

## Development of the tourism sector in Lithuania: a focus on the 50+ sector

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**Abstract.** With the looming fact of aging population, market for seniors must use adaptation strategies to offer products and services. The tourism market is not an exception in Lithuania. The paper aims at disclosing the SWOT analysis for potential seniors' tourism development in Lithuania. The authors define the following tasks for research following the research logic: 1) to present the growing tendency of aging society, taking the example of most developed countries, such the USA, Australia, the UK, Italy, Germany and Japan; 2) to define the senior traveller and his/her major types and main characteristics; 3) to outline the criteria with the SWOT analysis tool for the major internal and external developments of the 50+ market in Lithuanian tourism.

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The article defines the development opportunities of seniors' tourism market in Lithuania. There is no unanimously accepted definition of senior people in the scientific literature. This market segment has different names: *silver market*, *grey market*, *mature market*. These adjectives have associations with grey hair, maturity and experience. Some authors describe this segment and highlight the age factor: a) elderly market, or b) over fifties.

Table 1

The Population of 50+ in Selected Countries, 2005-2020

Proportion of 50+ citizens in the general population of the country	90%		Japan (90%)	Japan (96%)	Italy (91%) Japan (105%)
	80%	Japan (85%)			
	70%			Italy (79%)	
	60%	Italy (63%)	Italy (69%)		UK (63%)
	50%	UK (51%)	UK (54%)	Australia (54%) UK (59%) USA (51%)	Australia (58%) USA (54%)
	40%	USA (42%) Australia (43%)	USA (47%) Australia (48%)		China (47%)
		2005	2010	2015	2020
		YEARS			

Source: created by authors after Stroud, 2005.

There is no unanimous opinion, as researched in European studies and research papers, what age people become senior at, but the term “50+” will be used here. Usually, the start of seniors’ age varies from fifty to sixty years (see, *Table 1*). The age is one of the most important criteria of the market segmentation. The biological age is different from the cognitive age (Barak, Gould, Schiffman, 1981); and travel decisions depend on both criteria. The seniors’ market is really the specific one. Seniors travel seasonally, elderly people cannot travel for a longer time than usual, they need more rest and they can afford a little bit more because of the savings. Seniors, who continue their work get higher income, have less expense and there is no need to take care of children. Moreover, the society gets older because of a few reasons (Wall, Mathieson, 2006; Chaston, 2009; Čepinskis, Kanišauskaitė, 2010): a longer life expectancy, particular habits of life cycle, a better healthcare, a medicine breakthrough, a different family model, the most important thing probably would be a decreasing birth-rate.

There are efforts to make seniors’ tourism more popular in Lithuania too. Unfortunately, this market segment has not much of research attention yet. According to the World Tourism Organization (WTO), the stream of tourists from 2008 decreased in Europe. In Lithuania, this problem appeared in 2009–2011. It is predictive that in 2012 markets might have of at all a slow recovery and due to this economic trend, tourism organizations in Lithuania need to know how to meet expectations of elderly people and prepare for the changes.

Every market is effected by macro-environmental factors, such as economy, culture, policy-making, finance, sociodemographics, technology, ecology and law (González et al., 2009). Also, increasing social contacts, easier access to information, frequency of travel, changes of entry restrictions in some countries are positive factors affecting the tourism sector.

The aim of the article is to find main reasons for different developments in the tourism market, which stimulate out/incoming seniors’ tourism in Lithuania.

There are several ways how tourism product could be presented for seniors’ tourism. Most existing tourism products are modified for older people or youth market is eliminated. Sometimes it is the same product only presented in different way or new products are created especially for seniors. Therefore, solution should be sought for marketing specialists to lure a new segment of seniors into the incoming and outgoing tour-

ism flows, presenting opportunities for Lithuanian citizens in cruising (a port in Klaipeda) or in countryside relax (a vast region in the Lake District).

## RATIONALE OF SEGMENTING FOR 50+ MARKET IN THE TOURISM MARKET

It has been noted that the tourism market took momentum after the World War II. Weaver and Lawton (2006) made an effort to present the stages of tourism market development, as follows: from the start (1950-1960) the tourism sector was considered as one big mass market; on the step of 70's this market gets segmented, and the most visible segments are being established a) the senior market and b) the young couple market (Weavere, Bruce, 2006). After a decade (in 80's) these two segments are being further broken down, following the trend of multi-criteria segmentation, taken into account travellers' income, place of residence and other features. Such approach beings in new segments of *rich seniors* and *young Asian couples*. In 90's the niche tourism markets appear: unidentified travellers by the name "John Doe" travellers identified by residence and ZIP codes (Weavere, Bruce, 2006).

When dividing the tourism market into the smallest segments, there is an opportunity to get tourists interested into particular travelling offers: to communicate the message to a target group, to offer a travel product corresponding with individual needs and expectations.

## MOTIVES BEHIND TRAVELLING IN THE 50+ SEGMENT

In general, when travelling, a person seeks to satisfy not just one need or wish (Svetikienė, 2002). It has been identified that the reasons and motives behind travelling are various (Svetikienė, 2002), i.e.: *physiological* (in order to improve one's health), *security, social* (to find a friend/acquaintance) and *psychological* (to seek/demonstrate prestige) motives.

M.C. Sellick (2004) in Australia performed target research showed that travellers who are 50+ are motivated to travel due to the following reasons: a) a wish to have mutual social life and leisure; b) to learn and get cognitive knowledge; c) to discover something new; d) to satisfy their nostalgia; e) to realise the feeling of travelling or simply non-travelling. According to travelling motives, individuals can be grouped into four groups (Sellick, 2004):

- *The enthusiastic connectors* constitute 20% of the respondents. They are willing to learn and communicate; they are more socially and physically active, eager to share their discoveries with others, to seek self-respect and to relax.
- *Seekers for discovery and self-enhancement* take 26% of the travellers' market. This type of travellers really looking for something undiscovered and unseen, mainly motivated by personal discoveries.
- *Nostalgic travellers* pertain 29% of the tourism market. Their major drive to visit nostalgic places with memories and good feelings. Travelling is their way of life.
- *Reluctant travellers* take a quarter of the market, which express no wish to move around their secured residence.

The study found that differentiation of the seniors' market has more significant dependence on a health condition, education and income than sex, marital status or trade – as it was previously thought. In addition, the respondents expressed the view about care. For this segment it is very important that the caretaker should be at least ten years younger than they are. Thus shows the need to consider how to differentiate seniors by age: chronological age or by cognitive age (Weavere, Bruce, 2006).

There are few reasons which determine why older people are interested in tourism (Svetikienė, 2002):

1. the growth of the welfare of society;
2. live age expectancy and retirement age shortening;
3. psychological approach to the aging process of change;
4. tourists' habits of today's seniors were formed during the beginning of mass tourism development period (1950–1960).

All these reasons led older people find their interest not only in tourism but also began to travel. Many of them became active supporters of leisure.

The tourism market can be vulnerable. It is advisable to have a regularly monitoring and analyze changes in the market also develop a strategy to overcome difficulties. Emergency actions in case of crisis may help us to reach better survival (Sausmarez, 2007). Seniors' tourism market is also not an exception. Seniors' tourism can be reduced due to the adverse economic conditions, insufficient social guarantees, physical mobility problems, etc. (Rudawska, 2010; Sarkiunaite et al., 2012).

Older tourists are looking not only for a new creative experience but also personal challenges. And similarly they are seeking a different way of spending their leisure time. Seniors want to be wise and knowledgeable consumers who in return pay for the received benefits (Weavere, Bruce, 2006).

## MACRO-ECONOMIC ENVIRONMENT OVERVIEW FOR 50+ MARKET IN LITHUANIA

Increasingly social contacts, easier access to information, frequency of travelling and changes in entry restrictions in some countries gives a positive affect for the tourism sector. Senior tourism development is stimulated of the aging population and because of older people (usually foreigners) desire to travel actively. More over access to information and social connections is also an important reason for this sector (see Table 2).

Table 2

Lithuanian Tourism Marketing Projections for the Future

Changes 1	The impact on consumer behaviour 2	Recommendation 3
Social changes	– stronger social connections – aging society – growing importance in ecology and active recreation	Focus on weekend tourists, highlight the values such as friendship, understanding and working together, use social networks.
Technological changes	– access to information – travel speed	Strengthen communication on the Internet, use innovative technologies, collaborate with airlines by offering attractive prices, and expand low-cost flights geography.
Environmental changes	– climate changes – pollution increase – perception increase in ecology and health awareness	Highlight greenery and ecology in communication.
Economics changes	– the economic crisis and its consequences: decreasing costs to tourism, travel to closer countries. – tourism sector taxation: increasing prices, decline in supply and quality, declining attractiveness to tourists.	Focus marketing activities to geographically close markets during the economic crisis.

1	2	3
Political changes	The threat of terrorism around the world, possible changes in travel restrictions (such as more flexible entry of Belarus).	Emphasize safety in the visual context and generate news in communication. Quickly react to changes in the situation related with accessibility of the country.

Source: Valstybinis turizmo departamentas, 2006.

Lithuania appears to thrive on tourism more and more favourable conditions: the expansion of hotel chains, increasing the variety of tourism services: popular leisure resorts or rural tourism.

## DEVELOPMENT DIRECTIONS FOR THE 50+ MARKET IN LITHUANIA

I. Svetikienė (2002) distinguishes the product development trends (Table 3) based on the tourism product and market. While searching for the best market (existing and new markets or other resources) and the combination of products the best market coverage strategy for the tourism company can be found (Svetikienė, 2002).

Table 3

Tourism Product Development Trends

		Product			
Market	Existing	Modification of products quality and products presentation	Product nomenclature diversification	New related products (related technologies)	New unrelated products (unrelated technologies)
Existing	Market penetration strategy	Product change strategy	Product nomenclature expansion strategy	Product development strategy	Horizontal diversification strategy
New	Market development strategy	Product development strategy	Market segmentation and product differentiation strategies	Product diversification strategy	Vertical diversification strategy
Resource and markets	–	–	Advanced or backward integration strategies	–	–

Source: Svetikienė, 2002.

Tourism product in the broad meaning is a set of services and goods (services set), which is used in creating the travel package (tour). The complex consists of tourism resources (natural, cultural, architectural and etc.) and prevalence of tourism industry companies (Svetikienė, 2002).

Lithuanian Law on Tourism provides the following types of services (Lietuvos Respublikos Turizmo įstatymas. Available at [http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc\\_l?p\\_id=197451](http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc_l?p_id=197451)):

1. Tour operators;
2. Tourism information provision;
3. Accommodation services;
4. Transportation, food, entertainment and other specialized services.

There are three main market segments, which are polarised to the Lithuanian tourism product (Svetikienė, 2002):

- tourists, whose purpose is business or professional needs;
- tourists, whose purpose is recreation, vacations and entertainment;
- tourists who come to the country to visit relatives.

According to the authors indicated market segments (into which Lithuania orients), as well as seniors should have the following objectives of the travel to Lithuania. Most seniors prefer sightseeing, wellness and cultural tours (Lietuvos Turizmo komunikacijos ir rinkodaros strategija. Available at [http://www.tourism.lt/upload/Turizmo\\_rinkodaros\\_strategija-galutinis\\_dokumentas.doc](http://www.tourism.lt/upload/Turizmo_rinkodaros_strategija-galutinis_dokumentas.doc)):

- *Cognitive travels for seniors*

Seniors often prefer sightseeing instead of recreational trips because of desire to have a sufficient active leisure also experience new things and new impressions. Usually senior people are educated, they have sufficient funds to cover their needs, their need security and minimum organizational problems, so frequently they choose a group tour by bus. Moreover, new itineraries and cultural heritage of countries are important for senior citizen.

- *Health/recreational/wellness travels for seniors*

Therapeutic procedures are required for older people. What is more, these procedures may be included as one of the activities while traveling, so health/recreational/wellness travels are popular among the seniors.

- *Cultural travels for seniors*

Older people have want not only to see and to learn more about their own country and other destinations, but they also to experience the culture, visit the cultural objects and sites (Grundey et al., 2008).

Tourism services are service types with a highly variable quality. Quality of tourism services depends on the following reasons (Svetikienė, 2002; Aivaz and Vancea, 2009): the company's internal rules, the service staff and customer's education which the service is provided, also standard of service and other factors. Thus, the quality of tourism services depends on the internal resources of the company and the tourist.

Tourism resources such as architectural and historical monuments, events organized by cultural institutions and scenic landscapes increases Lithuanian tourist attractiveness, but this potential are insufficiently explored. In order to preserve cultural value cultural heritage should be the objects of tourism, also cities old towns should be developed as a tourism and tourist attraction areas (Turizmo plėtotės strategija. Available at [www.ukmin.lt/lt/.../13.%20turizmo%20pletotes%20strategija.doc](http://www.ukmin.lt/lt/.../13.%20turizmo%20pletotes%20strategija.doc)).

One of the most important steps is to choose market segment. The tourism sector is divided into internal, inbound and outbound tourism. First of all, the market is segmented. Secondly, selected target segment is positioned. Thirdly, knowing what the target market is it is important to analyze threats and opportunities (SWOT).

To determine the senior tourism market development, it is important to evaluate the Lithuanian tourism market strengths, weaknesses, opportunities and threats. Tourism market SWOT analysis (*Table 4*) performed for the preparation of Lithuanian tourism marketing strategy for 2009–2013.

As one of the strengths of the Lithuanian Tourism released a favourable geographical position, important transportation corridors, a multiplicity of recreational, therapeutic, and other resources. It is important that a number of tourism resources included in the UNESCO Heritage List, which attracts foreign tourists.

According to the SWOT analysis the Lithuanian Presidency of the European Union Council in 2013 was carried out by identified major opportunity for market development. This important position will be drawn wide public attention.

Table 4

Lithuanian Tourism Strengths, Weaknesses, Opportunities and Threats

<p>Weaknesses:</p> <ul style="list-style-type: none"> <li>- a short average time of foreign tourists stay;</li> <li>- low average of money spent on one stay of foreign tourist;</li> <li>- lack of accessibility of Lithuania;</li> <li>- influence of seasonality;</li> <li>- lack of affordable accommodation options;</li> <li>- lack of public tourism infrastructure;</li> <li>- lack of cultural heritage for tourism and public needs;</li> <li>- lack of leisure activities diversity;</li> <li>- there is no universal and global reservation system for tourist services.</li> </ul>	<p>Strengths:</p> <ul style="list-style-type: none"> <li>- favourable geographical position, the ice-free seaport;</li> <li>- strategically important transport corridors;</li> <li>- recreational resources (lakes, rivers, forests, coast);</li> <li>- rich cultural and historical resources;</li> <li>- low-urbanized rural landscape;</li> <li>- the UNESCO World Heritage listed six Lithuanian tourism resources and facilities;</li> <li>- unique coastal area in Europe;</li> <li>- historical and cultural ties with foreign countries;</li> <li>- water parks in the region;</li> <li>- developed inland (kayaks, canoes) tourism;</li> <li>- sufficiently effective therapeutic resources;</li> <li>- there are numerous pilgrimage tourism infrastructure.</li> </ul>
<p>Opportunities:</p> <ul style="list-style-type: none"> <li>- Lithuanian Presidency of the European Union in 2013;</li> <li>- in 2009 Vilnius was declared the European Capital of Culture;</li> <li>- in 2011 Lithuania hosted the European Men's Basketball Championship;</li> <li>- the European Union and other financial support for the tourism sector;</li> <li>- the evolving Lithuanian international relations and cooperation in scientific, cultural and economic sectors;</li> <li>- trans-European rail component of the project "Rail Baltica";</li> <li>- realize world-class public cultural infrastructure projects;</li> <li>- increasing the State Department of Tourism budget.</li> </ul>	<p>Threats:</p> <ul style="list-style-type: none"> <li>- the global financial and economic crisis: the quality of services and options decrease, reduced marketing budget;</li> <li>- volatility of oil and natural gas prices;</li> <li>- insufficient funding for tourism sector development;</li> <li>- the qualitative and quantitative degradation of recreational resources;</li> <li>- the passing tourist market competition in Lithuania's tourism;</li> <li>- Large-scale emigration of Lithuanian citizens to foreign countries.</li> </ul>

Source: Lietuvos turizmo rinkodaros strategijos 2009-2013 projektas. Available at [http://www.tourism.lt/veikla/veiklos\\_kryptys/rinkodaros\\_planai/Lietuvos%20turizmo%20rinkodara\\_081223.ppt](http://www.tourism.lt/veikla/veiklos_kryptys/rinkodaros_planai/Lietuvos%20turizmo%20rinkodara_081223.ppt)

It is also important enhancing international relations, world-class public cultural infrastructure projects, realize rail component of the project "Rail Baltica". It is necessary to explore the advantages and provided opportunities properly.

CONCLUSIONS

1. There is no settled definition of the elderly people in the scientific literature. To describe the older people segment usually few adjectives are used, such as *silver market*, *grey market*, *mature market*, which associate with signs of old age grey hair, maturity and experience. Some of the authors define seniors' segment with emphasis on age – *more than 50 years*, "50+" or *elderly*.
2. The development of "50+" market leads to the tourism elements of the environment: social, political, environmental, technological and economic.
3. There are four ways how product for seniors market can be presented:
  - a. to modify an existing product that it will be suitable for all age groups in the markets;
  - b. for seniors market to offer products, which were created for youth market – just change the product delivery;
  - c. to offer tourism products only for seniors market and exclude from the youth market;

- d. to create new products exclusively for seniors market. Use the product life cycle strategy, market leadership strategy, market challenger strategy, market follower strategy or market niche strategy. Tourism organizations can choose to develop the market for concentrated or differentiated and for undifferentiated marketing strategy.
4. Quality of tourism services depends on the following reasons: the company's internal rules, service staff and customer education, which the service is provided, standard of service and other factors.

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