The Staycation Trend: Myth or Reality

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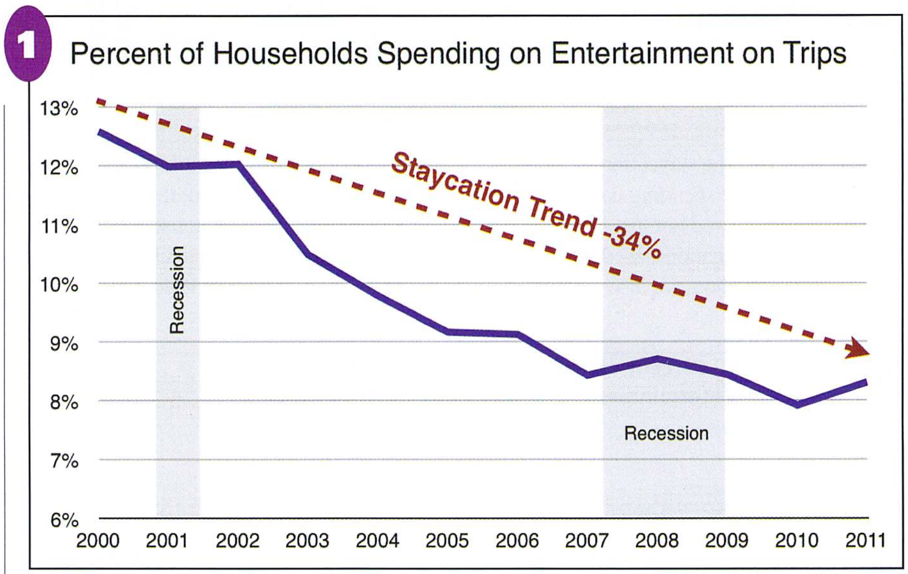
Randy White, the CEO of the White Hutchinson Leisure & Learning Group, gave the keynote speech at the DNA (Digital Out-of-Home Interactive Network Association) conference held Jan. 21, 2013 in London. This article reports on some of his company's research that he presented for the first time in his speech. He will be reporting on additional research about community-based entertainment trends at his Amusement Expo Seminar on Wednesday, March 20: "The New Reality for FECs, Innovate or Die."

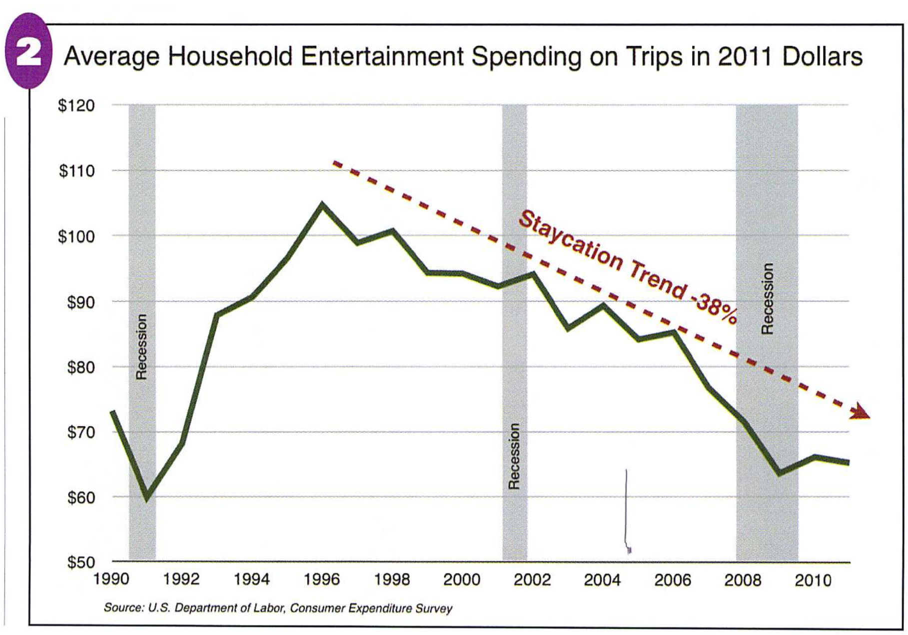
It is important to understand trends in the location-based entertainment (LBE) industry. Possible short-term trends, which may only prove to be fads, may affect marketing and menu changes. Long-term trends can have a more profound impact, requiring changes to an LBEs concept, brand identity, mix of attractions and even its target market in order to stay successful. To find out how real the staycation trend is in respect to entertainment spending during trips and vacations at LBE venues and whether it is only recession-based or perhaps a much longer term trend, our company decided to dig into unpublished data from the U.S. Consumer Expenditure Survey. The survey collects information each year on the spending habits of American consumers, including data on their expenditures, income, the number of households making particular expenditures and other household characteristics. It is conducted by the U.S. Census Bureau division of the U.S. Bureau of Labor Statistics.

For our analysis, a trip is defined as further than 50 miles from home or on an overnight trip and entertainment spending is defined as fees and admissions at location-based venues including movies, theme parks, concerts, museums, zoos, FECs, plays and similar entertainment-type venues.



The first thing we looked at was participation — what percent of all households spent money each year on entertainment during a trip. Since 2000 the percentage of those spending households has decreased by 34%. As you can see from the graph above, it is not a recession-caused trend, but rather a long-term trend.

We then examined average household entertainment spending during trips and found the exact same long-term trend. (See #2. All spending data has been income-adjusted to 2011 dollars.) This time we went back to 1990 to see when the staycation trend might have started, which the data shows was 1997.



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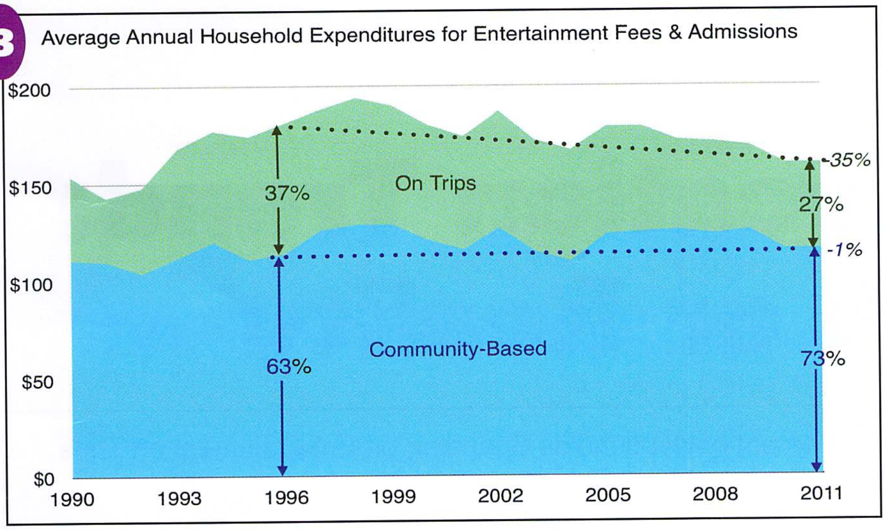

To verify that the staycation trend indicated by the above spending data is indeed a staycation trend and not just the result of a decrease to all location-based entertainment (LBE) spending, we also examined household non-trip community-based entertainment (CBE) spending. (See #3.)

Since 1996, average household CBE spending has only varied slightly. In 2011, it was 1% higher than in 1996. On the other hand, trip entertainment spending decreased 35% since 1996. In 1996, entertainment spending on trips was 37% of all LBE spending. In 2011 it had decreased to 27%. Since 1996, average household total LBE spending has decreased by 12% with all the decrease resulting from the reduced entertainment spending on trips.

The data clearly shows that there is a very long-term staycation trend that started 15 years ago.

Next we dug down deeper to examine whether the decrease in household participation in entertainment spending on trips varied by income. We examined quintiles of income, as that is the best methodology for a longitudinal analysis to factor out inflation and income changes.

Graph #4 shows that the magnitude of the staycation trend is negatively correlated to household income. The higher the income, the less the decrease is to participation in entertainment spending. Households in the top quintile (20%) of income saw approximately a one-quarter (-22%) decrease in participation in trip entertainment spending between 2000 and 2011. The lowest quintile households saw almost a one-half decrease (-47%) in participation during the same eleven years.

Graph #5 shows how household spending changed by quintiles of income.

Although the percentage of households that spent for entertainment on trips declined over the eleven years (for all but the second quintile group), those that did spend increased their average spending. These entertainment-spending households increased their average spending by 13%.

Finally, we dug into even more detailed data to look at both participation in spending and the amount of spending for entertainment on trips in 2011.

The graph on the next page (#6) shows that there is a definite positive correlation between household income and both the percentage of households that spent for entertainment on trips and how much they spent. In 2011, households with $100,000 and higher incomes were 18% of all households, yet they accounted for almost half (48%) of all trip entertainment spending.

A recent analysis by the U.S. Bureau of Labor Statistics found that the percentage of households reporting any travel expenditure declined by one-tenth (10%) between 2005 and 2011. This indicates that the percentage of households who took a trip declined by one-tenth during that period. This definitely correlates with the decline in entertainment participation we found. Our analysis shows a 9%

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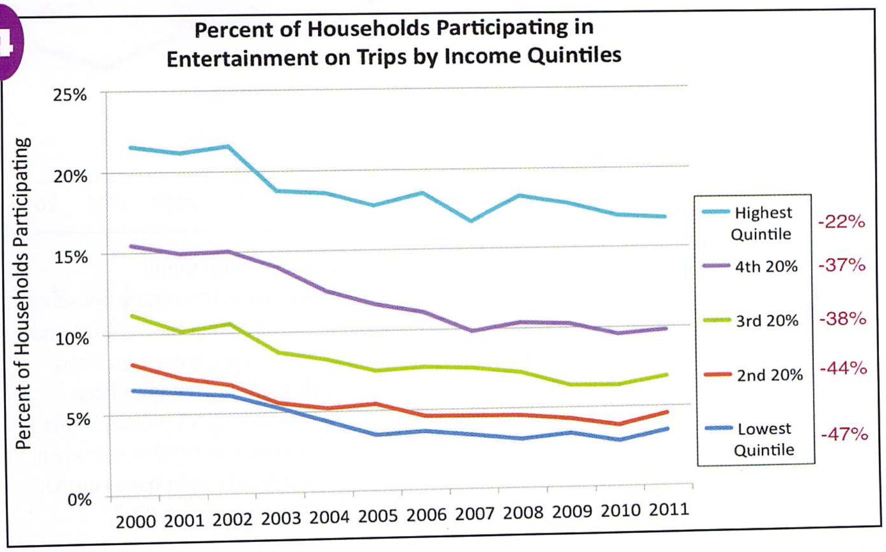

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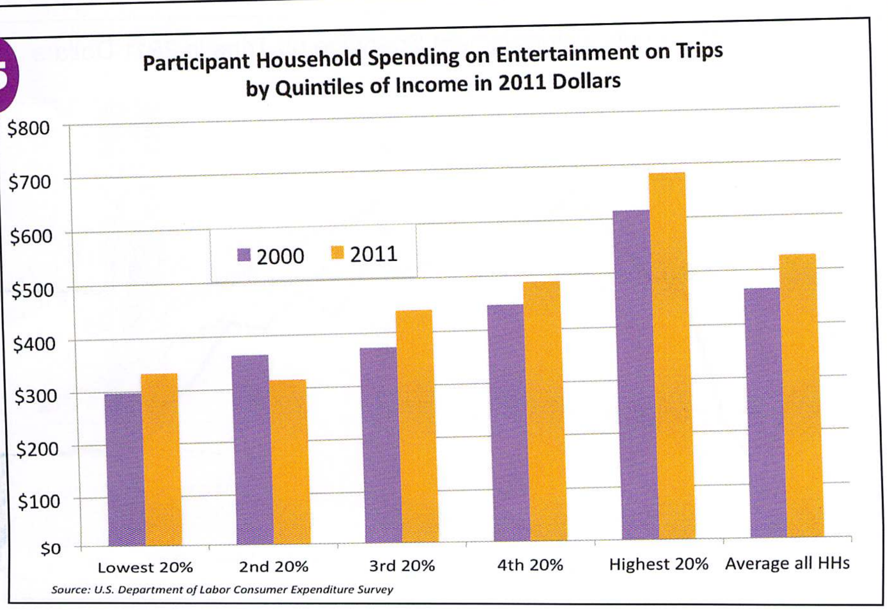

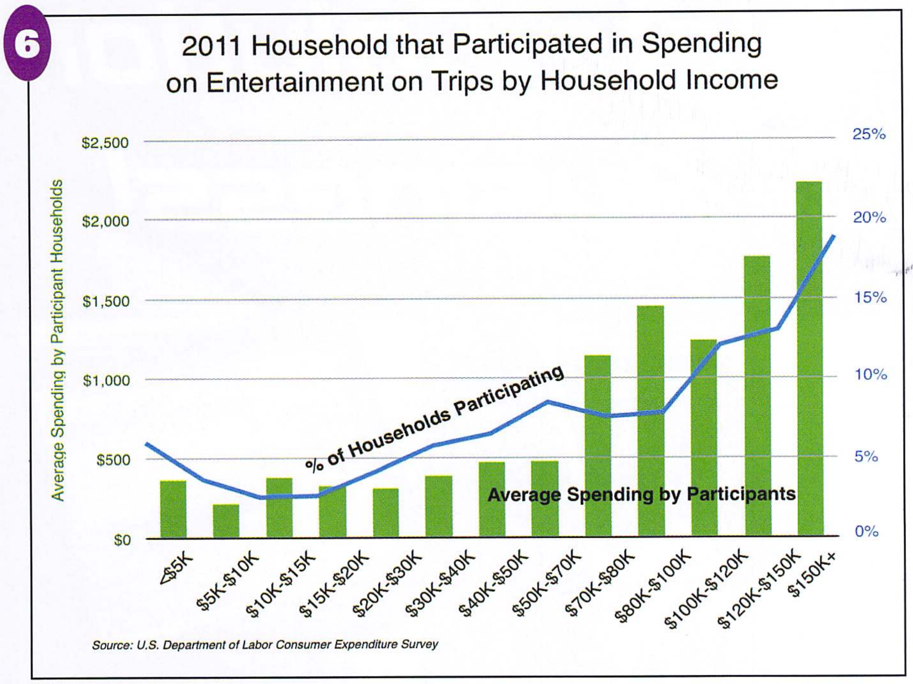

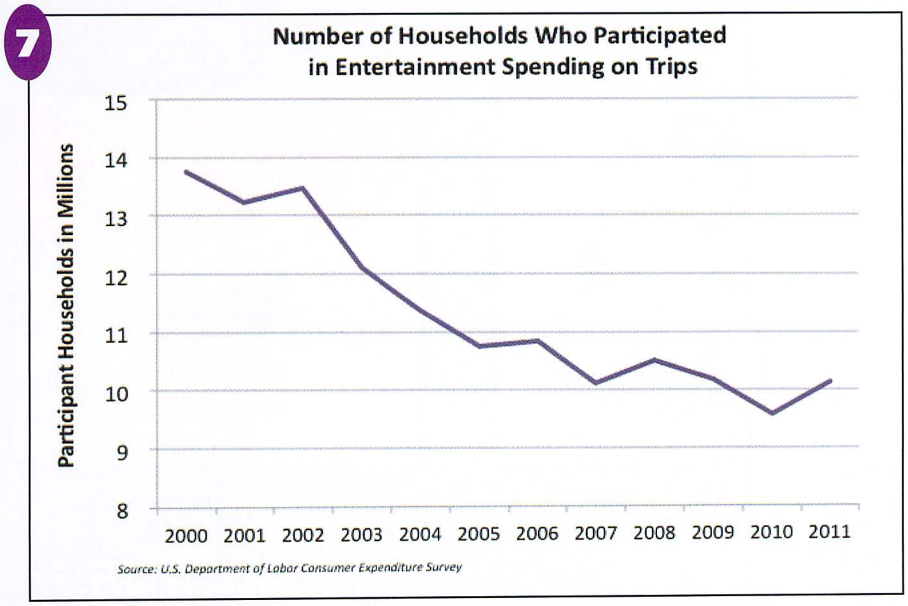

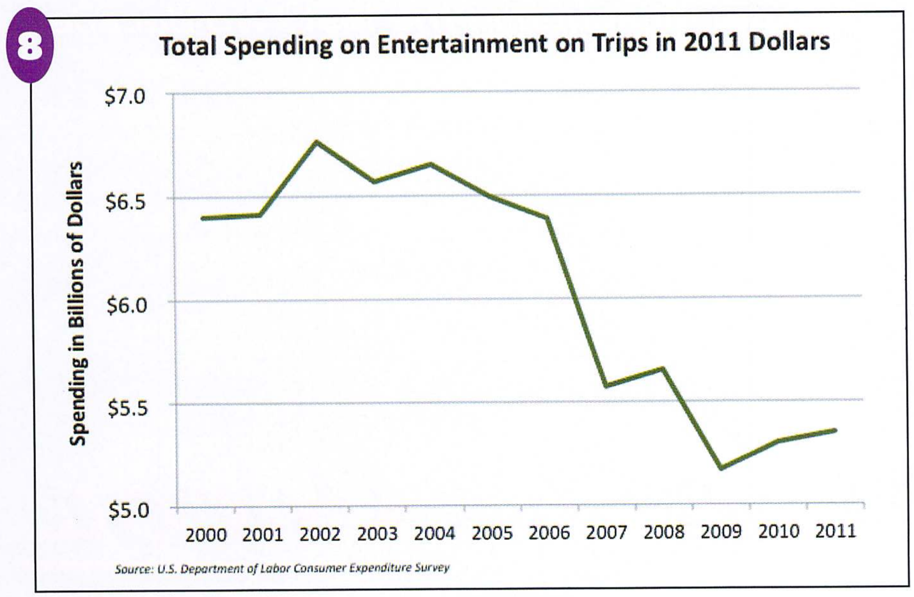

decline in the percentage of households spending on trip entertainment during those same six years. Clearly, the staycation trend is predominately due to a declining percentage of households who are taking trips and secondarily to those households who spent less on trips.

The above analysis examines the staycation trend at the household level. Since 2000, the number of U.S. households has increased by 12%. However that increase does not offset the one-third (-34%) decline in the percentage of participating households spending on entertainment during trips. The total number of households that spent on entertainment each year during a trip declined by one-quarter (-26%) over the eleven year period. (See #7.)

Likewise, the increasing number of U.S. households does not offset the one-quarter (-25%) decline in average household entertainment spending on trips. Total spending by all U.S. households declined by one-sixth (-16%) between 2000 and 2011. (See #8.)

Our research did uncover one trend that LBEs can use to their fine-tune their businesses to capture a larger share of this declining spending. It's called social stratification. An increasingly larger slice of the declining trip entertainment pie is shifting to higher income households. In 2000, the top 20% of income households accounted for 45% of all trip entertainment spending. In 2011, their share had increased by one-sixth (16%) to more than one-half (52%) of all such spending. The higher income households are now the niche market LBEs must target in order to remain successful.

There is little doubt that the staycation trend is very real — a significant and long-term trend that shows no clear signs of abating. The staycation trend has serious implications for LBEs that depend on entertainment spending by consumers on trips or on vacations. To stay successful, LBEs need to be aware of these trends and fine-tune their strategies and operations accordingly. ◆

Randy White is the CEO of the White Hutchinson Leisure & Learning Group, a multi-disciplinary firm that specializes in feasibility, concept and brand development, design and consulting for leisure and entertainment facilities. Since 1989, the company has worked for over 460 clients in 31 countries. Randy can be reached at 816/931-1040, ext. 100, or via the company's website at *www.white-hutchinson.com*.