Shaping the millennials.
How access to democratised air transport has shaped a generation

MILLENNIALS ARE BETTER EDUCATED AND MORE WIDELY TRAVELLED THAN ANY PREVIOUS GENERATION, YET THE AIR TRANSPORT INDUSTRY HAS TO MAKE MORE EFFORT TO CONNECT WITH THEM, BOTH AS CUSTOMERS AND EMPLOYEES

Essay by Peter Jordan

Scan the pages of the tourism news (or any other sector, such as finance, advertising, or retail for that matter) and it won't take too long to stumble upon a headline declaring some fact or other about millennials. Constantly connected, in the jaws of the credit crunch, self-absorbed and constantly seeking support at work; there are many clichés surrounding those who entered their late teens and thus became independent consumers after the year 2000 (hence the name 'millennials'). As is the way with clichés, they often have some basis in real life.

Yet amid all the headlines and hype, it can be difficult to gain a picture of how this generation is influencing the air transport industry. There is also considerable value to understanding what, conversely, the air transport industry is doing to millennials. Why? Because both of these have implications for how millennials will expect to interact with this industry, both as consumers and potential employees, in the years to come.

It may seem obvious, but the first step to taking a critical look at the millennial generation is to recognise that not all millennials are the same. Between the ages of 16-35, across the globe young people tend to go through the same joys and pains of youth, yet throughout this period their tastes and attitudes don't stay the same, as anyone with children will surely know. The life choices millennials make are also strongly defined by the time and place in which they grow up. If there is so much variation among millennials

around the world, why are they regarded collectively as so different to other generations that have gone before, especially in terms of their travel behaviour? In my view there are two interconnected phenomena that unite the experiences of millennials, and that have helped shape their attitude towards travel: the expansion of the internet (and social media in particular) and the globalisation that has brought with it political interdependence.

That the internet has expanded into almost every corner of modern life is not news. Besides, it's not just millennials that do their travel planning, booking and experience-sharing online. However millennials are the first generation to have grown up in the era of 'internet everywhere'. They're used to being constantly connected, and grew up in the age of online commerce. They've also become fluent in metasearch, accustomed to booking last-minute and finding out what to do while 'on the go'. For millennials, constant connectivity has also brought the expectation of (and addiction to) instant communication which has strongly influenced the way that they interact with their friends and family.

It's made the world smaller and caused a psychological shift in how they view the prospect of travelling thousands of miles away from home. Furthermore, just as millennials expect to be able to reach friends, family and even their favourite celebrity via social media and instant messaging, why not their preferred brands too? Airlines have learned this quickly, pushing their customer service conversations onto Facebook Messenger, WhatsApp and Twitter in order to respond to the growing mass of 'silent travellers'.

Aside from its practical applications, social media has had an arguably more important psychological effect on millennials' travel behaviour. Today, for millennials, social media has become the go-to space for news, gossip, advice and most importantly inspiration. By witnessing friends who take to the skies for the first time to study abroad or go backpacking, it has helped to engender a strong sense of 'I can do that too'; a stream of influence that their parents' generation just wasn't subjected to. Used while travelling or at home, social media has also blurred the lines between what is global and what is local, helping to nurture a broader world view and stimulate curiosity – all to the benefit of the travel industry.

Just as millennials may not perceive the same psychological barriers to travel as their parents, it is also important to note that this generation has witnessed the gradual removal of physical barriers to travel, too. In Europe, this post-Cold-War generation has seen the removal of passport checks that came with the Schengen Agreement in 1995 as well as the eastward expansion of the European Union less than a decade later.

For European youth (and those who visit from further away) the notion of circulating freely around the continent without so much as the flash of an ID card is totally normal. Elsewhere it is significant that young Chinese citizens have seen their country open up rapidly to the outside world, while millennials in Southeast Asia and Latin America will be the first generation to truly benefit from the closer union of nations and relaxing of visa regulations that is to come with ASEAN and MERCOSUR integration.

In terms of regional economic and social development these events are vitally important, especially as countries aim to compete in the knowledge economy of the future. As barriers to travel have been removed and skies have been opened, it has made the prospect of studying and working abroad more attractive. Europe provides a good example for this, because the extraordinary growth of the EU's Erasmus programme (with over three million young people participating in work and study exchange in its 30-year history) is unlikely to have occurred without the air transport links that brought countries together. In fact, asked what the EU means to them, 57% of Europeans between 15 and 24 years old now cite the freedom to travel, work and study anywhere they like[181]. Thus, the 'knowledge hubs' of the future will also depend on being well-connected transport hubs with high connectivity and ease of access.

While this integration may sound logical, it is certainly not a smooth or automatic process, especially in the developing world where the majority of the world's millennials live. Nevertheless, if the personal and professional ambitions of this globally-curious, ambitious generation are to be unlocked, then the air transport industry will have to work harder to expand in the parts of the world where it matters most. Southeast Asia provides an interesting example of how this expansion can mobilise a generation. Over the past decade the region's point-to-point route map has become rapidly denser thanks especially to the expansion of low cost carriers (LCCs) such as AirAsia. As with elsewhere in the world, LCCs have proved to be a hit in countries with large, young

populations of first-time travellers. Attracted by low fares, flexible online booking options and a strong, fresh-faced brand image, for many Asian millennial travellers LCCs offer their first experience of flying, and of international travel. It is also interesting to note for millennials in Asia that LCCs are also becoming lifestyle brands offering insurance, finance, hotel bookings and even movie rental. Thus air travel has become a means of expressing personal taste and a part of everyday consumption patterns for many young people in the region[182].

Unfortunately this scenario is rather different to that found in Africa, another continent with a large, youthful population. In Africa, it's not just protectionism of state airlines that is restraining the growth of intra-regional travel; travel bureaucracy is highly restrictive too. Currently, Africans need visas to enter 55% of states on the continent. This kind of red tape is clearly impeding the free movement of people which will be the foundation of deeper and closer integration of the continent[183]. Across the developing world, research consistently shows how millennials share the characteristics of ambition, hope for the future, and the notion that the best opportunities will come as a result of having had some international experience. The expansion of air routes in continents that are currently underserved (such as Africa and Latin America) will play a fundamental role in allowing millennials to fulfil these ambitions and unlock their potential for contributing to their regions' economic and social development.

While the air transport industry will have to continue to make its case to government,

it will also face the double challenge of proving its relevance to the next generation of travellers, and employees. This might seem strange in light of my earlier observations on the growth of travel, and of airlines becoming part of millennials' personal brand, but some defining attitudes among millennials are forcing a rethink towards the way companies interact with them.

Firstly, as millennials perceive fewer barriers to travel, one side-effect for the air transport industry will surely be its increasing 'commoditisation', i.e. that flying will simply become a means of getting from A to B, rather than an experience that's worth spending more on. Of course, this is a process which has already started, arguably through the ease of booking online and also with the spread of low cost airlines which position their product as a preferred alternative to competitors with 'frills'. Besides, thanks to the rise of online travel planning, millennials are the first generation to have grown up with the possibility of mixing budget and luxury experiences throughout their journey. This has produced a generation of 'selective spenders' who think carefully about where their hard-earned cash is going (especially if they don't have much of it), and have learned to pick and choose what they share online. Therefore, airlines and airports that really try to position themselves by offering a high-quality experience will have to strive hard to ensure that they give millennials good reasons to select their product over a budget alternative, and to ensure that the quality of that experience is at least as important as the one millennials hope to find in their chosen destination.

Next, the air transport industry will also have to adapt to the fact that the lines between business and leisure travel are rapidly becoming blurred, as mobile devices allow people to work from more or less anywhere, and 'bleisure travel' becomes more popular. Yes, it's a horrible word, but one which encapsulates a growing trend (led by millennials) to combine leisure travel while on business. If travellers take more ownership for time and money spent while on business, this will have serious implications for corporate travel, destination marketing and frequent traveller programmes.

Millennials' desire to take back more time for themselves, and an expectation of greater flexibility from their employers, points to a wider shift in attitudes, compared to their parents, and the consequences of this will intensify for employers in the future. A study by INSEAD Business School of over 16,000 millennials in 43 countries found that the desire for a greater 'work-life' balance was very real and deeply felt. This was interpreted variously as 'enough leisure time for my private life' (57%), 'flexible work hours' (45%) and giving recognition and respect for employees (45%)[184]. Notably, millennials want to feel supported in the workplace, with management that inspires and guides with continual feedback. As the INSEAD study pointed out, popular employers will be the ones that empower their people to fulfil both career and personal goals simultaneously, without one pre-empting the other, and helping employees define their own specific career paths[185].

Furthermore, according to a study of nearly 8,000 millennials from 29 countries conducted this year by Deloitte[186], young people from this generation also prefer to be part of a business that behaves responsibly towards society, with almost nine in ten (87%) stating that "the success of a business should be measured in terms of more than just its financial performance" . Sixty-two percent of respondents said that business performance could be judged by how it treats its employees.

As an industry defined by punishing schedules and the challenge of delivering profitability, the air transport industry may struggle to meet millennials in the middle when it comes to fulfilling those expectations, especially since they are now shared across the globe. Breaking down the silos and gender imbalances that still persist within the industry will be vital too since millennials' attitudes towards diversity are strikingly different to older generations. Airlines work hard to show a welcoming, diverse face to their customers, but can the same yet be said of the image they present to their potential employees? They can surely do more to show that they respect and welcome differences in age, gender, race and sexuality because millennials increasingly expect it. In short, if recruiting the best talent is necessary to remain competitive (after all, employees are one of the few elements that truly stand out in an industry which offers a standardised product) then the industry will have to take note of millennials' deeply felt aspirations and demonstrate what it can do to help this generation meet its personal and professional ambitions in a meaningful way.

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Millennials…

» 20% of international tourists today[187].

» 75% want to travel abroad as much as possible[188].

» Fastest-growing age-range for travel spend[189].

» Over 60% of current Chinese overseas travellers[190].

» 88% want to work for a company that shares the same social responsibility values as them and most would actively consider leaving a company which had a bad reputation[191].

» 50% would avoid certain sectors of the economy completely, because of a bad social reputation (including oil and gas, defence, insurance, government and the chemical sector)[192].

» 7% of the millennials would not want to work in transport[193].

» Generation almost universally believes climate change to be a serious problem, supports a transition to clean energy[194], with higher concerns being shown in Latin America and Asia than in Europe.

» 67% of millennials in one survey said their investment decisions are a way to 'express their social, political and environmental values'[195].

» 73% believe it is possible to achieve market rates of return on companies based on their 'social or environmental impact'[196].