Member Report

Growing the American Market for Travel to Europe:

Market Trends and Opportunities

Prepared for the European Travel Commission

November 2001

MCG MENLO CONSULTING GROUP, INC.
Palo Alto, California

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I About This Report

The United States has long been Europe's most important overseas tourism market. To exploit the potential of the U.S. market to the fullest, the European Travel Commission (ETC) has contracted with Menlo Consulting Group, Inc. (MCG) to provide ongoing market intelligence on the travel patterns, interests, and preferences of American international pleasure travelers.

The economic slowdown in the United States and the events on and after September 11, 2001, make for market conditions that are very different from those that prevailed two years ago. In the current environment, a good understanding of travelers' interests and motivations is all the more critical.

This is one of two complementary reports prepared by Menlo Consulting Group for the European Travel Commission.

This report, intended for distribution to all ETC countries, updates and expands on information contained in Menlo Consulting Group's 1999-2000 report for the European Travel Commission. It tracks market trends, profiles potential travelers to Europe, and identifies ways of growing the market.

A second report,[1] prepared for ETC countries that have chosen to participate in a supplementary pool agreement, looks in depth at a number of strategic market segments, including first-time travelers to Europe, off-season travelers, family travelers, and cruise travelers.

The information in this report is based on selected findings from Menlo Consulting Group's 2001-2002 TravelStyles® survey of American international travelers. This is the eighth in a series of surveys conducted at two-year intervals since 1987. Data from previous TravelStyles surveys are included to illustrate trends. A description of the research methodology is contained in Appendix A.

1 *Growing the American Market for Travel to Europe: Key Market Segments*, November 2001.

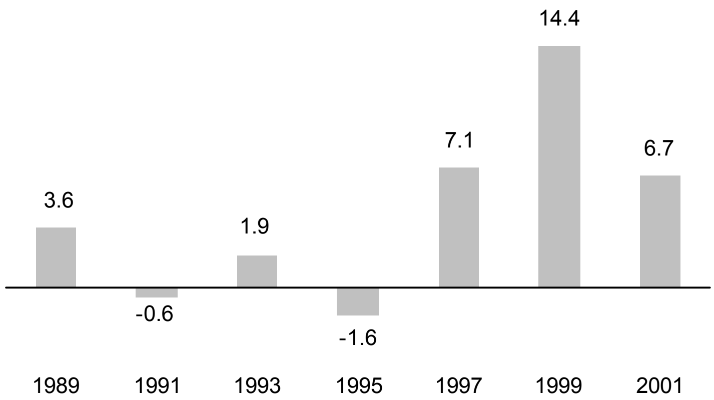
II Market Overview and Trends

Market Size

During the past two years, the U.S. market for outbound pleasure travel continued to build on the substantial growth recorded in our 1997 and 1999 TravelStyles surveys. Looking forward, the economic slowdown in the United States, the events of September 11, 2001, and threats of further terrorism will surely have a dampening effect on outbound pleasure travel in the months ahead. However, we believe that American pleasure travelers are more resilient than they are commonly thought to be. Barring further terrorist attacks, we could see a substantial rebound in travel to Europe as early as next summer, although the slowing economy is likely to keep the lid on further growth.

In the past three years, approximately 39.9 million Americans (19.3% of U.S. adults) traveled outside the continental United States for pleasure on trips lasting five or more nights. We refer to these travelers as *outbound pleasure travelers* (or as *outbound travelers* for short). In our 1999 TravelStyles survey, the number of outbound pleasure travelers was approximately 37.4 million persons (18.5% of U.S. adults). This difference represents an increase of 6.7% in the number of outbound pleasure travelers (Exhibit 1).

EXHIBIT 1. PERCENTAGE INCREASE IN THE NUMBER OF OUTBOUND PLEASURE TRAVELERS FROM THE PRECEDING SURVEY*



* Took at least one pleasure trip of five or more nights outside the continental United States in the preceding three years.

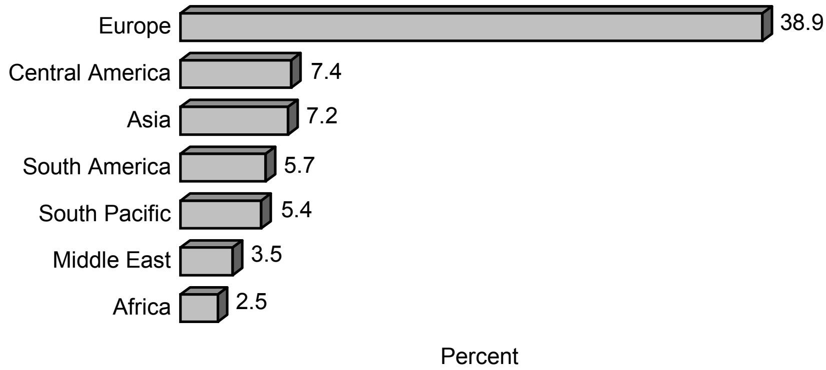
Growth in *long-haul* travel (that is, travel to destinations other than Alaska, Hawaii, Canada, Mexico, the Caribbean, and Bermuda) has been even more pronounced.[2] The number of long-haul travelers increased by 17.3%. In the past three years, approximately 20.3 million Americans (9.8% of U.S. adults) took at

2 For purposes of this research, we treat Alaska and Hawaii as international destinations.

least one long-haul trip, whereas in our 1999 TravelStyles survey, the number was 17.3 million (8.5% of U.S. adults).

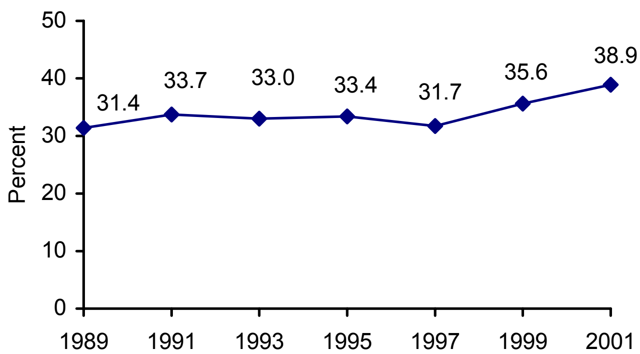
Europe continues to dominate long-haul travel. Almost 4 in 10 outbound pleasure travelers (38.9%) visited Europe at least once in the past three years. Central America—the next most popular long-haul region—attracted only 7.4% (Exhibit 2). In fact, fewer than one in four outbound pleasure travelers (23.0%) visited *any* long-haul destination other than Europe in the past three years.

EXHIBIT 2. LONG-HAUL DESTINATIONS VISITED FOR PLEASURE IN THE PAST THREE YEARS



Europe's market share has increased sharply in recent years—from 31.7% in 1997 to 35.6% in 1999 and 38.9% currently (Exhibit 3). As a result, Europe has now displaced the Caribbean as the single most popular destination for Americans.

EXHIBIT 3. TREND IN EUROPE'S SHARE OF THE U.S. OUTBOUND PLEASURE TRAVEL MARKET



As we discussed in detail in our last report for the ETC, travel *within* the continental United States is a major source of competition for Europe. Domestic trips account for about half of all vacation/pleasure trips of five or more nights taken by outbound pleasure travelers. Moreover, many domestic destinations have seen sizeable increases in their marketing budgets following the events of September 11, 2001.

TRAVEL FREQUENCY

Although comparatively few Americans travel internationally for pleasure, those who do tend to travel frequently. The majority of American outbound travelers (54.0%) took two or more international pleasure trips in the past three years; 31.7% took three or more trips, and 18.0% took four or more (Exhibit 4).

EXHIBIT 4. NUMBER OF OUTBOUND TRIPS IN THE PAST THREE YEARS

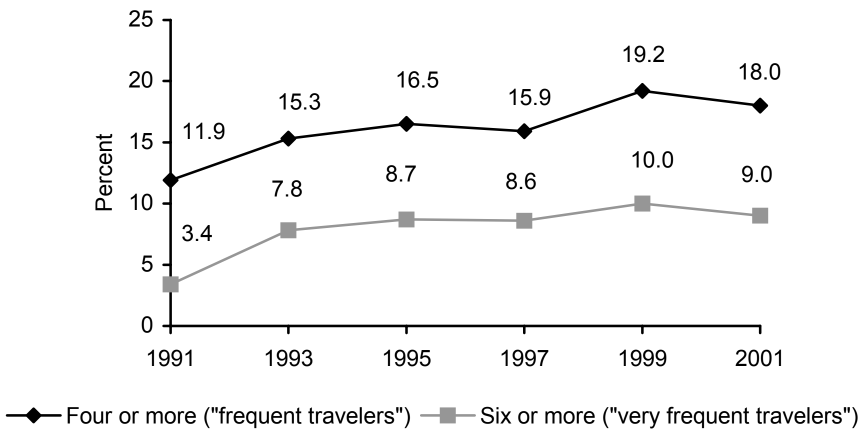
One	46.0%
Two	22.3
Three	13.7
Four or five	9.0
Six or more	9.0

(Number of respondents = 2,431)

Although travel frequency has dipped slightly this year, it has been increasing steadily over the past decade. Both the percentage of travelers who took four or more outbound pleasure trips in the previous three years (*frequent travelers*) and the percentage of those who took six or more trips (*very frequent travelers*) have grown substantially since 1991 (Exhibit 5).

Frequent travelers are very important to the health and growth of the travel industry. Frequent travelers, as defined in the preceding paragraph, comprise 18.0% of all outbound pleasure *travelers* but account for 41.8% of all outbound pleasure *trips*. Similarly, very frequent travelers comprise 9.0% of all travelers but account for 23.9% of all trips.

EXHIBIT 5. TOOK MULTIPLE OUTBOUND TRIPS IN THE PRECEDING THREE YEARS



Frequent travelers tend to be more affluent than other outbound pleasure travelers (44.2% versus 28.9% have incomes of $100,000 or more). They also tend to be older (43.1% versus 26.0% are age 60 or older). Commensurate with their older age, they are more likely to be retired (36.0% versus 23.6%) and less likely to have children under 18 living at home (12.9% versus 26.0%). Additionally, frequent travelers tend to be somewhat more highly educated (37.0% versus 30.5% have attended or completed graduate school).

TRIP LENGTH

American travelers are time-poor. Moreover, time pressures have been intensifying. More than half of all outbound pleasure travelers (55.5%) agree in some measure with the statement "I always feel pressed for time," up from 49.4% in 1999. Nearly as many (51.2%) agree in some measure with the statement "I would happily trade a week's pay for an extra week of vacation" (Exhibit 6).

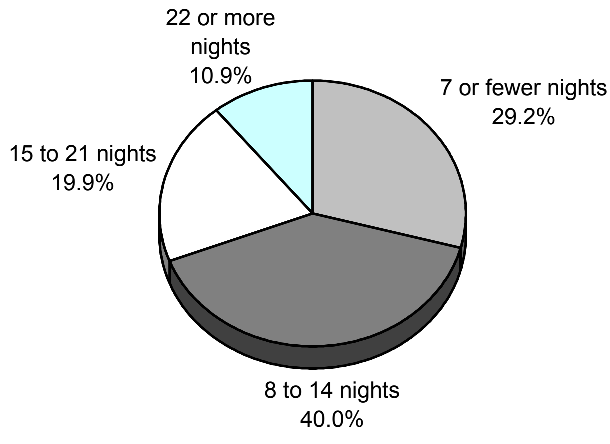
EXHIBIT 6. ATTITUDES ABOUT TIME

	Agree Strongly, Mostly, or Somewhat	Agree Strongly or Mostly
I always feel pressed for time	55.5%	23.4%
I would happily trade a week's pay for an extra week of vacation	51.2	27.3
For me, time is more scarce than money	49.7	21.8

(Number of respondents = 1,776-2,272)

Short vacation allowances (that is, paid time off from work), coupled with work, family, and community commitments, result in relatively short vacations. In the past three years, 7 in 10 travelers (69.2%) did not take any vacation trips—domestic or international—in which they were away for more than two weeks; 3 in 10 (29.2%) did not take any trips in which they were away for more than one week (Exhibit 7).

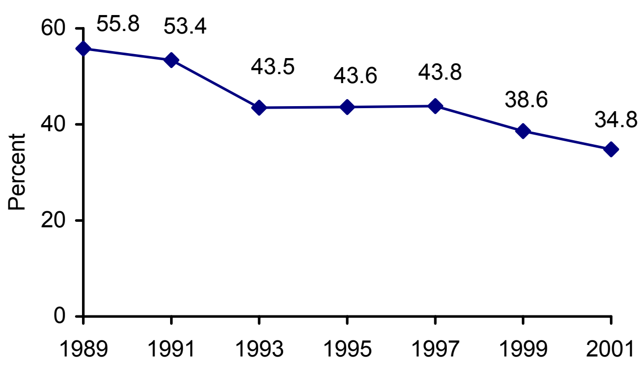
EXHIBIT 7. LONGEST PLEASURE TRIP IN THE PAST THREE YEARS*



* Domestic or international.

Not only do Americans take relatively short vacations, the amount of time that they devote to their vacation trips has been steadily declining. Travel to Europe is no exception to this trend. For instance, the percentage of travelers taking European vacations of 15 or more nights has declined from 38.6% in 1999 to 34.8% currently, continuing a trend that reaches back for more than a decade (Exhibit 8).

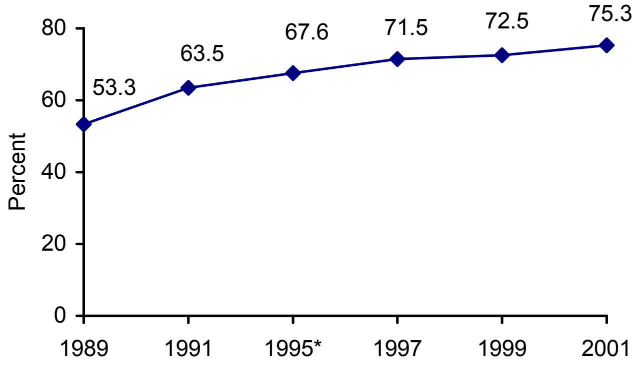
EXHIBIT 8. EUROPEAN TRIPS OF 15 NIGHTS OR MORE
(TRAVELERS WHO VISITED EUROPE ON THEIR MOST RECENT TRIP)



Americans are increasingly opting for *very short* vacations. Nearly 6 in 10 outbound travelers (57.3%) agree in some measure with the statement "I would rather take several 3- to 5-day trips a year than one 15-day trip"; 32.4% agree strongly or mostly.

One way of capitalizing on travelers' interest in short trips is through the promotion of "Eurobreaks" (that is, long weekends of four or five nights). Three out of four outbound pleasure travelers (75.3%) say that they would consider taking a Eurobreak, up from 72.5% in 1999 (Exhibit 9); 35.8% say that they would definitely consider taking such a trip, and 39.5% say that they would probably consider doing so.

EXHIBIT 9. APPEAL OF A EUROPEAN WEEKEND GETAWAY



* This question was not asked in 1993.

The market for short European getaways has not been fully tapped. Although interest is high, only 8.2% of outbound pleasure travelers have actually taken a Eurobreak. Expectably, Eurobreaks are most popular among travelers from the East Coast; 11.1% of travelers from the East Coast, 7.1% of those from the West Coast, and 5.8% of those from the central regions of the country have taken a Eurobreak.

The increased security measures, cancellation of flights, and resulting delays at airports following the terrorist attacks of September 11, 2001, may dampen travelers' enthusiasm for Eurobreaks in the short term. However, we believe that trips of this kind will continue to grow in popularity over the longer term.

III Travel to ETC Countries

Visitation in the Past Three Years

Great Britain continues to be the most widely visited country in Europe; 16.7% of all American outbound pleasure travelers—42.9% of those who visited Europe—visited Britain in the past three years. France, Italy, and Germany also attract sizable numbers of American outbound travelers (Exhibit 10).

EXHIBIT 10. ETC COUNTRIES VISITED FOR PLEASURE IN THE PAST THREE YEARS

	All Outbound Travelers	Travelers to Europe
Great Britain	16.7%	42.9%
France	12.6	32.4
Italy	10.4	26.6
Germany	9.2	23.5
Austria	6.0	15.4
Spain	5.5	14.2
Ireland	5.4	13.9
Switzerland	5.4	13.9
Holland	5.1	13.2
Greece	3.7	9.5
Belgium	3.5	9.0
Turkey	3.2	8.2
Denmark	2.8	7.2
Sweden	2.7	7.0
Portugal	2.6	6.6
Norway	2.5	6.3
Czech Republic	2.2	5.8
Monaco	2.2	5.6
Finland	1.9	4.9
Hungary	1.5	3.7
Poland	1.3	3.3
Luxembourg	1.0	2.7
Estonia	1.0	2.6
Iceland	0.9	2.4
Cyprus	0.5	1.2
Malta	0.4	1.1
Romania	0.4	1.0
Slovenia	0.3	0.7
Bulgaria	0.2	0.6
Croatia	0.2	0.5
(Number of respondents)	(2,402)	(935)

Almost all ETC countries experienced increases in market share during the past two years; only four countries suffered declines, and in two of those cases the declines were minimal. However, individual increases in market share were not as large as might be expected in light of the strong growth experienced by Europe as a whole. The reason is that Americans are increasingly opting to visit fewer countries per trip when traveling to Europe. Travelers who visited Europe on their most recent international trip visited an average of 2.0 countries; in our 1999 survey, the corresponding figure was 2.3 countries. In the same vein, the number of single-destination travelers to Europe increased from 46.6% in 1999 to 50.5% in 2001.

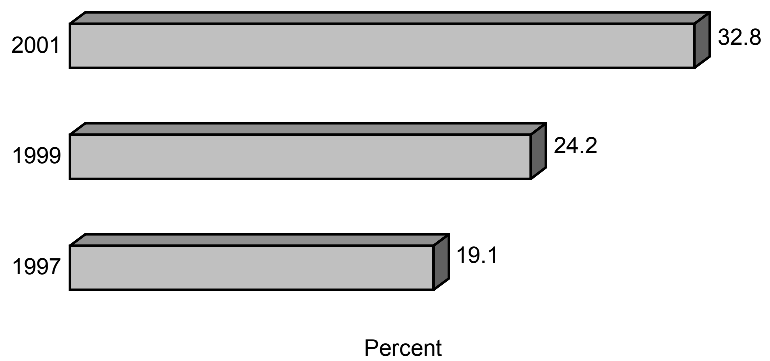
LIKELIHOOD OF VISITING IN THE NEXT TWO YEARS

Nearly a third of all outbound pleasure travelers (32.8%) say that they are likely to take a vacation/pleasure trip to Europe in the next two years. Another 28.8% say that they are likely to do so in the next three to five years, and 29.0% say that they are likely to do so more than five years from now. Only 9.3% say that they are unlikely to ever visit Europe for vacation/pleasure.

Of course, not all of these travelers will actually follow through on their intentions, particularly in the aftermath of September 11, 2001. Nevertheless, travel intentions give a good indication of the direction in which the market is moving.

Enthusiasm for visiting Europe has been steadily gaining momentum. The percentage of outbound pleasure travelers saying that they are likely to visit Europe for vacation/pleasure in the next two years has grown from 19.1% in 1997 to the current 32.8% (Exhibit 11).

EXHIBIT 11. TREND IN TRAVELERS SAYING THAT THEY ARE LIKELY TO VISIT EUROPE IN THE NEXT TWO YEARS



The rank ordering of ETC countries on travelers' intentions to visit them in the next two years generally parallels their rank ordering on visitation in the past three years (Exhibit 12). However, a number of countries seem to be particularly well poised for growth. For example, Malta and Croatia have especially high ratios of intended travel to past travel.

EXHIBIT 12. ETC COUNTRIES THAT TRAVELERS ARE LIKELY TO VISIT FOR PLEASURE IN THE NEXT TWO YEARS

	All Outbound Travelers	Travelers Likely to Visit Europe
Great Britain	19.4%	59.2%
Italy	13.5	41.1
France	12.4	37.9
Germany	10.7	32.7
Ireland	7.9	24.0
Spain	7.8	23.8
Switzerland	7.1	21.6
Austria	6.6	20.2
Holland	6.3	19.2
Greece	5.6	17.2
Portugal	4.6	14.1
Belgium	4.0	12.1
Sweden	3.7	11.2
Norway	3.6	10.9
Denmark	3.5	10.7
Turkey	2.6	8.0
Monaco	2.6	7.9
Finland	2.4	7.4
Czech Republic	2.3	6.9
Luxembourg	2.1	6.4
Hungary	1.8	5.6
Poland	1.5	4.7
Iceland	1.5	4.6
Malta	1.2	3.6
Estonia	1.0	2.9
Cyprus	0.7	2.2
Croatia	0.6	1.8
Romania	0.5	1.7
Slovenia	0.5	1.5
Bulgaria	0.3	1.0
(Number of respondents)	(2,396)	(786)

The trend to more geographically concentrated trips is reflected in travelers' intentions. On average, travelers say that they are likely to visit 4.2 ETC countries in the next two years. In our 1999 survey, the corresponding number was 5.0 countries.

IV Pleasure Travelers to Europe

To continue growing the U.S. market, it is important for ETC member countries to focus their promotional efforts on those segments that offer the greatest promise. In our view, these are persons who have traveled internationally for pleasure in the past three years and who say they are likely to visit Europe for pleasure within the next five years. We refer to them as *Europe pleasure travelers*.[3] They make up 61.6% of all U.S. outbound pleasure travelers and 11.9% of all U.S. adults. They comprise a market of approximately 24.6 million persons. The remainder of this chapter explores the characteristics and interests of these travelers.

Travel Experience

The vast majority (87.2%) of Europe pleasure travelers have visited at least one long-haul destination at some time in their lives; 67.2% traveled long haul for pleasure in the past three years. Most are prepared to travel again on short notice; 86.5% of Europe pleasure travelers currently have a valid passport.[4]

Four-fifths (80.6%) of Europe pleasure travelers have already been to Europe. Moreover, they are well traveled within Europe; 45.3% have been to at least 5 ETC countries, and 22.2% have been to at least 10 (Exhibit 13). In contrast, only 13.3% of other outbound travelers have been to at least 5 ETC countries, and only 4.6% have been to at least 10.

EXHIBIT 13. NUMBER OF ETC COUNTRIES VISITED PREVIOUSLY*

	Europe Pleasure Travelers	Other Outbound Travelers
None	19.6%	64.5%
1 to 4	35.1	22.2
5 to 9	23.1	8.7
10 to 14	13.5	3.1
15 to 19	5.8	1.3
20 or more	2.9	0.2
(Number of respondents)	(1,474)	(917)

* Ever visited for vacation/pleasure, business, or any other reason.

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3 The definition of Europe pleasure travelers used in this report is the same as the one used in our previous report for the ETC, thus facilitating comparisons between the two reports.

4 Unlike residents of many other countries, Americans obtain passports only when they travel to countries that require them. Most short-haul destinations do not require a passport for Americans. U.S. passports are valid for 10 years and are renewable.

GEOGRAPHIC MARKETS

Europe pleasure travelers are concentrated along the Atlantic and Pacific coasts (Exhibit 14). More than half live in one of four coastal regions: the Pacific (19.0%), South Atlantic (17.9%), Middle Atlantic (17.3%), and New England (6.6%). In the center of the country, only the East North Central region generates a sizable number of travelers (15.2%).[5]

EXHIBIT 14. GEOGRAPHIC DISTRIBUTION OF EUROPE PLEASURE TRAVELERS

	Europe Pleasure Travelers	U.S. Adult Population	Index
Northeast			
New England	6.6%	5.1%	129
Middle Atlantic	17.3	14.3	121
North Central			
East North Central	15.2	16.0	95
West North Central	6.1	6.8	90
South			
South Atlantic	17.9	18.7	96
East South Central	3.7	6.1	61
West South Central	7.4	10.9	68
West			
Mountain	6.9	6.3	110
Pacific	19.0	15.7	121
(Number of respondents)	(1,476)		

Sources: 2001-2002 TravelStyles U.S. Survey;
Profile of General Demographic Characteristics: 2000, U.S. Census Bureau, Census 2000

Residents of the New England region have the highest propensity for outbound travel to Europe.[6] They are 1.29 times as likely as all U.S. adults to travel to Europe for pleasure (an index of 129).[7] The Pacific region, with an index of 121, also produces an above-average share of Europe pleasure travelers.

[5] The states included in each census region are listed in Appendix B.

[6] The propensity of a region's residents to travel to Europe is computed by dividing its percentage of all Europe pleasure travelers by the percentage of U.S. adults (for example, 6.6% divided by 5.1% in the case of New England).

[7] An index is simply a propensity multiplied by 100. Numbers less than 100 indicate a lower-than-average likelihood of traveling to Europe; numbers higher than 100 indicate a higher-than-average likelihood of doing so.

Ten states account for three-fifths (60.1%) of all Europe pleasure travelers. California, the most populous state, contributes the largest share (15.5%) (Exhibit 15). However, in terms of propensity for European travel, Colorado (with an index of 220) ranks first, followed by New Jersey and Massachusetts (with indices of 167 and 135, respectively).

EXHIBIT 15. TOP 10 STATES RANKED ON SHARE OF EUROPE PLEASURE TRAVELERS

	Europe Pleasure Travelers	U.S. Adult Population	Index
California	15.5%	11.8%	131
New York	7.9	6.8	116
Florida	6.4	5.9	109
Texas	6.0	7.2	83
New Jersey	5.0	3.0	167
Illinois	4.9	4.4	111
Pennsylvania	4.4	4.5	98
Ohio	3.6	4.0	90
Colorado	3.3	1.5	220
Massachusetts	3.1	2.3	135

(Number of respondents) (1,476)

Sources: 2001-2002 TravelStyles U.S. Survey; U.S. Census Bureau

DEMOGRAPHIC PROFILE

In the American market, international travel correlates more strongly with education than with any other demographic characteristic. American outbound pleasure travelers tend to be much more highly educated than the U.S. adult population as a whole, and this is particularly true of those in the market for travel to Europe. Nearly 7 in 10 Europe pleasure travelers (68.6%) are college graduates (Exhibit 16). Further, 38.8% have attended or completed graduate school—21.6% having completed a master's degree and 7.7% a doctorate. In comparison, only 7.5% of U.S. adults have attended or completed graduate school.

As we have noted previously, Americans tend to wait until they are older to do the bulk of their international long-haul travel. As a result, Europe pleasure travelers tend to be substantially older than the U.S. adult population as a whole. For instance, 45.0% of Europe pleasure travelers are 55 years of age or older, whereas only 28.3% of U.S. adults fall in this age group. Baby boomers—people born from 1946 to 1964—are a particularly important market segment because of their sheer numbers and high propensity for travel. Four in 10 Europe pleasure travelers (39.3%) are boomers; older boomers (ages 46-55) make up 22.5% of Europe pleasure travelers, while younger boomers (ages 37-45) comprise 16.8%.

EXHIBIT 16. PROFILE OF EUROPE PLEASURE TRAVELERS

Education	
Completed doctorate	7.7%
Completed master's degree	21.6
Attended graduate school	9.5
College graduate (4 years)	29.8
1-3 years of college	21.5
High school or less	9.9
Age	
75 or older	6.8
65 to 74	17.1
55 to 64	21.1
45 to 54	22.9
35 to 44	18.3
25 to 34	12.6
18 to 24	1.1
Retired	29.2
Household income	
$200,000 or more	7.0
$150,000 to $199,999	7.6
$100,000 to $149,999	23.6
$75,000 to $99,999	19.3
$50,000 to $74,999	21.8
$25,000 to $49,999	16.5
Less than $25,000	4.2
Marital status	
Married	66.9
Living together, not married	7.2
Single, never married	13.1
Divorced or separated	8.1
Widowed	4.6
Have children under 18	17.6
Gender	
Male	53.7
Female	46.3

(Number of respondents = 1,348-1,470)

Europe pleasure travelers are also more affluent than the average outbound traveler. For instance, 38.2% of Europe pleasure travelers have incomes of $100,000 or more, compared with 21.3% of other travelers and 15.6% of all U.S. adults. However, as we have noted previously, international travel is not the exclusive domain of the affluent. One in five Europe pleasure travelers (20.7%) have incomes of less than $50,000. Among them are groups such as retirees, whose interest in and capacity for international travel are not necessarily reflected in their household income. Indeed, 29.2% of Europe pleasure travelers are retired.

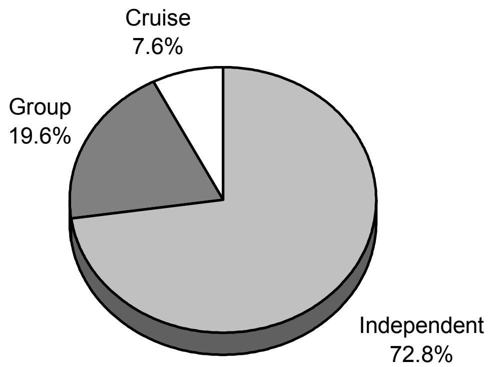
Three-quarters of Europe pleasure travelers (74.1%) are part of a couple, either in marriage (66.9%) or living with a partner (7.2%). Unattached travelers comprise the remaining one-quarter of Europe pleasure travelers.

Travelers with children tend to be underrepresented among Europe pleasure travelers; 17.6% have children under 18, compared with 34.0% of other outbound pleasure travelers. Nevertheless, travelers with children are increasingly taking them along on international vacations. In fact, 65.0% of Europe pleasure travelers with children under 18 say that they are extremely or very likely to bring their children along on a vacation to Europe; another 17.3% say that they are somewhat likely to do so.

TRAVEL PATTERNS AND PREFERENCES

The vast majority of Europe pleasure travelers are inclined to travel independently when visiting Europe. Among those who visited Europe on their most recent international trip, 72.8% traveled independently, 19.6% took an escorted group tour, and 7.6% took a cruise (Exhibit 17). These numbers are largely unchanged from those recorded in our 1999 survey.

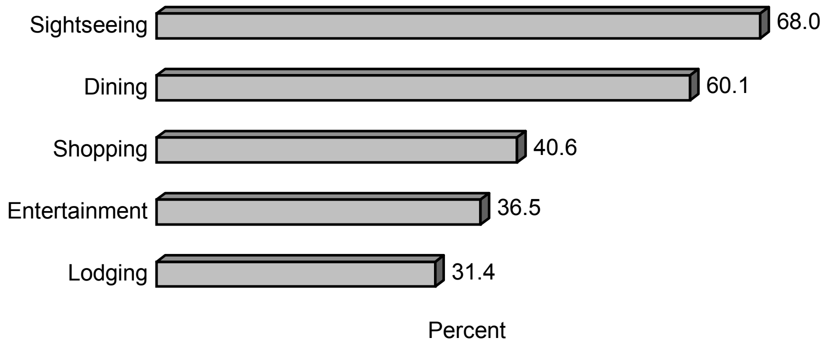
EXHIBIT 17. MODE OF TRAVEL TO EUROPE
(EUROPE PLEASURE TRAVELERS WHO VISITED EUROPE ON THEIR MOST RECENT TRIP)



Escorted group tours that focus on a particular interest have become increasingly popular in recent years. For instance, 21.8% of Europe pleasure travelers say that they would be likely to take a theater tour, 15.0% an art tour, 14.9% a music tour, 14.2% a military history tour, and 12.4% a religious tour. Many specialty tours are as appealing to those who normally prefer independent travel as they are to those who prefer group travel.

Europe pleasure travelers are inclined to emphasize sightseeing and dining over other aspects of an international trip; 68.0% say that they are likely to splurge on sightseeing and 60.1% on dining. In comparison, only 31.4% are likely to splurge on lodging (Exhibit 18).

EXHIBIT 18. ASPECTS OF AN INTERNATIONAL TRIP ON WHICH TRAVELERS WOULD BE LIKELY TO SPLURGE (EUROPE PLEASURE TRAVELERS)



Europe's abundant historical attractions are a strong draw for Americans, as evidenced by the fact that the preponderance of Europe pleasure travelers say that they would be likely to visit museums and historical landmarks such as cathedrals and palaces on an international vacation trip (Exhibit 19). However, Europe's attractions go beyond the historical. Europe pleasure travelers also express strong interest in experiencing contemporary Europe—whether by observing and mixing with locals in an outdoor café or pub, attending local festivals, or simply doing something as mundane as exploring residential neighborhoods.

EXHIBIT 19. LIKELIHOOD OF PARTICIPATING IN SELECTED ACTIVITIES ON A TRIP (EUROPE PLEASURE TRAVELERS)

Visit museums	91.9%
Visit cathedrals, palaces, etc.	91.9
Linger in an outdoor café	78.3
Go to a pub or local bar	74.5
Attend an ethnic/cultural festival	71.8
Attend a music or art festival	69.1
Drive or walk through residential neighborhoods	64.3
Get to know the locals	62.8

(Number of respondents = 1,473)

It is easy to underestimate the potential appeal of many attractions and sightseeing opportunities. For instance, 26.6% of Europe pleasure travelers say that they would be likely to attend a soccer match on an international vacation trip, 16.8% a rugby match, and 14.6% a cricket match—surprisingly large numbers considering that these are not major American sports.

Europe's cities are home to some of its most compelling tourist attractions, and it is safe to say that the preponderance of American tourists find their way to Europe's urban centers. At the same time, Americans have a strong love for the countryside. Nine out of 10 Europe pleasure travelers agree in some measure with the statement "I enjoy the calmness and quiet of small towns and villages"; 48.8% agree strongly or mostly. In comparison, only half as many (24.4%) agree strongly or mostly with the statement "I am drawn to the excitement and energy of big cities" (Exhibit 20).

EXHIBIT 20. ATTITUDES ABOUT CITIES AND THE COUNTRYSIDE
(EUROPE PLEASURE TRAVELERS)

	Agree Strongly, Mostly, or Somewhat	Agree Strongly or Mostly
I enjoy the calmness and quiet of small towns and villages	90.3%	48.8%
I am drawn to the excitement and energy of big cities	55.6	24.4

(Number of respondents = 1,459-1,462)

In fact, the vast majority of Europe pleasure travelers say that they would be likely to visit small towns and villages on an international vacation trip. Renting a car is a particularly good way of touring the countryside, and 26.7% of Europe pleasure travelers rented a car on their most recent trip to Europe. A somewhat larger number (40.3%) traveled by rail.

V UNDERSTANDING THE DECISION TO VISIT EUROPE

A wide variety of factors come into play in the decision to visit Europe, including advertising, travel articles in magazines and newspapers, television programs, information obtained on the Internet, books and movies, and the availability of frequent flyer awards. However, travelers tend to cite five factors as being particularly important: budgetary considerations, previous visits to Europe, the recommendations of friends and acquaintances, personal connections to people living in Europe, and ancestral ties.

PRICE

During the past two years, price has become an increasingly important factor in the decision to visit Europe, and this trend is likely to continue for the foreseeable future. Four in 10 Europe pleasure travelers who visited Europe on their most recent international trip (39.1%) say that an especially good fare or package influenced their decision to do so, up from 33.0% in our 1999 survey (Exhibit 21).

EXHIBIT 21. TOP INFLUENCING FACTORS IN THE DECISION TO VISIT EUROPE
(EUROPE PLEASURE TRAVELERS WHO VISITED EUROPE ON THEIR MOST RECENT TRIP)

	2001	1999
Especially good fare or package	39.1%	33.0%
A previous visit to the destination	29.5	37.1
Talking to someone who had been there	23.8	17.3
Have friends living there	21.1	n.a.*
Ancestors came from there	18.4	21.3
(Number of respondents)	(560)	(445)

* Not asked.

After falling sharply between 1995 and 1999, cost consciousness is once again on the rise. More than a third of Europe pleasure travelers (35.8%) agree strongly or mostly with the statement “I watch costs carefully on an international vacation,” up from 22.3% two years ago.

As the U.S. economy continues to weaken, we expect cost considerations to play an even greater role in destination selection. Moreover, cost competition is intensifying. To stem the fall-off in travel following the events of September 11, 2001, many travel suppliers—both domestic and international—are resorting to price promotions.

PREVIOUS EXPOSURE TO EUROPE

As we discussed in our previous report for the ETC, satisfaction with Europe is very high; virtually all travelers who have been to Europe express a strong interest in returning. In fact, previous experience with Europe is second only to price in influencing the decision to visit Europe. Three in 10 Europe pleasure travelers who visited Europe on their most recent trip (29.5%) say that a previous visit influenced their decision to do so. However, as Europe broadens its share of the American market, the importance of previous visitation is beginning to decline. In our 1999 survey, 37.1% cited a previous visit as a factor in their decision to visit Europe.

WORD OF MOUTH

For travelers who do not have firsthand experience with a destination, the experience of another person is the next best thing. Word of mouth plays an extremely important role in shaping travelers' destination choices. Among Europe pleasure travelers who visited Europe on their most recent international trip, 23.8% say that their decision to visit Europe was influenced by talking to someone who had been there. Word of mouth works to the particular advantage of the more popular countries inasmuch as there are more travelers to spread the word about them.

PERSONAL CONNECTIONS

Personal connections also play an important role in the selection of Europe as a vacation destination. Among Europe pleasure travelers who visited Europe on their most recent international trip, 21.1% say that their choice of destination was influenced by having friends in Europe. Another 14.5% say that their decision was influenced by having family in Europe.[8] These friends and family members could be either Europeans or Americans living in Europe.

ANCESTRY

In light of the fact that the vast majority of Europe pleasure travelers (82.2%) feel close in ancestry to at least one European country, ancestry is another important impetus for visiting Europe. For instance, 18.4% of Europe pleasure travelers who visited Europe on their most recent international trip cited ancestral ties as a reason for doing so. Travelers with ancestral ties to a particular country are among its best prospects. For example, travelers with ancestral ties to Ireland are twice as likely as other travelers to say that they are extremely or very interested in visiting Ireland. Nevertheless, in most cases the ancestral market makes up only a small percentage of the total leisure market for a destination.

8 The sample excludes persons who traveled *primarily* for the purpose of visiting relatives.

VI INFLUENCING THE DECISION TO VISIT EUROPE

NATIONAL TOURIST OFFICES

Slightly more than 4 in 10 Europe pleasure travelers (42.7%) say that they would be extremely or very likely to contact a tourist office if they wanted to learn more about a destination as a place to take an international vacation/pleasure trip. Another 30.0% say that they would be somewhat likely to do so. The percentage of travelers saying that they would be likely to contact a national tourist office is largely unchanged from the percentages recorded in our 1999 and 1997 surveys.

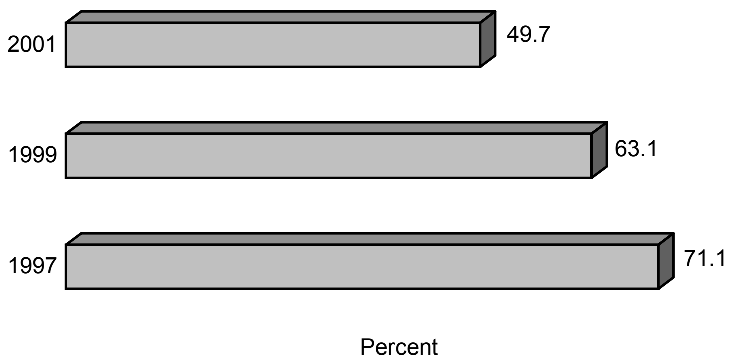
Among travelers who say that they would be extremely or very likely to contact a national tourist office, 65.6% say that they would be likely to do so over the telephone, 59.1% via the Internet, and 28.5% in person.

Three in 10 Europe pleasure travelers who visited Europe on their most recent international vacation trip (31.6%) did in fact contact a national tourist office in conjunction with their trip. Most of those who did so used the information to help plan the details of their trip. However, 25.8% of those who contacted a tourist office—8.2% of all those who visited Europe—used the information to help them decide whether or not to visit the destination.

TRAVEL AGENTS

Half of Europe pleasure travelers (49.7%) say that they are extremely or very likely to use a travel agent when taking an international vacation/pleasure trip. Another 28.6% say that they are somewhat likely to do so. The likelihood of using a travel agent has declined sharply in recent years (Exhibit 22).

EXHIBIT 22. TRAVELERS EXTREMELY OR VERY LIKELY TO USE A TRAVEL AGENT FOR AN INTERNATIONAL PLEASURE TRIP (EUROPE PLEASURE TRAVELERS)



As our research has consistently shown over the years, travel agents have relatively little influence on destination selection. Among Europe pleasure travelers who say that they are likely to use a travel agent, 75.5% say that they typically choose their destination before talking to an agent. Only 23.5% say that they typically ask a travel agent for advice in selecting a destination, and a negligible 1.0% say that they typically let a travel agent select their destination for them.

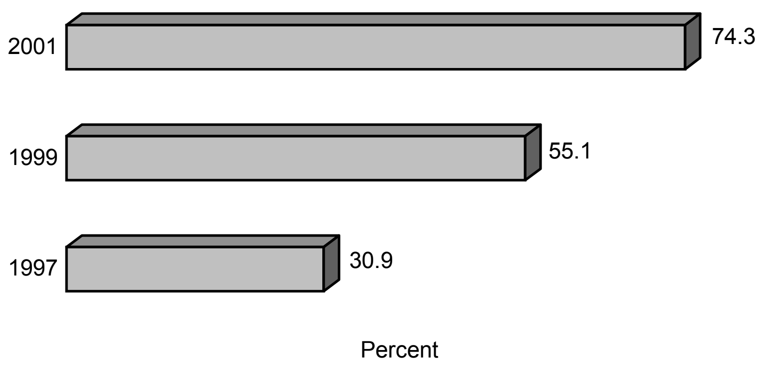
Half of Europe pleasure travelers who visited Europe on their most recent international vacation trip (50.6%) used a travel agent for their trip. However, only 6.4% of those who used a travel agent—3.2% of all those who visited Europe—used that agent to help them decide whether or not to visit the destination.

THE INTERNET

The importance of the Internet in destination selection continues to escalate.[9] The vast majority of Europe pleasure travelers (88.8%) have Internet access, up from 77.7% in 1999 and 51.0% in 1997.

Three out of four Europe pleasure travelers (74.3%) say that they would be extremely or very likely to search the Internet if they wanted to learn more about a destination as a place to take an international vacation/pleasure trip. Another 11.0% say that they would be somewhat likely to do so. The percentage of travelers saying that they would be likely to search the Internet has increased dramatically in the past several years (Exhibit 23).

EXHIBIT 23. TRAVELERS EXTREMELY OR VERY LIKELY TO SEARCH THE INTERNET TO LEARN MORE ABOUT A DESTINATION AS A PLACE TO TAKE AN INTERNATIONAL PLEASURE TRIP (EUROPE PLEASURE TRAVELERS)



[9] Subscribers to the complete TravelStyles 2001-2002 research program will find an extensive discussion of the Internet in the report of overall study findings.

Half of Europe pleasure travelers who visited Europe on their most recent international vacation trip (51.5%) used the Internet in conjunction with their trip. One in six (16.6%) of those who used the Internet—8.5% of all those who visited Europe—used the Internet to help them decide whether or not to visit the destination.

More broadly, 29.7% of Europe pleasure travelers with Internet access—26.4% of all Europe pleasure travelers—say that the Internet has at one time or another influenced their decision of where to go on vacation. More than 4 out of 10 Europe pleasure travelers with Internet access (44.2%) say that they used the Internet at least once in the past 12 months to get ideas about places to visit someday.

Appendix A

Research Approach

Research Approach

The TravelStyles survey is conducted in two phases. The first phase consists of a screener survey to identify persons who have traveled outside the continental United States in the past three years. The second phase consists of follow-up surveys of persons who qualify in the first phase—namely, a comprehensive survey of pleasure travelers and a supplementary survey of business travelers.

The screener questionnaire was mailed to a nationally representative sample of 50,000 households on December 29, 2000. The sample was drawn from a prequalified pool of respondents maintained by NFO Research, Inc., and was balanced to U.S. census data on age of household head, household income, household size, and market size within each of the nine census regions. The sample was also balanced to U.S. census data with respect to family versus non-family households, state, and top 25 Metropolitan Statistical Areas. The sample did not include residents of Alaska or Hawaii. The response rate for the screener survey was 71.4%.

The sample for the follow-up survey of pleasure travelers consisted of screener survey respondents who had taken at least one vacation/pleasure trip of five or more nights duration outside the continental United States in the past three years, including trips to Alaska and Hawaii. The follow-up questionnaire was mailed on May 16, 2001, to a sample of 3,356 persons. Usable questionnaires were returned by 2,460 respondents, a response rate of 73.3%. Respondents employed in the travel industry were subsequently excluded, leaving 2,431 cases for analysis.

We also conducted a supplementary survey of business travelers, primarily to document the potential market for pleasure travel as an adjunct to business travel. Questionnaires were mailed on May 16, 2001, to a representative sample of 330 screener survey respondents who took at least one business trip outside the continental United States in the past three years but who did not take any vacation/pleasure trips. Usable questionnaires were returned by 241 respondents, a response rate of 73.0%. Again, respondents employed in the travel industry were subsequently excluded, leaving 239 cases for analysis. Additionally, 288 of the vacation/pleasure respondents also took at least one business trip in the past three years, bringing the total business sample to 527.

Appendix B

U.S. Census Regions

Appendix B

U.S. Census Regions

NEW ENGLAND
- Connecticut
- Maine
- Massachusetts
- New Hampshire
- Rhode Island
- Vermont

MIDDLE ATLANTIC
- New Jersey
- New York
- Pennsylvania

EAST NORTH CENTRAL
- Illinois
- Indiana
- Michigan
- Ohio
- Wisconsin

WEST NORTH CENTRAL
- Iowa
- Kansas
- Minnesota
- Missouri
- Nebraska
- North Dakota
- South Dakota

SOUTH ATLANTIC
- Delaware
- District of Columbia
- Florida
- Georgia
- Maryland
- North Carolina
- South Carolina
- Virginia
- West Virginia

EAST SOUTH CENTRAL
- Alabama
- Kentucky
- Mississippi
- Tennessee

WEST SOUTH CENTRAL
- Arkansas
- Louisiana
- Oklahoma
- Texas

MOUNTAIN
- Arizona
- Colorado
- Idaho
- Montana
- Nevada
- New Mexico
- Utah
- Wyoming

PACIFIC
- California
- Oregon
- Washington

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