

# Why insights into the intergenerational smartphone usage matter

A study based on a survey in the UK, Germany and France

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## Key points for the industry

The study challenges the accepted generational characteristics and reveals that there is different intergenerational smartphone usage along the different stages of the customer journey. Generation Y of three major European travel markets (UK, Germany and France) behaves similarly to the rest of the travel population during the pre-travel phase but shows different behaviour while at the destination. The most important findings are explained below.

- 5 years ago, hardly anyone made any bookings or purchases on the go using a mobile phone. The trendsetters are now representatives of Generation Y. More than 20% of travellers of this generation book restaurants or buy show tickets online using a smartphone. For all other generations, the value is below 15%.
- Smartphones take over more and more functions from desktop computers. During the investigation period, 33% of Generation Y hotel guests booked a hotel room by using a smartphone, and 21% booked an airline ticket. However, the difference from other generations is not statistically significant, which shows the smartphone usage convergence between the generations. In the case of booking airline tickets, Generation X slightly lead the ranks (23%). In the case of booking hotel rooms, Generation Y lead the ranks. However, remarkable 20% of the respondents over 65 made their hotel reservation using their mobile-phone.
- In contrast to the United States almost nobody books a hotel room less than 24 hours in advance. Regarding spontaneous bookings for hotels or airlines the commonly held rule “the younger the more short-term” does not apply.
- Many companies are inclined to offer customers discounts to certain target groups. The inclination to accept such offers is similar in all generations from 18 to 65. This again means: Generation Y users are not behaving different when it comes to receiving special offers via their smartphone. However, there is a significant difference between heavy smartphone users and light smartphone users, the latter do not like to have such offers on average while the heavy users are more likely to accept it.
- Even though Generation Y leads the ranking when it comes to early adoption of new technology, the research suggests a narrowing intergenerational gap with older generations becoming more responsive to new technologies.
- The research suggests more homogenous “clusters” when the respondents are compared by mobile usage frequency than when compared by age cohorts. In this context, almost 15% of the respondents aged 65+ stated themselves to be heavy users of smartphones (daily or more access to the internet via smartphone).
- Regarding the rather high percentage of heavy users in all age cohorts, mobile solutions of any kind need to be designed in a way allowing an easy and seamless use.

## Travel companies and the use of smartphones

The ubiquitous access to the Internet has dramatically changed the market share of distribution channels used by tourists (Hatton, 2004; Vinod, 2011). Buhalis and Amaranggana (2013) have argued that the rise in mobile technology usage has reshaped travellers' buying behaviour before and during travel since the first iPhone was introduced. Conlin (2013) predicted that purchases of travel related products using smartphones would surpass purchases made on a desktop or laptop computer. In general, companies need to understand how mobile trends will develop, by taking into account the continually increasing acceptance and usage of mobile technologies by potential tourists.

Technological changes are driven by changes in the purchasing behaviour of travellers (Maxymiser, 2013). When discussing cohorts and travel purchasing behaviours, each demographic group has its particular needs, particularly when it comes to technology (Beldona, Nusair, & Demicco, 2009). However, needs may evolve over time and the youngest users might neglect applications that were hyped up by persons of the same age five years ago.

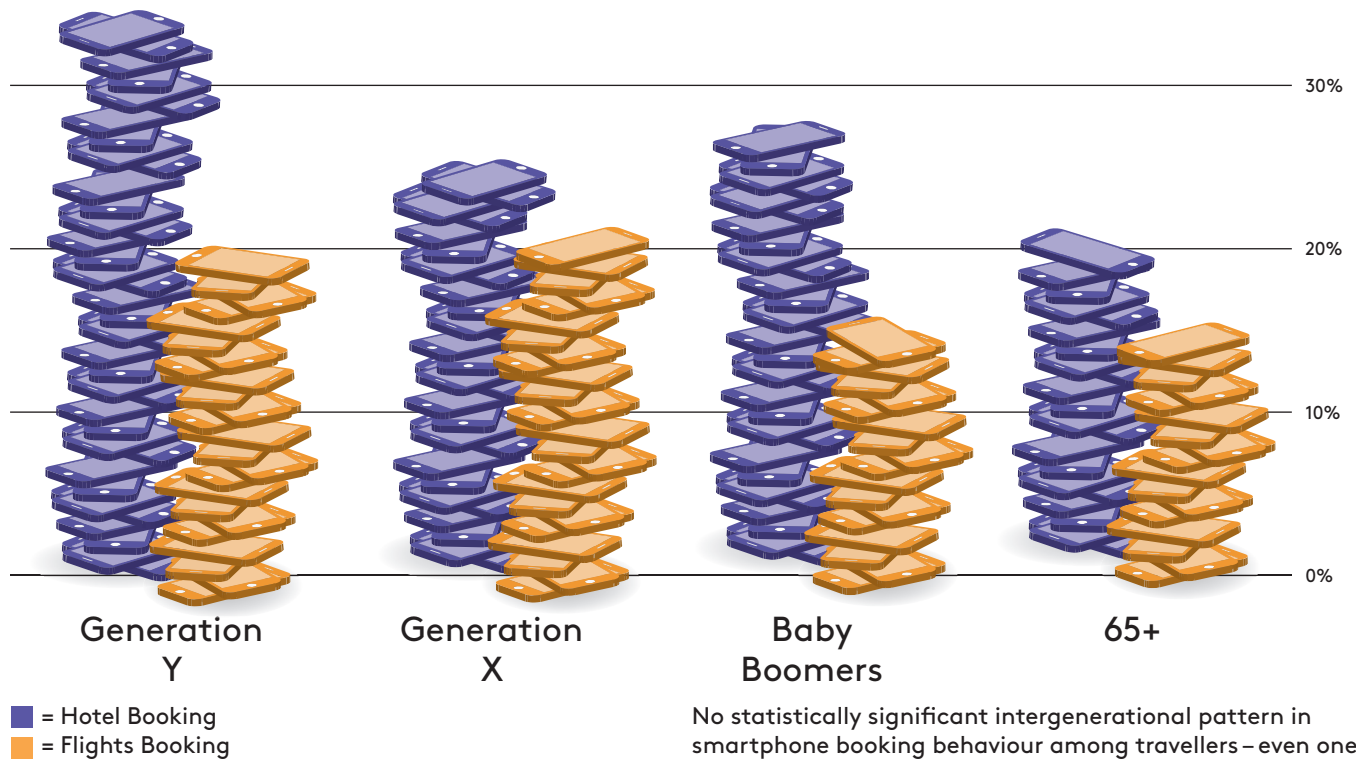
## Are you still in the trap of cohort usage generation?

Much has been discussed and written about the different usage of mobile between the generations. The popular belief is that the Generation Y is the most digitally savvy one, being heavy users of mobile technology, having a high level of technological acceptance (Schewe & Meredith, 2006; Yoo & Gretzel, 2008; Chang & Jang, 2014), being price sensitive and responding to economic values (Williams & Page, 2011, p.9). Generation X on the other hand, is characterised by displaying a low perceived usefulness of mobile technology but still easily accepting technological advances. Baby boomers tend to be moderate users of new technologies, price sensitive and responsive to economic values (Kumar & Lim, 2008). Is this still the case for the use of smartphones? The trends have been well substantiated by plenty of research papers (Gasdia, Hoffman, & Rheem, 2011; Kumar & Lim, 2008; Yang & Jolly, 2008). However, the different cohorts' mobile usage is not that simple and is changing rapidly. Although the trends may hold true in the broad sense, the reality is that the cohort characteristics are constantly blurring and have become highly unreliable and outdated as a marketing segmentation method. Intergenerational smartphone usage is not so different anymore, neither is the smartphone behaviour of Generation Y when compared to the rest as shown in the graphs.

# Intergenerational Booking Behaviour

## Booking of Hotel Rooms and Flight on Smartphones

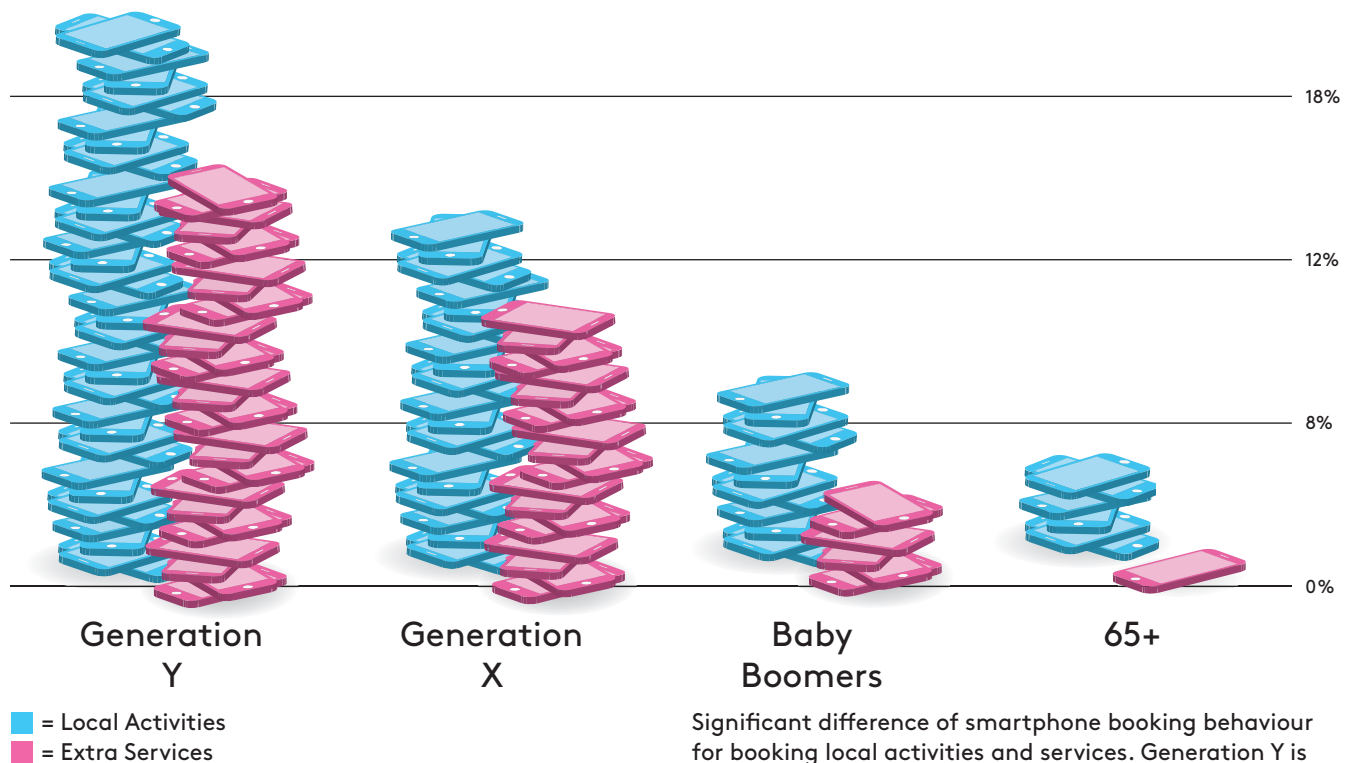
(in % of all travellers interviewed)



No statistically significant intergenerational pattern in smartphone booking behaviour among travellers – even one out of five 65+ hotel bookers use the smartphone for booking.

## Booking of Local Activities and Extra Services on Smartphones

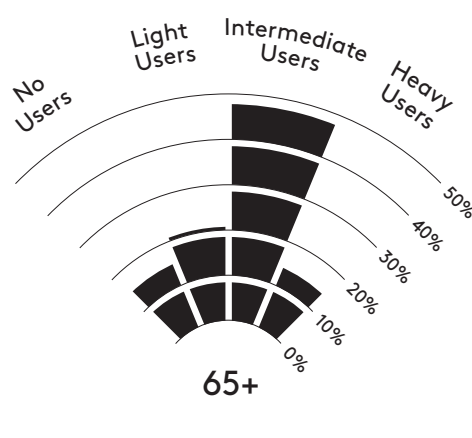
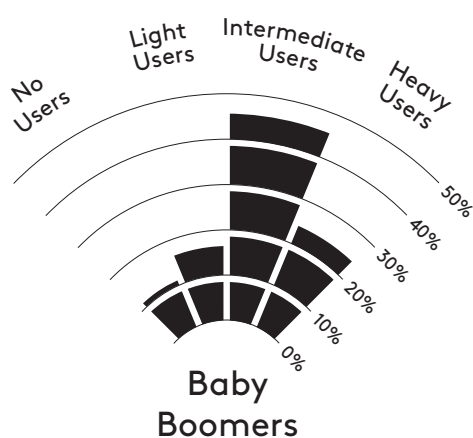
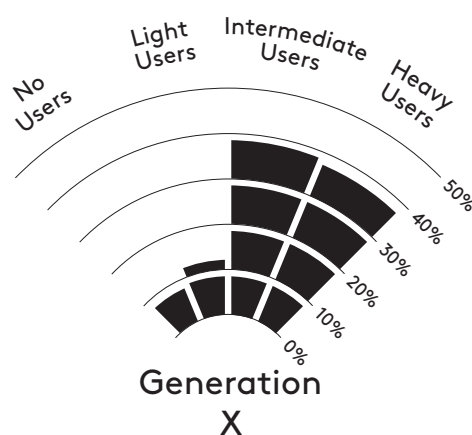
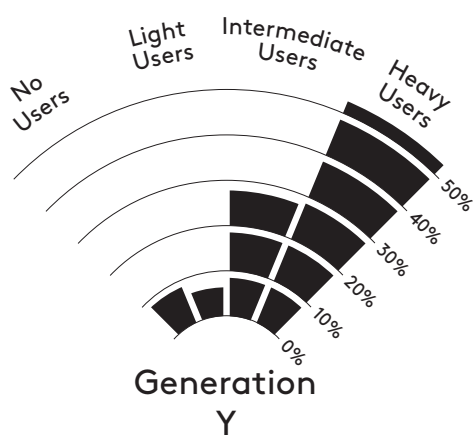
(in % of all travellers interviewed)



Significant difference of smartphone booking behaviour for booking local activities and services. Generation Y is ahead, other generations are catching up!



## Heavy/Light Users



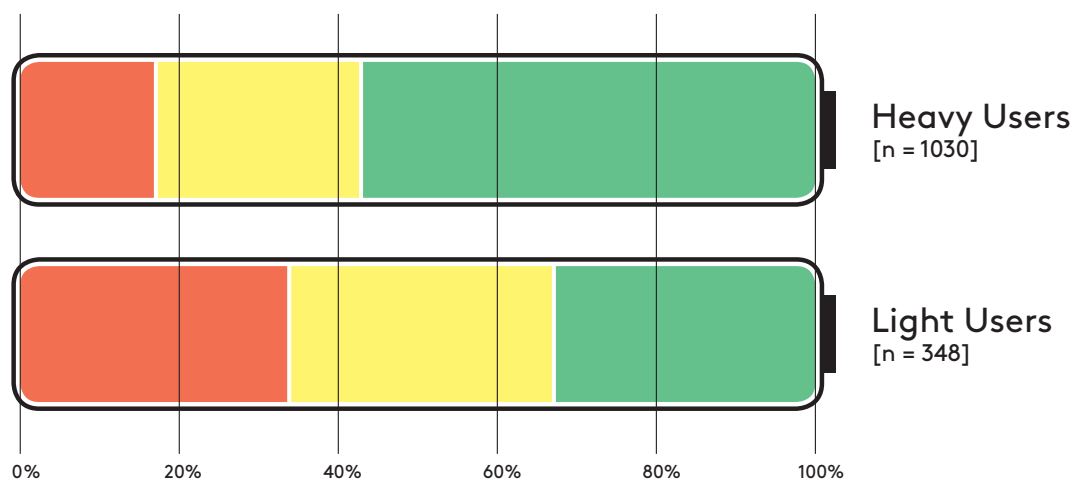
**No Users** don't use a smartphone at all. [n = 292]

**Light Users** have monthly or less frequent access to the internet. They are a clear minority in all generations. [n = 348]

**Intermediate Users** have less than daily, more than monthly access to the internet. [n = 1041]

**Heavy Users** daily access to the internet and more. They can be found among all generations. [n = 1030]

## How do travellers feel about receiving promotional offers from local businesses?

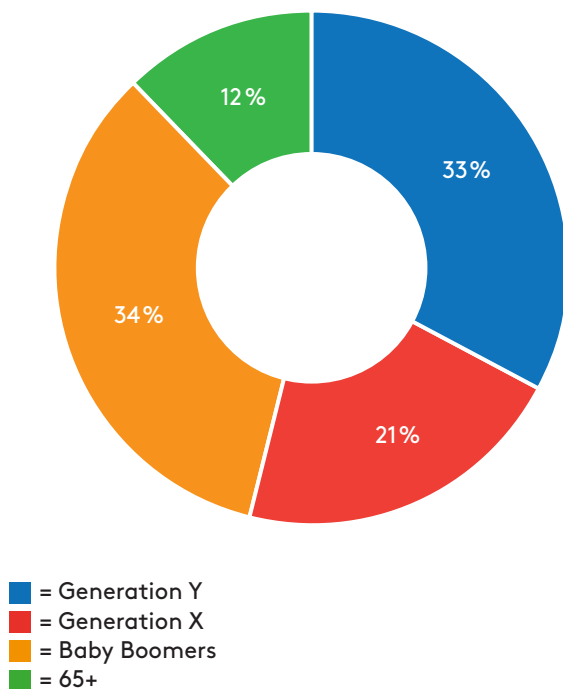


Red = somewhat uncomfortable + uncomfortable  
Yellow = neutral  
Green = very comfortable + somewhat comfortable

For activities and services: Target heavy smartphone users, as heavy users feel comfortable about receiving promotional offers from local business.

## The research Method

This study has been made possible thanks to co-operation with Phocuswright. All the data used stems from a survey conducted in Germany (1143), UK (1158) and France (1155) in 2014 on behalf of Phocuswright. Males and females are equally represented in the data set. A representative number of travellers from each country participated in the survey, adding up to 3457 participants in total. The questionnaire used was divided into three parts and comprised of a combination of closed-ended questions, ranging from Likert-type to selection type questions. Due to the quantitative nature of this study, the IBM SPSS software was used to analyse the data. In total, nine hypotheses were tested using a range of regression and non-parametric analyses to obtain a clear understanding. The distribution of socio demographics in the sample are shown below.



## Recommendations

The findings of the study suggest differing intergenerational smartphone usage along the customer journey. To optimise marketing effects marketers can adjust smartphone marketing activities accordingly. However, the smartphone should not only be seen as a marketing and recommender channel, but also as a mediating tool that can enhance travel experiences: Transforming a smartphone into a carrier of a train ticket, hotel key and ski pass or into an augmenting virtual reality tool enriching the journey of tourists.



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The study also reveals interesting implications for promotional activities. Average and light smartphone users among all generations show a low acceptance of aggressive marketing. Heavy users normally feel quite ok about receiving promotional offers. Therefore, companies should use frequency capping to adjust the intensity of promotional activities according to the smartphone usage behaviour.

## References

Another important marketing implication concerns the target segmentation in general. As seen from the study, there is a tendency of intergenerational value transfer, which challenges the common idea of segmenting customers by age cohorts. The findings suggest that a segmentation of heavy vs. light users is more appropriate when it comes to targeting mobile users. However, the authors believe that the segmentation by “usage frequency”, just as segmentation by purely “demographic factors” are fine, but still do not meet the best practice standard. Other, more complex, psychographic factors need to be taken into account in order to realise an appropriate segmentation of smartphone users.



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In general, it is worth analysing the behaviour of target groups both in detail and regularly, as the smartphone behaviour develops at a fast rate.

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