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Abstract

Persons age 55 and over will become the biggest market for hospitality throughout the next 30 years. This future senior market will not have the same needs and characteristics of current seniors. The author discusses the similarities and differences of the current and future senior markets and offers recommendations for meeting the needs of the future senior market.

Keywords

Elizabeth O. Pederson, Future Seniors: Is the Hospitality Industry Ready for Them, Marketing, Discount Fares

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by
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Persons age 55 and over will become the biggest market for hospitality throughout the next 30 years. This future senior market will not have the same needs and characteristics of current seniors. The author discusses the similarities and differences of the current and future senior markets and offers recommendations for meeting the needs of the future senior market.

For years the hospitality industry has considered the senior segment, or those over 50 years of age, as a market to attract for slow, shoulder periods of time. The hospitality industry has generally viewed seniors to be "low-income, feeble, and unadventurous."¹ Yet, the future will require the hospitality industry to alter these views about the senior market.

In the next three decades the number of persons age 50 and older will increase by 74 percent, yet the number of persons under age 50 will only grow by 1 percent.² By the year 2030, persons over 55 years of age will comprise one third of the total U.S. population.³ Seniors currently comprise 21 percent of the current U.S. population, accounting for "30 percent of all travel, 30 percent of all air trips, and 32 of all hotel and motel room nights in the U.S."⁴

Not only will seniors become the largest demographic market, but they will be more likely to travel. They will have more discretionary income and more personal freedom than any other market. Even those who are still in the workplace will place greater emphasis on leisure and traveling.⁵

Many hospitality firms have recognized the importance of seniors to their business. However, many are reluctant to acknowledge the significance of this market, and many still hold preconceived notions about the senior market.

Seniors who are currently 60-80 years of age grew up during the depression and tend to be more thrifty, take fewer risks, and generally do not wish to experiment with food. They are willing to alter their travel schedules to meet restrictions placed on senior fares by hotels and airlines.⁶ However, the senior market of the future will not possess those same characteristics. For the population as whole, current consumer behavior patterns are likely to be carried with them as they age.⁷

Pointing out just a few differences between today's senior market and the future seniors demonstrates the need for hospitality firms to continue research on buyer behavior. The senior market of the next 30 years is projected to have the highest amount of discretionary income of any generation. The real estate gains of the past 20 years will provide this group with the largest retirement income in history.

Tomorrow's seniors will have traveled more and changed residences more often than the current seniors. They have dined out more often, and experienced more forms of travel. As a group, they are not as reluctant to try new foods, places, or amenities. However, they are brand loyal.⁸ Efforts toward guest service and quality service will reap large returns in retaining the repeat future senior guest.

Seniors Will Demand New Markets

It is important to recognize the characteristics, new products, and services the senior market will demand from the hospitality industry. Although most seniors will carry many of their same preferences into the future, they will also age. Aging may alter their needs. The study of aging and travel is relatively new and uncharted, and the issues are not simple.⁹ The hospitality industry must continue to study and analyze this growing market and the effect aging will have upon it.

The majority of travel among seniors is leisure, and seniors love a discount.¹⁰ Future seniors will be savvy at shopping for bargain fares, and so the fervor for a discount is not expected to wane. In 1991, Hyatt Hotels and Resorts found that for business executives age 45+, while financial considerations were rarely an obstacle in vacation planning, the majority shopped "carefully for discounts."¹¹

Changes to the revenue equation that will emerge as a larger percentage of guests travel in leisure are price sensitivity, restrictions, and revenue management. Yield management has been a successful rate management tool of the last decade, but certain caveats may apply when marketing to seniors. The majority of travelers have been business oriented.¹² The requirements of this type of travel often demanded last minute travel plans. Yield management has worked on the basis of several principles. Yield management systems help hotels and airlines to analyze demand. As a result of this detailed analysis, hotels and airlines have been able to predict the number of last minute travelers. Higher rates are assigned to this category of rooms and seats. However, as this business market ages and moves toward leisure travel, hotels and airlines will no longer be able to depend on the relatively high volume of last minute booking at premium rates that is enjoyed today. Although the strategies of yield management will still be a part of the revenue equation, they will not play as large a role.

Yield management strategies of closing off discounted rates in times of high occupancy provide another discouragement to the senior seeking the discounted fare. Current seniors have expressed frustration with hotels utilizing this form of rate management. Instead, the seniors are opting for chains that offer the discounted rate regardless of occupancy.¹³ The hotels choosing to maintain the closing of discounted rates during periods of high occupancy maintain that the discounted fares are not the bread and butter of their business. As the population demographics change, hospitality operations may have to revise their view of discounted rates and the use of yield management systems.

As an effort to capture more of the leisure and senior markets, many of the hotel chains are introducing advance purchase discounted room rates at up to 60 percent off the rack rate.¹⁴ Many of these advance purchase discounted rates require prepayment and forfeiture of the entire sum in the event of cancellation. Further restrictions involve the booking or changing of travel plans. Most of the other senior rates also have restrictions. Today's seniors have expressed a dissatisfaction with the restrictions placed on senior fares.¹⁵ Surely the seniors of the future can be expected to balk even further at travel restrictions.

As this segment of the population begins to comprise the majority of travel, hospitality companies will have to look again at the restriction policies. Choice Hotels offers a simple 10 percent discount to seniors regardless of occupancy, "with absolutely no restrictions."¹⁶ More simplified, consistent discounts build guest loyalty and repeat stays.¹⁷

The future will require hotels and airlines to alter their revenue management strategies. Lodging and travel companies will have to balance the appeal of a discount with the disaffection of restrictions.

Activities and Amenities Become Important

Because most seniors will be leisure travelers, hotels will have to increase their offerings of leisure amenities. Most seniors consider themselves to be younger and more active than they may actually be. As such they will be attracted to facilities that offer active, healthy, sociable amenities, even though they may not regularly use them.¹⁸

Some hotels already offer amenities such as seniors aerobics classes and special golf and tennis activities. While many of the seniors may not actually utilize athletic or health club facilities on a property, the interest in health clubs that emerged during the past decade will still play a role in the future. Health club facilities and programs will need to be tailored toward an older, not necessarily less active guest. Currently, health or fitness facilities cater to business travelers and their recreational needs.

However, the needs of the aging leisure guest will require a different strategy in health club management. Equipment and programs will have to consider lower strength and stamina levels. The offering of activities or programs will also need to change to meet the needs of the leisure traveler. Leisure travelers, as well as seniors, generally seek a social atmosphere in addition to the actual activity. Yet an activity schedule for the senior market of the future is not expected to consist of mostly bingo and other parlor activities. The future seniors will be more active and interested in more variety and novelty than the seniors of today. They will view themselves as remaining active, and shy of many of the traditional senior activities. Facilities and programs will have to creatively alter schedules, equipment, and programs to continue to attract this market.

Modification Is an Issue

The requirements of the American Disabilities Act (ADA) have aided in preparing hotels for an aging market. The addition of ramps, door levers instead of doorknobs, and other physical modifications have commenced the change in hospitality facilities needed to accommodate the senior market.¹⁹ However, as greater numbers of guests requiring assistance check in, hotels may find the small allocation of "assisted rooms" to be insufficient. Similarly, ramps that are not well lighted or marked are difficult for someone with limited vision or bifocals to judge. Thus, the modifications for hospitality facilities must consider not just the requirements of the ADA, but the aging senior as well.

Hotels will have to be conscious of reduced mobility in many of their guests. One in every two persons aged 65 and over has difficulty performing basic functional activities relating to sight, hearing, or mobility.²⁰ These functional limitations are primarily the result of the normal aging process, and, thus, the seniors of the future can be expected to have many of these same limitations.

Design of new properties will need to consider the walking distance, or length of the corridor. Airline hubs involving connecting flights with "exhausting hikes" may inhibit the booking of seniors on certain flights or airlines. Luggage carts and other forms of partial assistance will need to become more readily available at airport terminals and hotel parking and entry areas.²¹ While both airports and hotels offer assistance with luggage and transportation, the placement, availability, and cost of these services are not focusing on an increasing population with limited mobility.

Similarly, hospitality design will need to re-evaluate levels of lighting and signage in public areas, the safety of slippery flooring materials such as marble lobbies and bathroom tiles, and the pile height of carpets.²² Guest room considerations will have to begin with the guest room door. Levers instead of doorknobs and hook

type safety locks instead of the safety chain will allow those with limited hand functions to access and secure guest rooms more easily. Safety hardware should be mounted no higher than 4.5 feet for those with limited arm movements or other mobility problems.²³ Closets should be split-level with lower shelving and rods²⁴ and allow enough space for access from a guest in a wheelchair. Aging guests also appreciate the addition of extra blankets in a guest room.²⁵

Bathrooms present many special hazards to the aging guest. Tile floors can be slippery. Grab bars should be placed not only in the tubs and showers, but alongside toilets, as well. Hardware in the bathroom should also consist of levers instead of knobs.²⁶ Similarly, the choice of amenity packages in the bathroom should consider not just the appearance, but the ease of opening for someone with limited motion.

Bathroom alterations need not be costly. While sinks and fixtures designed specifically for the disabled are expensive, other modifications can allow for wheelchair or disabled access. Installing a cultured-marble vanity top without the skirt, and insuring proper clearance for wheelchair arms can allow a hotel to upgrade the bathroom for accessibility.²⁷ Similarly, the simple installation of a night light in the bathroom can provide extra security and safety for the aging guest.²⁸

Vans, limousines, and rental car services will have to consider the needs of those with limited mobility. Lift equipped vans will be necessary to transport guests from airports, as well as to local attractions.²⁹

Although the seniors may need the added facilities, they are quick to shun the look of "hospitalization." Many design firms are already producing access equipment with a residential or hotel appeal, such as a combination chair rail/hand rail, that looks like a chair rail but functions as a hand rail.³⁰

Lighting in public areas should consider the reduced vision of a senior guest.³¹ Signage should be modified from the current trend of blending with the decor, to well-lit, contrasting signage. Schedules, menus, tickets, registration material, and other documents should be printed larger and more legibly. Along with the facilities' change, staff should be trained to "recognize changes in vision and hearing so they can deal with people who have special needs without causing embarrassment."³³

Changes Will Be Made in Food Service

The seniors of the future are not expected to prefer the traditional menu favored by current seniors. However, changes in health and lifestyle may still find seniors on an earlier dining schedule.³⁴

Menus should continue the current interest in nutrition. Age related dietary restrictions will necessitate an increased

awareness of low sodium, low sugar items. Restaurants should “be accommodating about serving sauces, dressings and condiments on the side, broiling foods instead of frying them.”³⁵

While current seniors are very skeptical of experimenting with food, future seniors expect variety in menu offerings. They enjoy new foods, cuisines, and menus.³⁶ Future seniors expect to try new foods when they travel.³⁷

Room service offerings and guest room turndown services will also need to be concerned with the needs of the senior. The caffeine in the traditional chocolate on the bed pillow is not sensitive to the sleep problems of the aging traveler.³⁸ The use of hotel room service will still be important to future seniors.³⁹ However, hotels will need to be sensitive to the decreased hearing and vision in guest use of menus and ordering systems. The use of interactive television could aid hotels in delivering food services.⁴⁰ Menus and restaurant information can be displayed through guest room televisions. Some systems even offer voice integration. These systems would allow the senior with sight or hearing loss to preview a menu prior to entering the restaurant, thereby avoiding any embarrassment during the ordering process.

Medical Attention Has To Be Increased

Hospitality companies will also have to increase medical attention that can be provided to a guest. Although many airports and large resort operations have personnel trained in emergency medicine, the majority of hospitality operations do not. Hotels have typically had a phone directory of medical assistance available in the community. However, the ability of a hotel to provide further medical assistance in both emergency and ongoing care may enter the requirements of this market.

Aging seniors may also need assistance in the form of daily living activities. In 1992, Marriott Corporation found that “23 percent of 2,000 seniors surveyed needed help with at least one activity of daily living...such as walking, dressing, bathing, getting out of bed, or preparing meals.”⁴¹ Hospitality firms of the future will have to extend the role of guest services toward providing more personal assistance.

While providing services that aid in daily functional activities may not seem prohibitive to hospitality operations, the task of increasing medical services is forbidding. In addition to changes in facilities and services, the costs, licensing, and management associated with providing health and medical services may render such a task formidable at best.

Yet an alternative may be the “assisted living hotels adjacent to traditional facilities.”⁴² An assisted living hotel would provide the guests with both increased personal and medical assistance. It is envisioned that they will represent many of the continuing care retirement communities (CCRC) in structure. Yet, they are projected to only cater to short-term guests.

An assisted living hotel would also allow the younger generation to travel with dependent senior parents, or to provide a temporary residence for parents while out of town. The combining of a hotel, CCRC, and assisted living hotel may allow a hospitality company to service all three markets with a combined facility. A combination of an assisted living hotel and a traditional hotel could well be the pathway for the future.

Understanding the needs of the future senior market will become necessary for hospitality operations to succeed in the years to come. The size and economic force of the market itself will demand change in hospitality operations. Rates and restrictions will need to be evaluated as the senior market becomes more dominant.

While the seniors of the future will have the same age and aging related needs as current seniors, their preferences and tastes will not resemble today's seniors. They are expected to be more active, more willing to experiment in menus, but not in choice of lodging. Hospitality firms that recognize and capture the future senior market will enjoy the advantage of guest loyalty and increased business.

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