

TRAVEL IN THE UNITED STATES: CHANGES IN THE VFR PHENOMENA

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ABSTRACT

The USA entered an economic recession in December 2007. The economic downturn has affected not only the frequency of travel but also the purpose of travel and travel behaviors. Focusing on visiting friends and relatives (VFR) travelers, this study examines how the economic recession affected the characteristics of VFR travelers in the United States. Using a national data set from the U.S., socio-demographic and travel characteristics were compared between VFR travelers in 2006 and in 2011. Preliminary results showed meaningful differences between 2006 VFR travelers and 2011 VFR travelers.

Key Words: VFR travelers, Socio-demographic and travel characteristics

INTRODUCTION

Tourism demand in the United States grew at a rate of 3.7% per year until entering the economic recession in December 2007. At the same time, GDP grew 2.7% a year. Due to a recession by early 2009, the GDP of the United States fell by nearly 4% and real travel demand fell down 6% over six quarters (Advertising Age, 2009). Using the nation-wide statistical data from their U.S. Travel and Tourism Satellite Account system, Ritchie, Molinar and Frechtling (2009) concluded "tourism in the United States has been and being, affected by the current economic crisis, and it is likely that it will be further affected in the near future". Specifically the study pointed out that travel demand during the current recession decreased at twice the rate of the GDP decline. The economic downturn has affected not only the frequency of travel but also the purpose of travel and travel behaviors. Focusing on Visiting friends and relatives (VFR) travelers, this study aims to understand how the economic recession affected the characteristics of VFR travelers in the United States. The research questions which guided this study include: (1) what are the differences of socio-demographic characteristics (age, income, education) between VFR travelers before the economic recession and after the economic recession? And (2) what are the differences of travel characteristics (accommodation, number of children on trip) before and after the economic recession?

LITERATURE REVIEW

Visiting friends and relatives has been one of the oldest and largest forms of travel (Backer, 2011). VFR is one of the most important motivations for travel to a destination and one of the leading trip purposes (Asiedu, 2008). It also has a significant impact on national and regional economies because of the scale and distribution of involvement impacting various travel characteristics such as spending, activity choices and hotel use (Seaton and Tagg, 1995). Nonetheless, VFR travel has often failed to draw interest from destination marketers, tourism organizations, or academic researchers (Seaton & Palmer, 1997; Backer, 2012). The reasons for the lack of attention

include that VFR travelers have not been recognized as an important target for tourism marketing and that a market for only the VFR travelers has been presumed too small to track (Braunlich and Nadkarni, 1995). Another traditional assumption that VFR travelers do not tend to use the commercial accommodation facilities and spend less money on eating and entertainment, VFR travelers have been considered as a group having low economic impact on the travel destination. Consequently, tourism organizations and marketers in the tourism industry have paid less attention to the VFR market (Seaton and Tagg, 1995).

Previous research tried to understand the characteristics of VFR travelers different from the rest of travel markets in the USA. These studies included socio-demographic variables including age, education and income, and accommodation, and number of children accompanying the trip as part of a larger portfolio of factors to help understand and explain VFR involvement.

Age: Previous literature found that most VFR tourists belong to younger and middle age groups. Seaton and Palmer (1997) described that more than half of VFR travelers in UK were aged 15-34 years. Seaton and Palmer (1997) explained the reasons for the higher propensity of the younger generation as being related to a larger network of friendships. However, examining travelers in the East North Central census region of the U.S.A. Braunlich and Nadkarni (1995) found VFR travelers were older than leisure travelers. Focusing the differences between VFR and non-VFR travelers, Hu and Morrison (2002) argued that VFR travelers are more evenly allocated among different age groups than non-VFR travelers.

Education: There is limited research on education level of the VFR traveler. The general understanding in the literature is that VFR travelers are less educated than business travelers and better educated than leisure travelers (Braunlich and Nadkarni, 1995).

Income: In general, previous research demonstrated that VFR travelers were low-income earners. Yuan et al. (1995) concluded that VFR travelers are generally low-income earners. Hu and Morrison (2002) explained the low income level finding for VFR travelers because VFR travel provides less expensive accommodation for the lower economic groups. One study (Braunlich and Nadkarni, 1995) showed that VFR travelers had similar household incomes compared to pleasure travelers but less household income than business travelers. Only 10 % of VFR travelers were in a high-income category (over \$75,000).

Accommodation: The literature argued that VFR travelers, even if having a primary purpose of visiting friends and relatives do not automatically stay at their friends and relatives. Morrison, Hsieh and O'Leary (1995) showed that the majority of VFR travelers in Queensland used commercial accommodation facilities. In a study examining international the VFR market to the United States, Lehto et. al. (2001) found that almost half of international VFR travelers to the United States used commercial accommodation. With over 20 % of VFR travelers staying in hotel and motels, Braunlich and Nadkarni (1995) concluded that VFR travelers occupied a great part of leisure travel market and showed a meaningful level of commercial accommodation usage.

Number of Children on the Trip: Braunlich and Nadkarni (1995) showed more than 80 % of VFR travelers who stayed in hotels did not have children. 14.6% of VFR travelers who stayed in hotels were with two and more kids in the hotel room.

METHODOLOGY

The data set used for this study is D.K. Shifflet and Associates ongoing DIRECTIONS Travel Intelligence System of detailed travel data. The data set included over 300,000 traveling households annually providing the unique ability to identify trends and forecast in U.S. travel behavior. Only the respondents who answered the primary purpose of their trips as visiting friends and relatives (VFR) were selected for statistical data analysis. Thus, 79,335 respondents out of a total of 329,924 respondents were selected.

RESULTS

Socio-demographic comparisons

Age

There is significant difference in the age of VFR travelers between 2006 and 2011 ($p < .001$). In 2006, the majority of VFR travelers were heavily comprised of travelers 56 years and older (46.5 % of all VFR travelers), while 16 %

were 35 years and younger. The VFR travelers younger than 25 years were only 3.2% of the all VFR travelers. In 2011, VFR travel of under 25 years and 35 years and younger increased to 12.5 % and 31.6%, while travelers of 56 years and older decreased by 36.3%.

Education

There was a significant difference in the education levels identified for VFR travelers between 2006 and 2011 ($p < .001$). Less than half (42.4%) graduated college or had done postgraduate work among VFR travelers in 2006; in 2011 58.7% of VFR travelers had completed college or post-graduate work.

Income

There was a significant difference in income levels between VFR travelers in 2006 and in 2011 ($p < .001$). More than one-third (34.6%) of VFR travelers in 2006 had incomes of \$39,999 or less compared to one-quarter (27.2%) of VFR travelers in 2011. More than 40 % (41.9%) of VFR travelers in 2011 had incomes of \$75,000 and over, while VFR travelers in 2006 had less than one-third (33.1%) in this higher-income category.

Table 1
2006 VFR travelers vs. 2011 VFR travelers Socio-demographics – Age, Education and Income

	2006 (%)	2011 (%)	Chi-sq.	df
Age	N = 36464	N = 42855	3594.3***	5
Under 25	3.2	12.5		
26-35	12.8	19.1		
36-45	15.1	13.8		
46-55	22.5	18.3		
56-65	26.7	24.3		
Over 66	19.8	12.0		
Education	N = 31677	N = 29763	1743.5***	3
Graduate high school or less	19.9	11.8		
Attended college	37.6	29.5		
Graduate college	25.2	35.6		
College postgraduate	17.2	23.1		
Income	N = 36449	N = 42857	902.3***	5
Less than 30000	23.1	17.2		
30000-39999	11.5	10.0		
40000-49999	9.7	9.9		
50000-74999	22.5	20.9		
75000-99999	16.8	18.8		
Over 100000	16.3	23.1		

Note. *** = $p < .001$.

Travel Characteristics Comparison

Accommodation

Table 2 compares accommodation usage between 2006 VFR travelers and 2011 VFR travelers. There was no significant difference in the use of non-paid accommodation such as the friends and relatives homes between VFR travelers in 2006 and 2011 ($p < .001$). However, there was a significant difference in the use of commercial types of accommodation between the two years. In 2006, 15.0% of VFR travelers stayed at hotels during their VFR travels, while 11.1% of VFR travelers did so in 2011. A significant portion (30.8%) of VFR travelers in 2011 were day trip travelers, while 27% of VFR travelers in 2006 were day trip travelers.

Number of Children on trip

There was a slight but significant difference in the number of children on trips between VFR travelers in 2006 and in 2011 ($p < .001$). In 2006, 12.7 % of VFR travelers were with two and more kids, while less than one-tenth (9.7 %) of VFR travelers in 2011 accompanied with the same number of kids.

Table 2
2006 VFR travelers vs. 2011 VFR travelers Travel Characteristics
Accommodation and Number of Children on Trip

	2006 (%)	2011 (%)	Chi-sq.	df
Accommodation	N = 35989	N = 42525	335.1***	2
Non-Paid accommodation	58.0	58.1		
Hotel and Motel	15.0	11.1		
Day trip	27.0	30.8		
Number of Kids	N = 22718	N = 41599	142.1***	4
None	76.2	80.2		
One	11.1	9.7		
Two	8.3	6.7		
Three	2.8	2.2		
More than three	1.6	1.2		

Note. *** = $p < .001$.

DISCUSSION

This study compared socio-demographic and travel characteristics between VFR travelers in 2006 and VFR travelers in 2011 to examine the influence of the economic recession. The preliminary results of this investigation showed meaningful differences between 2006 VFR travelers and 2011 VFR travelers.

First, the study revealed that VFR travelers in 2011 are significantly younger and more highly educated than VFR travelers in 2006. In 2006 almost half of VFR travelers were over 55 years of age while only 16.0% of VFR travelers were younger than 36 years old. However, the younger travelers less than 36 years old almost doubled to 31.6% of VFR travelers in 2011. The increase of young VFR travelers may be explained by a younger generation more sensitive to economic condition because this age group has less savings than older generation. Also supporting Seaton and Palmer (1997), the reasons might be explained by the higher propensity of the younger generation having larger friendship networks and an inclination by this group to visit friends and relatives.

Second, VFR travelers in 2011 have higher household incomes than VFR travelers in 2006. According to US Census, the 2006 median household income in USA was \$ 48,451. In this study, 55.6% of 2006 VFR travelers had more than \$ 50,000 household income. The median household income in 2011 was \$ 50,502. The result of this study showed 62.8% of VFR travelers in 2011 had earned more than \$50,000. These results showed that 2011 VFR travelers were higher income earner than 2006 VFR travelers. In addition, unlike some previous literature, the result revealed that VFR travelers were not low-income earners. This change may be explained by higher-income earners exhibiting concern about spending and choosing the more conservative spending as the result of the economic recession.

Lastly, for both 2006 VFR travelers and 2011 VFR travelers, more than 10 % of VFR travelers stayed at a hotel or motel. However, after the economic recession, VFR travelers were less likely to stay in commercial types of accommodation and more likely take a day trip. Also, VFR travelers in 2011 were less likely to have children with them on a trip

CONCLUSION

This study compared socio-demographic and travel characteristics between VFR travelers in 2006 and 2011 to examine the influence of the economic recession on this travel purpose. Overall, this study revealed that there seemed to be a change in that the younger, more educated and higher income earners took travel to visit friends and relatives after economic recession. In addition, VFR travelers were more likely to take day trips and less likely to have children with them on their trip. Interestingly the results of this study differed from the previous literature about VFR travelers that characterized them as low-income earners. In this investigation, the majority of VFR travelers in 2011 were high-income earners. This result is meaningful because the VFR traveler may have more economic power than was previously thought and are able to create more positive economic impact through

activities such as eating at restaurants and visiting local attractions. Therefore, marketing programs oriented to the VFR travelers should be reconsidered to attract more VFR travelers.

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