Consumers Seek Escapism In Troubled Times

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The heydays of high growth are well and truly over for the foreseeable future.

Pre-crisis, the travel and tourism industry was forecast to reach annual growth of 5% year-on-year.

However, Euromonitor Internationalâ€™s latest research reveals that the industry may contract to -1.1% in 2009.

Trends witnessed during previous recessions are re-emerging with consumers trading down as recession bites deeply. In accommodation, consumers opt for mid-scale and budget hotels to the detriment of luxury brands, also choosing cheaper alternatives leading to a revival in camping.

Many opt to stay with friends and family to avoid any accommodation expense at all. Low cost carriers are outperforming schedule airlines, nevertheless, air is still under threat from rail and bus/coach, often seen as the transport of a bygone age.

The industry has learnt the hard way where gaps in supply were brutally exposed during past crises. At least, many leading hotel companies now benefit from a more diverse brand portfolio to accommodate for shifting price preferences.

Consumers are also becoming nostalgic, harking back to when times were good and looking for escapism from the harsh realities of the global economic crisis. This has also led to a return of old favourites that consumers trust from camping to Barbie dolls.

Global Travel and Tourism - Lessons Learnt
Scrutiny of previous downturns shows that economic performance has a direct impact on tourism flows with volumes being affected quickly by GDP declines. Nevertheless, consumers still wish to travel, leading to trading down as consumers switch to cheaper alternatives or holiday at home.

- Consumers turn away from schedule carriers towards low cost carriers to continue flying, but also opt for short haul over long haul
- Rail and bus/coach benefit from their low price positioning
- Business travel has been cut back dramatically
- Budget hotels, mid-price hotels and alternative accommodation formats also benefit as consumers shun luxury hotels
- Companies are also cutting back on capacity, curbing or even cancelling expansion to refocus on emerging markets with greater growth potential

For recovery, travel and tourism volumes appear to recover in line with the economy, however, value sales take longer as it is difficult to reverse the negative effects of discounting.

Companies and governments that continue to invest in infrastructure, products, services and marketing are positioned to weather the storm.

Camping gets a makeover - Glamping and luxury destination parks
The economic crisis has triggered a strong resurgence for camping and caravanning among travellers on a global level attracted by the cost efficient holiday alternative and the opportunities to go back to nature.

Outdoor vacations and their social aspect, which allows more time for friends and family, has grown into an alternative to luxurious and long-haul vacations.

Preferences of holidaymakers for outdoor living and social interaction trigger a trend among traditional caravan parks to upgrade and expand into destination parks.

The rapid depreciation of some of the major currencies such as the British pound and the continuous strength of the Euro as well as high fuel prices has boosted early bookings for camping for the summer of 2009 in such countries as UK and Germany.

And they all lived happily ever after â€“ a new consumer craving
The worldwide financial crisis has led to a recession in many countries, causing unhappy consumers to crave happiness through such things as good news and romance; in short a fairytale ending.

Consumers are looking to products that promise an escape from reality, explaining the surge in cinema-goers.

Moreover, they are looking to things that â€œmoney can't buyâ€• such as true love or talent. While escapism is a good way of forgetting about reality, there is nothing more that consumers like than a real fairytale.

With the global financial crisis hitting home for many consumers, all they really want is to do is escape from reality.

In a bid to forget about the daily doom and gloom, consumers are turning to products and media that promise escapism.

Mattel has opened a Barbie concept store for adults
Mattel has opened â€œLand of Barbieâ€• in Shanghai, targeting adults. The store even includes a spa, bar and haute couture. This new store concept may well appear on the tourist destination map as visitors seek escapism.

To enter the eight-story space, customers pass through a pink neon-lit tube and then they register for a Barbie passport. It seems risky to open a new store concept at a time when a number of traditional toys and games companies are struggling to survive during the credit crunch.

However, it was reported that Mattel is positive about the move and is positioning itself to succeed in a tough environment.

Two-thirds of Barbie sales come from 150 foreign markets and in 2007 its international sales increased whereas its domestic sales declined. In fact, Mattel is already planning similar stores in Brazil and Mexico.

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