

# Meet the Frugalistas

BY JOHN PARMAN

With the U.S. economy in flux, Gensler partnered with consumer researchers DYG to learn what potential leisure customers are thinking and what's driving their choices. Here are the results.

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It's no secret that hoteliers catering to U.S. business and leisure travelers are feeling the effects of the downturn and the related volatility of gasoline prices and the cost of airfare. Hotels and resorts tied to the U.S. market are understandably looking for ways to increase their appeal. To help them, Gensler research director Christine Barber and hospitality practice leaders Brett Blumenthal, Ed Grun, and Tom Ito partnered with DYG. To learn what's shaping leisure choices, the New York-based research firm analyzed its broad-based survey of 4,000 U.S. consumers.

*The Frugalistas* is the name that the press gave to the latest incarnation of U.S. consumers. You can almost think of them as an extended family, shifting their mindset to deal with new realities. To understand what they're like and what their attitudes imply for leisure, DYG considered the full spectrum of potential hospitality clients—younger and older, wealthier and not. While there are obvious differences among them, there's also surprising convergence. Just as a rising tide lifts all boats, a sharp dip in the economy has a moderating effect.

## What Moderation Looks Like

People are much more price sensitive—no surprise there. They're also wary of "costliness"—the appearance of cost, even if the price is where it needs to be. This may reflect a generally higher distrust of business. "If it looks expensive, it will probably turn out to be." There's an attitude of "this is too good a deal to be true" that makes it imperative today to convey value. Taking frills off the table and simplifying the look and feel can favorably reinforce the sense of a "fair deal."

Fairness matters. The hunt is on for real value. Frugalistas will pay more if they're convinced that the cost reflects the quality of what's delivered. How do they know? Word of mouth and

web-spread accounts of personal experiences are more likely to sway people than brochures, guidebooks, and official websites. Brand recognition provides an assurance of quality, of course, but it can work against hoteliers if perceptions are at odds with current conditions. The newly frugal may pass on a luxury brand because they assume it's too expensive or that it's just not them. As this suggests, the brands that will thrive emphasize authenticity—and then walk that talk.

Moderation comes family-sized more often than not today. This may be a business traveler adding on a spouse or significant other for a weekend of R&R or a family taking a breather, with the college-age or newly married younger ones often subsidized by their financially solid elders. Weddings, reunions, homecomings, and other events become occasions for vacation travel, and leisure clusters around that now instead of being quite as off-the-cuff (“let’s cross the pond”) as it used to be.

There’s a renewed sense of responsibility, both to one’s wallet and to the planet. Hoteliers who embrace sustainability and use it to pare down may be wonderfully positioned to catch the wave of today’s cross-generational activists: people who give health a thumbs up and build a range of causes—their own and others—into their packed lives. These are the same folks who blur the line between business and leisure travel. They crave connection, so wireless is essential—unless it isn’t. Sometimes they want to be off the grid entirely.

### **What Matters—and What Doesn’t**

Awareness of the importance of sustainability is making it a priority. While most hotels are moving incrementally in that direction, the leading edge makes energy efficiency and water conservation an integral part of their design. An example is CityCenter in Las Vegas. On track to be one of the world’s largest LEED-certified developments, its sustainably designed buildings and infrastructure will set it apart. It also makes eminent business sense, reducing operating costs and conveying great value and smart practicality—performance without extravagance.

People expect sustainability to be part of the package. “We’re in this together” is the mantra, and that means hotels can’t ask guests to pay extra for green features, with the exception of eco-tourist resorts that can make the location itself a differentiator.

Personal health is a big deal. People are turned off by signs of neglect and lack of amenities, and are pleased to find features that support a healthy lifestyle, whether on the premises or nearby. Some hotels are finding a niche market by creating

experiences around well-being like meditation retreats and self-renewal weekends.

Safety is also crucial, but it needs to be present without being obtrusive. Confidence is built with every interaction—a sense that someone is in charge and the things that matter are dealt with efficiently and well. The latter requirement goes for technology, too. It needs to be simple to use and bulletproof. If it’s provided (or advertised as such), it had better be there—and work. This is especially true for business travelers. No hassle is their holy grail.

### **Back to the Not-quite-bare Essentials**

There’s still a high end to the hotel market, but costliness for its own sake is out of favor. The symbols of acceptable wealth in the U.S. today are men and women who are giving fortunes away to benefit myriad good causes. That sheds a different light on ostentation. Just as the SUV was traded in when gasoline prices went through the roof, leisure is (relatively speaking) getting back to basics. That doesn’t mean sophistication and service go out the window, but there’s a sense that less is more, the way flat screens have suddenly banished the two-ton armoire.

When the economy shifts gears, will luxury return in its full gilded glory? Looking at the trends, DYG says no. People may temper their moderation, but they’re unlikely to back-slide from the attitudes they’ve expressed—a self-directed preference for fairness, value, healthy living, family and friends, authentic not packaged experience, and substance over the superficial.

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