

## **Smart destinations for smart Generation? – The requirements of Generation Y in the area of innovative communication**

Dr Ivett Sziva  
Associate professor  
Corvinus University of Budapest  
Tourism Department  
ivett.sziva@uni-corvinus.hu

### **Abstract**

Social media and mobile-marketing all among the most challenging trends the tourism destinations facing with, particularly in the area of reaching the so called smart or Internet Generation, the tourists from the Generation Y. However the most innovative destinations' objective is to implement SoCoMo (Social-context-based – mobile marketing), the main question is whether the members of the Generation Y need these kind of approaches. Generation Y is considered as the most technology savvy Generation, whose members are conscious consumers with well-defined, high needs regarding quality, and price/value ratio, and as sharing their most important life-events on several social media channels with their peers, Web.2.0. is crucial for them as a channel for communication and co-creation. The main dilemma is whether this opened Generation with an advanced technology-using habits would need “smart” solutions and “smart destinations” based on social-mobile marketing, and highly personalized services? The main objective of the paper is to introduce the results of a quantitative research with more than 430 answers from 45 countries from the members of Generation Y regarding their needs, limits in the area of highly innovative communication and product-development questions.

Keywords: smart destination, Generation Y, innovative communication

## **1. Introduction**

Information communication technology (ICT) and tourism have been defined as fruitful combination for years, mainly due to the impact of internet re-structuring the traditional supply chain (Buhalis, 2003; Nemeslaki, 2005; Sziva, 2010). Nowadays we shall focus on more deep impact of “Things of Internet” on the tourism than the online sales, and marketing, as the innovative devices effect the way how tourism products are created, and also how they are consumed and formed to experience. (Fesenmaier – Xiang , 2014) However the so called “smart tourism” was defined as ethical, green, sustainable, well-planned and managed form of tourism by UNWTO (2012), nowadays the digital revolution should be included in the term by defining smart tourism as “an application of networking and intelligent data mining technology applied to tourism experiences, industry development, and administrative management through a systematic integration of each, so further developing and interacting with tourism and information resources.” (Li et al. (2017) p. 295.) ICT holds a lot of possibilities as well as challenges for tourism destinations, supports the term of “smart destination” and the so called co-creation of experiences. The theoretical approaches of these phenomena will be introduced in this article, followed by the travel needs and technological requirements of the so called “Internet inhabitant” or smart Generation, the Generation Y. The objective of this paper is to analyze the possibilities of innovative product-development and communication in the destination, mainly from the perspective of the smart, tech-savvy Generation Y.

## **2. Smart destinations**

Under destinations from a supply-side approach one meant an area possessing attractions and tourist services so as to be the end of journey for tourists and visitors. This definition have been changed due to the most important trend of tourism focusing on experiences: “A tourism destination is a market-oriented productive system. By means of their behavior in space and time and household production, tourists, aggregated as flows, activate this productive system. Actors on the supply side support tourists in producing their holiday experience by providing marketable first-nature resources (e.g. nature and culture) and second-nature resources (e.g. infrastructure and services). Together, tourists and supply side actors co-produce an experience – from origin to destination(s) and back.” (Reinhold et al., 2015, p.138)

ICT and internet have several serious impact on destinations, particularly in the process of re-intermediation, when new, online mediators came alive and supported the online presence of small and medium size tourism enterprises dominating the tourism supply traditionally. The so called destination management systems (DMS) were developed with the objective of promoting and selling the service suppliers of the destination as well as assuring a platform for cooperation and support. Nowadays due to the Web.2.0., the Things of Internet, and the smartphones the platforms of reaching tourists have become wide. Xiang et al. (2015) emphasize further tools, as the drivers of the dramatic change caused by the ICT on tourism and destinations like: cloud services, and data sharing as well as collection and the possibilities of big data for analyzing the online activities, and their context.

The so called 'smart destination' concept came to the lime light of tourism researchers and practitioners due to the so called 'smart cities': "A city could be categorized as smart when sustainable economic growth and high quality of life were achieved through investment in human capital, adequate level of government participation and infrastructure that support proper dissemination of information throughout the city (Caragliu et al. 2009). Thus, smart cities should base their smartness on three main pillars, namely: human capital, infrastructure/ infostructure and information (Komninos et al. 2013)." (Buhalis – Amaranggana, 2013, p. 555.) The dimensions of the smart cities can be defined as follows according to Cohen (2012, In: Buhalis – Amaranggana, 2013): 1. Smart Governance: modern and transparent process between government and citizens. 2. Smart Environment: modern energy optimization; 3. Smart Mobility: modern transportation with same-time information; 4. Smart Economy: digitalization and innovation in the economy; 5. Smart People: highly qualified citizen; 6. Smart living: healthy environment, high quality education and social cohesion.

Regarding smart destinations the most crucial emphasize is laid to sustainability and the wellbeing of locals, as well as the experiences of tourists. Smart destinations can be defined as places "built on an infrastructure of state-of-the-art technology, which guarantees the sustainable development of tourist areas, facilitates the visitor's interaction with and integration into his or her surroundings, increases the quality of the experience at the destination, and improves residents' quality of life. From the consumer's perspective, a destination is said to be smart when it makes intensive use of the technological infrastructure in order to enhance the tourism experience of visitors by personalizing and making them aware of both local and tourism services and products available to them at the destination." (Xiang, Z. et al, 2015, p.

143.) A special issue should be also highlighted: the area of user generated content is a dynamically growing area of research activities and that of smart tourism. According to Marine-Roig – Clavé (2015) the user-generated content serves a resource of high significance for smart destinations, as it serves decision making through the tools of big data analysis and can improve the tourism experience through first-hand opinions and recommendations.

### **3. Personalization and ICT in destinations**

According to Buhalis and Law (2008) ICT empowered tourists to create their own packages, and use the social media, as well as smartphone applications to collect and share information before, and particularly during travel.

These changes – creating the so called prosumer traveler – holds several challenges for destinations. The destination management organizations (DMO further on, those institution responsible for managing and marketing the destinations' tourism network) needs to change their traditional view of recommending offers, packages pushed by the service suppliers. The supply-chain and value creation dramatically changed in tourism with a main focus of customer-driven processes. The DMOs should adopt totally new approaches: “It is critical to fully understand (a) who is involved in the co-creation of experiences and value and (b) where and how experiences can be co-created (creation, “production” through involving the tourist, inserted by the author) in the context of a destination. (...) Destinations need to realize the creative potential of making tourists active participants (...) The destination itself needs to find creative ways to allow for such experiences to occur.” (Neuhofer, 2012, p.40.)

Due to the new technology the total travel decision can be made experiential according to Neuhofer (2012): co-creation appears at the early stage of trip-planning, as well as during the stay and after arriving home, by sharing reviews and memories as follows:

- Pre-travel: The point is the virtual co-creation. The social media platforms helps getting first-hand, virtual information and multi-media content about the concrete destination. The technology empower destinations to assure applications, where tourists can plan their trip on a highly personalized way, through personalized offers recommended by the DMO. Social media and the information shared, as well as the positive attitude showed could help this kind of activity with the concept of big data.

- During the trip – on scene: Searching information on the scene have become popular: the time spending with preparation at home have been shortened, and travelers need information about the destination on the scene. That is why mobile applications assuring on-site information have got significance. The concept of so called SoCoMo marketing based on the big data research and same-time information sharing with costumers: is combination of social media (So) and context-aware marketing strategy (Co) on mobile devices (Mo), abbreviated as SoCoMo marketing, is used to add value to the experience of tourists dynamically and allow them to leave a destination with a positive impression.” (Buhalis – Foerste, 2015, p. 152). The advantage of the tool is to create personalized, same-time offer based on the information gained from the social media activity of the person, based on his/her actual needs and the actual situation (e.g. weather, season, opening hours). The mobile application particularly that of assuring augmented reality can improve the experience according to Strielkowski et al. (2012), while complex hotel mobile application can also enhance visitors’ satisfaction according to Hemoon, O. et al. (2013). The so called gamification, the application assuring some kind of game-design elements, can also improve the experience of sightseeing or rural excursion through the excitement of the games following the real values of the destination (Zichermann, G., - Cunningham, C. (2011). As summary it can be said that the appearance of digital technology can appear in all supply-type of a smart destinations: attractions – augmented reality serving extra experiences during sightseeing; amenities – complex hotel application for easy ordering, check-in/check-out in hotels; accessibility – vehicle tracking system; activities – GPS tracking mobile application with gamification; packaging – dynamic packaging through mobile application of an online travel intermediary; ancillary services – mobile platform for complaining about public hygiene problems. (Cohen, 2012; In: Buhalis – Amaranggana, 2013.; Hemoon, O. et al. ; 2013)
- Post-travel: After leaving the destination, sharing reviews and memories through social media and recommendation systems gain importance. The reviews generated on Tripadvisor can have tremendous effect on the booking behavior of the potential tourists. Further on sharing and experience (good) memories can help the decision of revisiting the destination and social media can assure a suitable platform or this (Fortis et al., 2011).

#### **4. The travel needs and technological requirements of Generation Y**

Generation theory is used in tourism to survey the patterns of tourism behavior of different segments of travelers. According to Mannheim (1952) “the socio-historical environment in which notable events predominates the youth of a group of individuals at the same chronological age significantly influences the formation of these individuals’ value systems and personality and makes them distinct in their tastes and behavior from other generations.” (S.C. Chen. - S. Shoemaker; 2014. p.60.)

Generation Y is usually defined as those who born between 1982 and 2002 but according to Pendergast (2010) further distinctions can be done and 3 subcategories can be created as: 1. Generation Whys (1982–1985), 2. Millenials (1985–1999) 3. iGeneration (1999–2002). Generation Y is seemed to be the most promising segment for the marketers, as this wide Generation have become economic active and show dynamic growth in consumption. Regarding their values the technology and the globalization drives their behavior, as they are the so called Internet inhabitant, and because they felt globalization as well as atypical family structures from their childhood, they are very opened for new things and relationship. “This need to live for the moment and search for hedonism does, however, prove challenging in that it indicates that Gen Y more than most generational cohorts are constantly seeking the next ‘big thing.’” (Leask et al., 2013, p.20.)

Considering travel needs and technological requirement, the Generation Y can be defined as e-travellers: they search for information online, use their peers and social media platforms to find the best offers, take their gadgets during their travel, so as to keep in touch with their peers and share their experiences, reviews with the world (Huang-Petrick, 2010, IHG, 2014). Generation Y is really critical regarding the good price/value as well as the quality of the online communication, and can be named as conscious costumer who is tech-savvy as well as economical at travel decision (Moscardo, 2010). During travel they search for new things (unique places and services) continuously, which are different than the traditional ones. Gastronomy holds important value for them, particularly due to the hedonist values, but also the social part is important: being together with friends, or sharing photos about their experience for peers is highly appreciated by them, that is the reason why they are called the “Foodie” generation. (Pryor, L. et al, 2015). There is a debate regarding their need for involvement, local

contacts, and interactions: according to Huang-Petrick (2010) this Generation was born to the “high-tech high-touch” age, and as they are specifically opened, they need to explore community values during travel as well, while the survey of IHG (2014) shows that the segment is highly interested in using gadgets and mobile solutions during their travel, and need less interaction, or interactions with the locals only through the social media.

## **5. Research methods**

The main objective of the research detailed in this paper was to understand the needs of Generation Y particularly in following the research questions below:

- 1) What are the special needs of Generation Y regarding ICT-driven product development in smart destination?
- 2) How much do they need ICT-driven personalization and interaction?
- 3) What kind of innovative communication are required by this Generation?

To analyse these aspects quantitative research, online questionnaire were used with questions regarding demography and basic travel habits, ICT using habits with attitude statements measured on 1-5 Likert scale toward tourism services and experiences and communication channels.

Regarding the sample the followings should be highlighted: 1. Hungarian members of Generation Y were in the limelight (because of the implications for the Hungarian cultural landscapes) but international control group was needed as well; 2. as the definition of Generation Y is debated, the focus was laid on one age-group, with presumed travel potential in the present and the future. The students of Corvinus University of Budapest (CUB) and the students of the Erasmus partners of the CUB were chosen, as the mobility of these students (e.g. Erasmus exchange programs, and travel around the chosen destination during Erasmus semester) is relatively high. The objective was to carry out an exploratory survey firstly in Hungary (instead of reaching representative level). That is why, the self-selection and snow-ball sampling were used in April 2016.

## **6. Research results**

The sample contained 438 answers, with 412 valid ones (from 14-33 years old defined as Generation Y above), from 45 countries. The 75,47 % of the answerers were European (including a high rate – 54% - of Hungarians); but answers were frequent from Asia (11%), North (3%) and South (9%) America, and rare from Africa (1%). The rate of genders are balanced (rate of males 51%). The average age of the answerers was 23,6 while the most frequent age -range was 19-25 years.

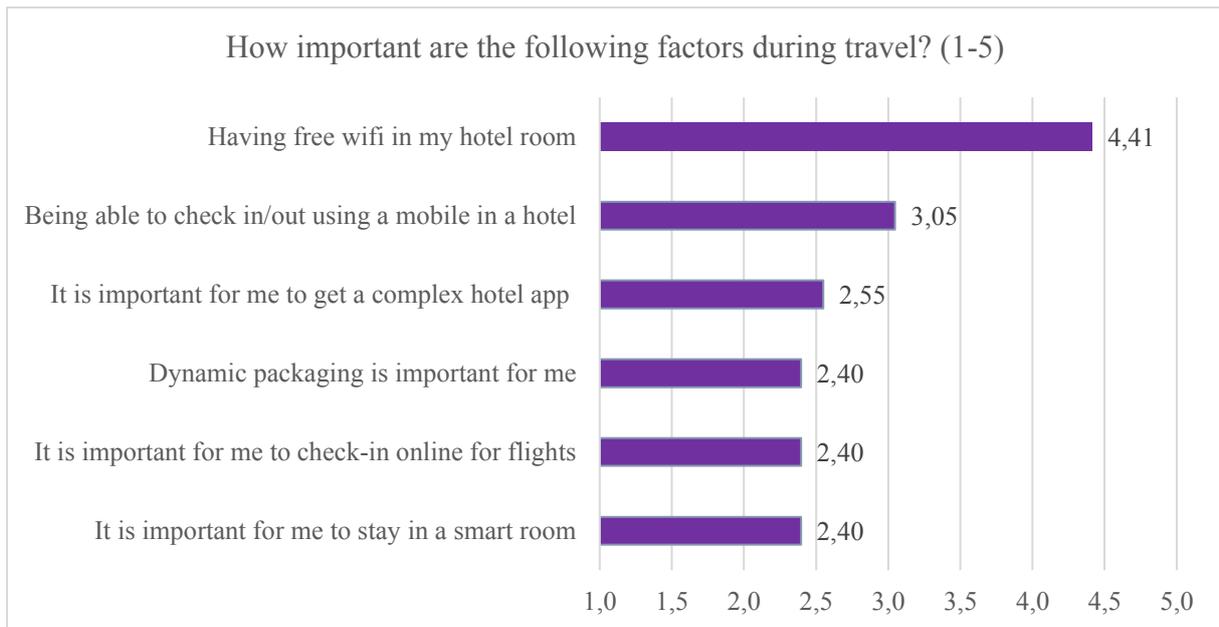
The rest of the answerers (58,3%) travel 2-5 times yearly, while there is a segment (17,14%), who does it 6-10 times in a year. Leisure and recreation is the most important motivation for travelling (26% of the answers); the second is adventure (17%) followed by culture (17%).<sup>1</sup>

### **Product-development in smart destination**

The most important question was to see what kind of technology-driven services the members of Generation Y need, as according to some theoretical approach this segment is highly keen on using and trying gadgets, IoT. It was important to survey how these high-tech services are required during travel, in a smart destination, particularly in the area of accommodation, transportation, tourism packages.

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<sup>1</sup> The research had multiple gains. The research results regarding Cultural Landscapes and the methodology have been published in Sziva Ivett – Richárd Zoltay (2016) How attractive can Cultural Landscapes be for Generation Y?" to Almatourism - Journal of Tourism, Culture and Territorial Development. Vol 7, No 14 (2016) of December 21, 2016.

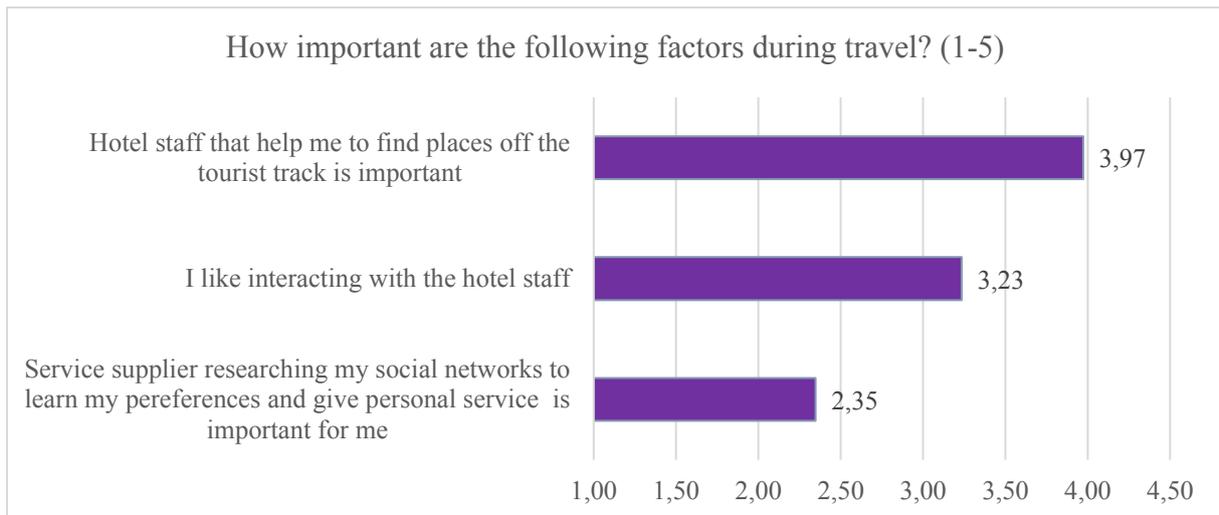


**Chart 1: The importance of digital services during stay**

Having wifi in a hotel room seems to be the basic requirement (reaching an average of 4,41 on a scale of 1-5). Check-in through mobile device could be interesting but not so relevant for the rest of the answerers, while dynamic packaging, online check-in for flight and smart room in a hotel seems to be irrelevant for them. Smartphone is the most popular gadget taken for a journey (for the 69% of the answerers), so the digital services available through smartphone could be interesting for them, though the complex smart on-site solutions have not been so popular.

### **Personal interaction and personalization**

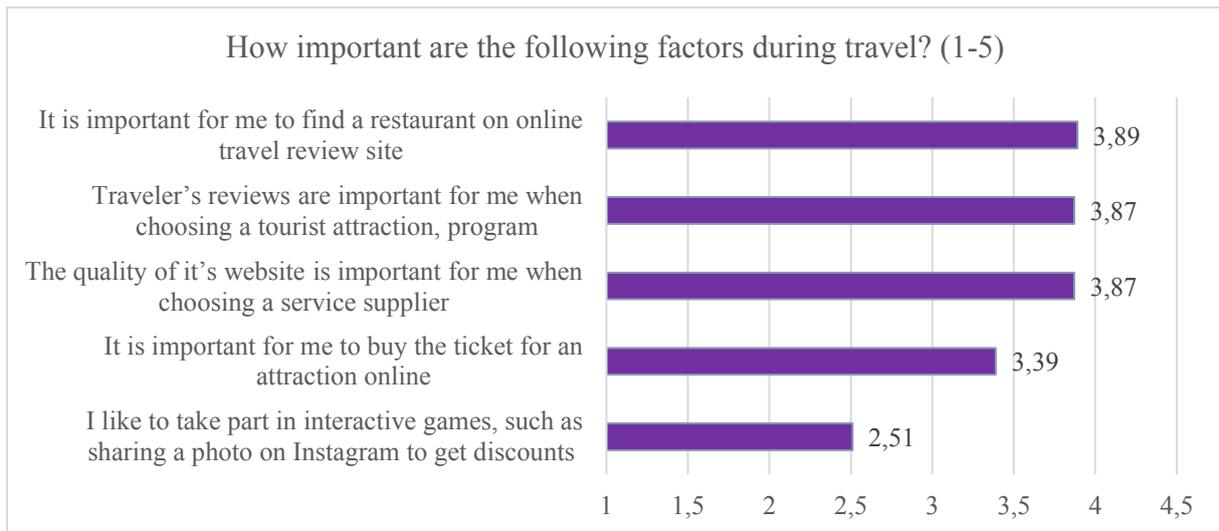
According to the theoretical approaches introduced above there is a debate over the personal contact and the way of personalization in the literature. Hereby the focus was laid on surveying the Generation Y's need for personal interaction as well as their preferences regarding service suppliers' collecting information to learn their preferences. The results show that getting special recommendation from the hotel staff is highly important for the segment (reaching 3,97 average), and interacting with the staff receive medium relevancy, but they refuse the possibility for using their personal data to learn their preferences so to give personal service.



**Chart 2: Preferences regarding personal contact and personalization**

### **Innovative communication**

Regarding innovative communication the need for social media, mobile application, and the online campaigns were in the focus. Considering mobile applications, the rest of the answerers require a mobile-application showing information about wider destination, a region (containing the network of destinations) (in the case of 38,6% of the answerers), which was followed by the mobile-optimized website (31,1%) and the mobile-app for one single destination (24,3%). Regarding the results of the attitude questions, travelers' review sites drives the decision of the Generation Y reaching an average of 3,89 in the case of choosing restaurants, and 3,87 in the case of attractions. Further crucial factor is the quality of website, while buying ticket online for an attraction is not so interesting and taking part in interactive online campaigns got very moderate interest.



**Chart 2: Preferences regarding innovative communication**

## Conclusions

Generation Y is defined as the most tech-savvy, “smart” Generation, with a high requirement of technology-driven services, and a particular important potential segment of smart destinations, where highly personalized services can be offered through the so called SoCoMo – social-mobile-context-based marketing. Further on, the on-site digital services of the supply elements could be highly interesting for this segment.

According to the research introduced in this paper, Generation Y is not particularly ready for all the high-tech solutions what a smart destination offer, particularly in the case of on-site innovative solutions, like smart hotel rooms. Those solutions connected to the smartphones show higher relevance, as the rest of the answerers take this device with themselves during a trip. Regarding the question of the debate whether the members of the segment need personal contact or merely digital interactions, it can be said that personal contact and recommendation still important for them. The data-collection could be the baseline for the SoCoMo marketing and the highly personalized service, which seems to be ignoring for this segment: the rest of the answerers find the way of services suppliers’ research activity on their social media platform hardly acceptable, even when this is done because of assuring personalized services. Regarding innovative communication it can be said that collecting information on social media is the most crucial way for them during travel, and downloading mobile apps could be also interesting but not for single destinations, but for a network of destinations, while getting involved in interactive games to get discounts is hardly acceptable. As a summary it can be said that the

highly-digitalized services offered by the smart destination concept is partly demanded by the members of General Y: they usually focus on their social media activity, as well as applications helping their travel effectiveness (e.g. mobile check-in) but the rest of the onsite applications are not crucial, either the way of getting personalized offer through data-mining their social activity. Smart destinations could offer very effective way of reaching information and creating personalized services, though the emphasis should be laid on personal contacts as well.

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