976 and has remained there since (Australian Bureau of Statistics, 2002). This development has not only been associated with the introduction of the contraceptive pill in the 1960s. A growing number of women have remained in the education system to undertake post secondary training while there has also been a substantial rise in female participation in the work force. Combined, these factors have resulted in a delay in marriage and childbearing. Social values concerning family and children have also had a negative effect on the average number of babies born to a woman (McDonald, 2000). While the fertility rate has been falling consistently since the 1960s, life-expectancy has risen. From 1953–55 to 2002–04, the life expectancy of a new-born baby in Australia increased by 11 years for boys

and 10 years for girls to 78 and 83 years respectively (Australian Bureau of Statistics, 2007b). Despite these developments, the ageing process of the Australian population has been slowed by the country's relatively high immigration rate (Alvarado and Creedy, 1998).

Projections by the Australian Bureau of Statistics (ABS) suggest that structural population ageing is expected to continue into the future. In Australia, the fertility rate is projected to decline while the median age of the population is expected to increase from 35.9 years in 2002 to between 40.4 and 42.3 years by 2021 and to between 46.0 and 49.9 years in 2051 (Australian Bureau of Statistics, 2003b). Considering the current retirement age of 65 years, more people will be exiting the work force than will be entering it, leading to a reduced size of the working population. The recent and projected population structure for Australia is demonstrated in Figure 2. This projection indicates that the demand for tourism products and destinations aimed at the older population is likely to increase both in actual number and in proportion of all holidays as the number of older people grows.

The group that currently drives population ageing is the baby boomer generation. The size of this generation, coupled with increased life expectancy and low fertility rates, has led to a dominance of the baby boomers' values, beliefs and demand patterns in Australian society making this generation an important target market. The first of the baby boomers are now entering retirement and as they do so, their impact on the demand for travel products is likely to be felt by many destinations and suppliers.

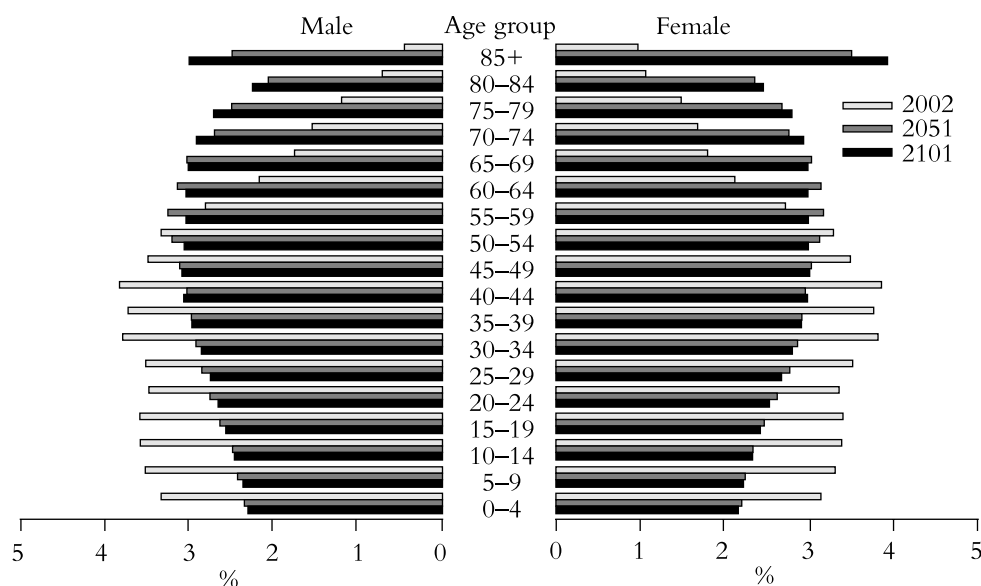
### THE BABY BOOMER GENERATION

There are essentially five generations in today's society. While the time frames for the two oldest generations are defined relatively consistently, differences exist regarding the end dates for the younger generations. The following classification applies in this paper:

1. The *pre-war generation* encompasses the population born before the end of the Second World War. This generation experienced

Recent and projected age structure (as at 30 June) for the Australian population according to ABS Projection Series B

Figure 2



Source: Australian Bureau of Statistics (Australian Bureau of Statistics 2003, p. 36) (ABS data used with permission from the Australian Bureau of Statistics).

- the economic boom of the 1920s, the privations of the Great Depression and the terror of global war which collectively moulded their outlook on life. After the war, birth rates increased substantially fuelled by unprecedented economic growth, prosperity and confidence.
- The *baby boomers* were born between 1946 and 1965 (Australian Bureau of Statistics, 2004) and heavily influenced infrastructure developments like the number of schools because of the sheer size of this generation (Marconi, 2001; Salt, 2003).
  - Members of *Generation X* were born between 1966 and 1977 (Marconi, 2001; Tapscott, 1998). This generation is characterized by birth rates that had fallen below replacement level, and its members have enjoyed a period of almost continuous economic growth.
  - While birth rates still remained low between 1978 and 1998, the following *Generation Y* or *Net Generation* is distinguished from *Generation X* on the basis of the technological environment in which they were born (Tulgan, 2000).

- There have been some attempts for categorizing the population born after 1998 into a new generation. Suggestions include *Virtual Generation*, *Generation Next* and *Generation Z* (Switzer, 2007).

Currently (in 2009) aged between 44 and 63 years old, the baby boomers will form the next generation of seniors. However, their life experience is very different from that of the current group of seniors, the pre-war generation. Baby boomers have generally experienced peace, economic prosperity and a sense of optimism based on the technological advances made while they were growing up. As a result, consumption preferences and demand patterns differ between these two generations and destinations and suppliers must consider differences of this nature. Those destinations focusing on today's seniors have tailored their products at the pre-war generation. If they continue to concentrate on the older segment of travellers they may soon find that their existing products, attractions and interpretation will not meet the needs of the next generation of seniors who are now

beginning to make their presence felt in the seniors travel market. In the next decade a large group of baby boomers will move into their senior years while the pre-war generation will begin to decline in overall numbers. In 30 years' time there will be few remaining pre-war generation members, baby boomers will be the major older travel segment, and members of Generation X will have commenced retiring in significant numbers. Currently, according to the 2006 Australian Census Data (Australian Bureau of Statistics, 2007a) there are 5.6 million members of Generation Y, 3.4 million members of Generation X and 5.3 million baby boomers in the Australian population.

In terms of their behaviour and attitudes to family life, baby boomers married later, had children later, divorced more often than any previous generation, and their families often live together only part of the time (Marconi, 2001; Tapscott, 1998). As a result of the high divorce rate, there are a high number of single and single-parent households (Malley, 1998). In Australia, the baby boomers have become the most divorced generation and 'the one parent family is as "normal" as the two parent family' (Mackay, 1997: 74).

As a result of different life and travel experiences the baby boomer generation is likely to hold holiday expectations that are different from those of the previous generation. The baby boomer generation has dramatically expanded the travel and leisure market (Mackay, 1997). A number of factors have supported this development. Baby boomers take leisure trips more frequently than the previous generation because they have more time and higher disposable incomes, take advantage of advances in transport technology, and benefit from the development and increased accessibility of new destinations. As a result of their need for instant gratification, they also make up their minds faster when it comes to making decisions about leisure travel (Malley, 1998; Patterson, 2002).

Baby boomers not only undertake more travel but also participate in more challenging activities than their parents could at the same age since baby boomers are generally fitter and healthier than the previous generation. As a result, baby boomers continue to

engage in physical leisure activities as part of their holiday experience as they grow older. In addition to active holidays those who have the financial resources also seek meaningful, significant and authentic experiences, which can range from adventures such as trekking through the Himalayas to educational cultural explorations including study-tours to historic sites in Europe and Asia. According to a number of researchers, baby boomers also see travel as a means of social interaction since they are interested in meeting new people and building new friendships (Mackay, 1997; Patterson, 2002). These goals are highlighted by the fact that the price for a leisure trip is less important to them than other factors (Malley, 1998). This attitude is a consequence of increased discretionary income and enables baby boomers to consider factors other than cost when planning a holiday.

In comparison with the pre-war generation many, though not all, baby boomers have greater access to superannuation funds and have had greater opportunities to build personal wealth (Australian Bureau of Statistics, 1999). As a result, many baby boomers do not face the level of limitation on their personal discretionary income that restricts the level of tourism demand of many members of the pre-war generation. Nevertheless, many baby boomers who started families late will continue to have dependent children as they near or reach retirement and this is likely to have a negative effect on their disposable income. Income characteristics of this nature need to be incorporated into product and destination marketing strategies.

If destinations and tourism suppliers want to remain successful in promoting their product and services they need to be aware of the differences that may be apparent in the demand profiles of specific generation groups. If there are significant changes in tourism demand characteristics that can be attributed to changes in the generational composition of the visitor base, there may be clear market advantages to be gained by suppliers and destinations that are willing to adapt their products and services to the tourism needs of each generation group. It is apparent that destinations and tourism suppliers need to develop products and services

that have the capability to appeal to multi-generation markets rather than focusing only on one generation.

The implications of structural ageing on tourism demand are demonstrated in the following case studies. It should be noted that in many cases, the differences between generations and the products that they desire may not be as obvious as the case studies imply. In such circumstances destinations and suppliers will need to be vigilant if they are to identify shifts in demand based on generation membership and seek to either maximize the economic advantage afforded or conversely minimize the economic loss that may occur. The caravanning industry in Australia is one example where products need to be adapted to the changing holiday needs of a generation. Norfolk Island provides insights into the potential for change in the pattern of demand as baby boomers enter retirement and emerge as the next senior generation in the market place.

### **CASE STUDY 1 – THE IMPACT ON A TOURISM PRODUCT: CARAVANNING**

Caravan holidays have been a feature of Australia's tourism industry for many decades with the earliest caravans being built in the late 1920s. Australia's well-developed national highway network, a suburban lifestyle that allows home garaging of caravans, and the remoteness of many popular scenic areas contribute to the popularity of this form of holiday activity. In recent decades there has been a profound change in the profile of caravanning in Australia with a shift from family holidays at the seaside to seniors touring the country on trips that may take months to complete (Prideaux and McClymont, 2006).

To identify trends in the age profile of tourists staying in caravan parks a survey was conducted during the June to August period of 2003. As this period coincides with the winter vacation period the data that were collected are likely to provide a good understanding of traveller characteristics. The survey was conducted in the small rural town of Goondiwindi which, because of its location on the major inland highway connecting

Melbourne with Queensland, has emerged as a popular over-night stop for caravanners.

With the assistance of the managers of the two largest caravan parks, a convenience sample of 200 caravanners resulted in the collection of a total of 149 valid surveys (response rate 74.5%) that were subsequently analysed using SPSS 6.11. The questionnaire had been validated through a pilot study before data collection commenced.

Results relating to age showed that respondents ranged between middle-age and young-older. The majority of respondents (46.9%) were between 45 and 64 years old, closely followed by 65 to 74 year group (42.2%). Thus, the overwhelming majority of travellers were older members of the baby boomer generation and members of the pre-war generation. Younger travellers between 18 and 44 years of age represented 5.4% of the respondents, while caravanners aged 75 and over represented 6.1% of the sample. Discussions with tourism authorities in Goondiwindi as well as park proprietors indicated that this profile was consistent with their own observations. This age profile indicates that the younger baby boomers and Generations X and Y are far less likely to take a caravanning holiday in South West Queensland than the older baby boomers and pre-war generation.

Considering the age distribution of respondents it is hardly surprising that the largest occupational group was retirees (72.3%), followed by professionals (7.4%) and domestic duties (4.7%). In the 45 to 64 year age group, 60% of respondents were retired, the proportion increasing with age. The respondents' household composition was also in line with the age structure. Only 4.1% of the respondents belonged to families with school-aged children, and even smaller proportions represented young singles (0.7%), young couples (1.4%) and young families (0.7%). The majority of travellers belonged to older (69.4%) and mid-life households (23.8%) who have been described as empty nesters because their children have left home.

Corresponding to these responses, travel party size and composition characteristics were almost uniform. Most respondents stated that they travelled in a party size of two (87.2%)

with adult couples (85%) being the main family grouping. A small proportion of respondents travelled alone (5%) or in groups of three or more (9.5%). Also, an equally small proportion of respondents travelled as nuclear families with children (6.1%), or with family and friends but without children (3.4%). Only a very small number of respondents travelled with business associates (1.3%).

The survey results supported anecdotal evidence gathered in conversations with caravanners and caravan park operators. Both groups indicate that there has been a change in the trip characteristics of caravanners, generally reflecting a decline in the family holiday undertaken during the school holiday periods, and an increase in longer trips taken as a post retirement journey. The results of the research point to a significant shift from the stereotype image of caravanning based on parents with children to couples in an older age bracket with no children. Recent trends in caravan construction indicate that two berth caravans that include an en suite are growing in popularity (Australian Caravan and Motorhome Club, 2004), reflecting the shift from the family market to an older market that does not travel with dependents. Tourists travelling through Australia in caravans today are likely to be of the same generation as those who experienced a family holiday in the caravan as young parents twenty years ago or as children thirty years ago.

This significant shift in age and travel party size indicates that park owners may have to shift their emphasis from the provision of child-orientated to adult-orientated park facilities. There are obvious implications of an ageing cliental and managers will have to be aware of the need to install and promote user-friendly facilities for older clients with a range of disabilities. Since the current cohort of caravanners does not seem to be a new group of travellers but rather the same group that travelled twenty years ago, the shift that is experienced in this travel market is obviously from a younger family segment to an older, possibly wealthier segment of couples. The increased wealth of the caravanning community can be deduced from recent trends in caravan purchases. After a decline in the

popularity of caravanning in the period from the early 1980s to the early 1990s the industry experienced a resurgence in the latter part of the 1990s (Caravan Industry of Australia, 2003). Between 2000 and 2003 the number of new caravan registrations increased by 40%, from 10,807 in 2000 to 14,050 in 2003 (Australian Bureau of Statistics, 2003a). Some of this increase appears to stem from a renewed interest in caravanning as well as the replacement of older models with new more advanced models.

Although older baby boomers already appear to embrace caravanning, the increasing number of younger baby boomers who will reach retirement in the next two decades will present the caravanning industry with new opportunities and challenges. While continuing to meet the needs of the current cohort of caravan travellers, parks will also need to consider what changes are required to attract younger baby boomers as they move into retirement. The ability of the industry to identify these demands and develop new products and services, as distinct from the products and services that are demanded by the current generation of caravanners, will largely determine the future structure of the industry. In part this is being driven by the demand for new inclusions in caravans that were not available to earlier generations of caravanners. For example, caravans with self-contained toilets and showers are becoming the norm and not the exception of past decades, partly because the change from family berths (four or more sleeping spaces) to two berth caravans has freed up space for these facilities.

Caravan parks both individually and as an industry will need to adapt to meet new requirements if they are to remain competitive. This may for example require the caravan industry to re-discover the younger population as a target market. The size of the baby boomer generation currently provides the opportunity to target a relatively large market which is experienced in caravanning holidays. However, to ensure the long term survivability of the industry it will be necessary to attract members of Generation X to caravanning while continuing to service the generation groups that currently dominate the contemporary



caravanning market. If this does not occur a product gap of the nature illustrated in Figure 3 may emerge.

### **CASE STUDY 2 – THE IMPACT ON A DESTINATION: NORFOLK ISLAND**

Norfolk Island is a small self governing island destination in the South Pacific located off the Australian east coast approximately half way between New Caledonia and the northern tip of New Zealand. The Island can be accessed by passenger jet from the major Australian generating regions of Brisbane and Sydney in just over two hours and from Auckland in just under two hours. As a tourism destination, Norfolk Island faces many of the problems experienced by small islands, such as over-dependency on tourism and lack of viable economic alternatives, a peripheral location, carrying capacity limitations, being a market follower rather than a market leader, and having tourism infrastructure that falls behind competing destinations. The Island's attractions include a strong positive image as a heritage destination, a competitively priced product, a strong record of growth over the last decade, and high levels of visitor satisfaction (Prideaux, Crosswell and Ng, 2002).

At present, the structure of Norfolk Island's tourism industry is focused towards meeting the demands of the pre-war generation of seniors. However, in the coming decade the number of seniors belonging to the pre-war generation will begin to decline rapidly and be replaced by the baby boomer generation of retirees. In a recent report on the Island's tourism industry Prideaux et al. (2002) noted that failure to alter the Island's current range of tourism products and services to reflect the aspirations and consumption patterns of non-senior travellers may result in a slow decline in visitor numbers in the next decade. Further, they observed that there was a danger that a decline of this nature will reduce the capacity of the government and private sector to undertake refurbishment and finance new investment.

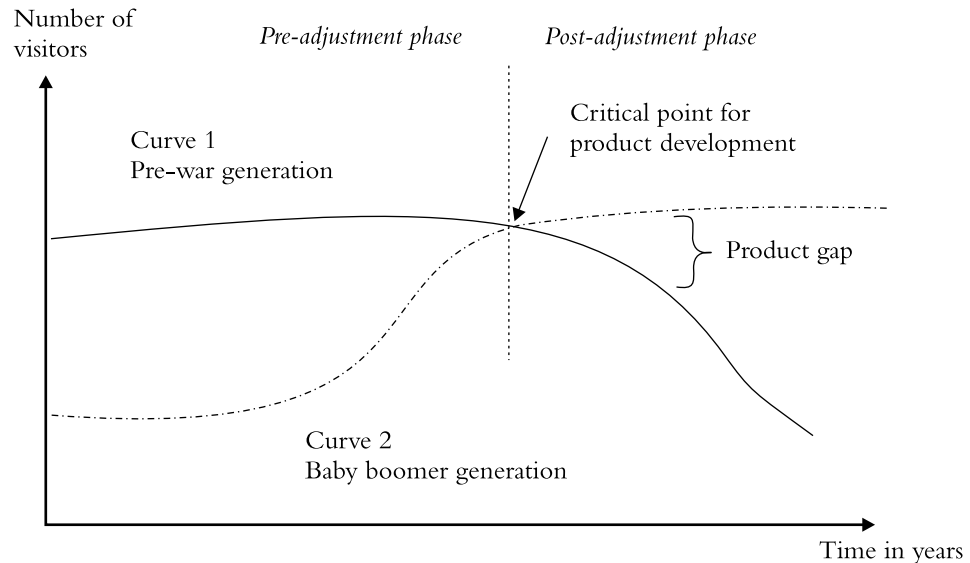
Currently, Norfolk Island's tourism industry primarily targets the older traveller who belongs to the pre-war generation, a focus that

is translated in the themes, styles and images of the tours on offer, the narration and commentary on these tours, and the range of articles sold in shops. An observational analysis of the class and variety of goods available for sale in the Island's shops (including clothing, collectables, jewellery and gifts) found that the items were predominately orientated towards the pre-war generation indicating the local tourism industry's assumption that the majority of visitors are seniors belonging to the pre-war generation (Prideaux and Crosswell, 2006). Less emphasis was placed on providing shopping and other services that were orientated towards baby boomer visitors. The lack of acknowledgement of the baby boomer visitor could reduce the attractiveness of Norfolk Island since, as Prideaux, Wei and Ruys (2004) noted, baby boomers have different needs and expectations from the earlier pre-war generation.

These differences in expectations between generations are illustrated in Figure 3 where curve 1 represents the pre-war generation and curve 2 represents the baby boomers. As the number of pre-war generation visitors declines over time their place must be taken by other visitor groups. In this case it is suggested that their place be taken by baby boomers. For this to occur the destination must develop new product offerings that appeal to baby boomers as well as retain their existing, but declining pre-war market. If the destination fails to engineer this change in its appeal a product gap as indicated in Figure 3 (not to scale) will appear. Ideally, a destination should recognize that a change in demand is occurring and begin preparing a modified tourism product. This allows a smooth transition from one generation to the next to ensure that a product gap does not occur.

Another way of viewing the problem is from the perspective of the product life cycle. The product life cycle represents the stages a product will move through from its introduction to final decline (Levitt, 1965). Since the life cycle of the products and services required by the pre-war generation differs from that of the baby boomers, a product gap is likely to emerge if the demands of both generations are not fulfilled during the transition period.

Figure 3 Emergence of a product gap



Source: Modified version of model developed by Singer and Prideaux (2004).

Norfolk Island's tourism providers must address this emerging product gap if the Island is to both retain its existing pre-war seniors and be seen as attractive to the emerging baby boomer seniors market. New or refreshed products need to be provided including modifications of the style of products and the characteristics of secondary tourism assets. For example, Australian baby boomers will compare the physical standards of hotels and restaurants on Norfolk Island with other domestic destinations such as Cairns, Noosa, Port Douglas, Byron Bay and Coffs Harbour. Although price conscious baby boomers may find Norfolk Island attractive, higher yield and less price sensitive visitors may avoid the Island due to its lack of five-star hotels and fine restaurants. Similarly, the narrative on sightseeing tours and the products offered in the Island's shops are currently designed to appeal to the pre-war generation. They need to be adapted to the interests, experiences and mindsets prevalent amongst baby boomers to ensure that they are able to meet the expectations of the new generation of senior travellers.

If Norfolk Island cannot develop new or re-imaged products that will fill this gap, baby boomers will seek other destinations in Australia or overseas. Evidence of a long

term decline in demand for travel to Norfolk Island has emerged in recent years with a fall in visitor numbers by 15% to 34,000 visitors over the five year period from 2000 to 2005. A recent report (Acumen Alliance, 2005) that examined the Island's financial sustainability forecast that if 2005 visitor levels were maintained the Norfolk Island Government would have insufficient operating surpluses by mid 2007 to meet the operating deficit of the Revenue Fund which finances a range of Island services. As visitor numbers and yield fall the destination may enter the decline stage postulated by Butler's (1980) tourist area life cycle. Decline may only be arrested through rejuvenation of the destination by developing products that appeal to a new group of visitors. The development of products of this nature will need to be undertaken within a number of parameters including: many baby boomers will have greater financial resources as a result of personal investments or superannuation funds; they will have more time available and seek to travel more often; they are likely to be fastidious about their destination choice as a result of past travel experience; and they will search for different activities and experiences due to their values, beliefs, state of health, education, and travel experience.

## CONCLUSION

Tourism demand is a function of the availability of personal time, financial resources and destination attractiveness. It is also influenced by social and economic change, domestic and international political considerations and new technology. As one of the variables that defines social change, population ageing determines patterns of demand. Since population ageing in many Western countries is a result of the baby boom that occurred after the Second World War, the baby boomer generation is in a position to dominate tourism demand for products and destinations. Two trends can be recognized: first, the need to adapt tourism products preferred by the baby boomer generation to account for their increasing age, and second, the need to adapt tourism products currently targeted at the senior market segment to take into account baby boomers' preferences.

The first trend suggests that, as they grow older, baby boomers demand the same type of products as before but the product features need to be adapted to their new position in the life cycle, new family situation and older age. This development has been demonstrated by the example of the caravan industry in Australia. According to the Australian National Visitor Survey, members of the pre-war generation and older baby boomers are currently the major users of caravan parks, with 11.2% of all domestic visitor nights amongst 50–59 year olds and 17.7% of visitor nights amongst 60–69 year old spent in such facilities (*National Visitor Survey*, 2006). As they grow older and continue to use this type of accommodation, facilities need to be adapted to their needs. Although today's older generations are considered to be fitter and healthier than ever, physical mobility and eyesight will decline with older age. The need to modify products and services to suit the ageing baby boomers also applies to other activities that are popular with these travellers including visiting art and craft workshops and studios, going to the beach, going cycling, attending theatre performances and going to markets (*National Visitor Survey*, 2006). For example, it may become increasingly important to indicate the length and degree of difficulty of cycling tracks and to ensure that

the ageing baby boomers do not overestimate their declining physical ability. Since baby boomers do not want to be seen as 'old', the challenge for tourism providers lies in designing products and services that are suitable for this age group without offending their own sense of youthfulness.

The second trend recognizes that baby boomers display tourism demand patterns that differ from the previous pre-war generation. Destinations that focus on the older traveller need to adapt to these changes and cater for a younger audience of seniors in order to remain competitive. Norfolk Island has been used as an example to show this challenge for tourism providers. One of the most distinct differences between the pre-war generation and the baby boomers is the baby boomers' extensive travel experience. Technological advances during the time when the baby boomers grew up include the development of the passenger jet. As a result, access to many destinations became easier, and new destinations have emerged. Baby boomers have taken advantage of these increasing travel opportunities thus becoming sophisticated travellers who know the type of product and the level of service they should be able to expect. Destinations which target the older market segment need to take their customers' travel knowledge into account and ensure that the products targeted at older consumers meet their expectations. In addition, such destinations may increasingly feel the pressure of competition from international destinations. Compared to the pre-war generation many baby boomers have travelled overseas and are inclined to continue doing so in the future. Safety and security issues and unfamiliar, possibly non-English speaking environments are of lesser concern to the baby boomers than the current generation of seniors. As a result of baby boomers' interest in international travel, the emerging destinations in the South Pacific that are accessible by air, comparatively cheap and considered more exotic, may pose a serious threat to similar destinations in Australia. These destinations need to not only adapt their products to the baby boomers but also work on defining a unique selling proposition that differentiates them from competing destinations.

The dominance of the baby boomer generation will continue to be a factor in the design and supply of tourism products and services for several decades. However, despite the need to service an ageing population the tourism industry must also acknowledge the needs and demand of the less numerous younger generations in order to provide products and destinations tailored to their demand preferences. This paper has used two case studies to demonstrate how population ageing may affect tourism demand. Since these studies have been exploratory and illustrative in nature, further research into the changing demand patterns needs to be conducted. This should include not only the older generation but also potential impacts on the younger generations' demand preferences. While a change in demand patterns is inevitable, there needs to be a balanced approach to the provision of tourism products and services and the design and management of tourism places. Where this does not occur, as illustrated in the two case studies, there is a danger that a product gap will emerge and in time generate a fall in demand and profit. Furthermore, other relevant issues that may result from population ageing, such as a potential lack of skilled labour for the delivery of tourism services, also need to be examined.

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