



Journal of Tourism Futures

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Article information:

To cite this document:

Medéia Veríssimo, Carlos Costa, (2018) "Do hostels play a role in pleasing Millennial travellers? The Portuguese case", Journal of Tourism Futures, Vol. 4 Issue: 1, pp.57-68, <https://doi.org/10.1108/JTF-12-2017-0054>

Permanent link to this document:

<https://doi.org/10.1108/JTF-12-2017-0054>

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Do hostels play a role in pleasing Millennial travellers? The Portuguese case

Medéia Veríssimo and Carlos Costa

Abstract

Purpose – The purpose of this paper is to identify the best hostel practices and trends, and to evaluate and discuss how they are keeping up with the present demand created by the Millennials market.

Design/methodology/approach – Methodological approach is based on two complementary qualitative methods: ethnographic participant observation and netnography. Portuguese hostels are the target of this study, as they are considered some of the best in the world. First, a fieldwork was conducted in three top-rated hostels in Lisbon, aiming to immerse in hostel's environment. Then, 300 online reviews were analysed to identify what customers value the most in those services. Data interpretation was done through a content analysis crossing supply-demand perspectives.

Findings – Results indicate that, while staying in a hostel, the Millennials want to: meet people, engage in activities and events, have local experiences, feel comfortable/at home, get good value for money and enjoy the convenience. In return, hostels play an important role in hospitality industry by pleasing the Millennials, by offering: central location, an interactive atmosphere, functional facilities, well-planned design and decoration, a set of activities and events and personal treatment.

Originality/value – This paper is one of the few to describe Millennials' travel behaviour towards hostels' services.

Keywords Portugal, Hospitality, Consumer trends, Millennials, Consumer behaviour, Hostels

Paper type Research paper

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1. Introduction

Millennials, also known as Generation Y, are considered to be the ones born between 1980s and 2000s. They differ from previous generations (X and Baby Boomers) by their lifestyle and behaviour, and are disrupting many social and economic dimensions. Millennials are redefining social, political, demographic, technological, and economic fabric worldwide and increasing presence and clout in the marketplace and workplace (Garikapati *et al.*, 2016). Considering this scenario, it is not surprising that considerable attention is being paid to Millennials' priorities, lifestyle preferences, technology adoption, activity, housing choices and, of course, travel behaviour.

Although there is an increasing understanding that Millennials are an important piece of the market with particular consumer behaviour patterns, some travel businesses seem to have just awoken to that. In hospitality, while some hotel chains are doing efforts to catch the Millennials' attention by redefining brands, adapting services and technologies (Eng, 2016; Mettler, 2016; Carrington, 2016), for hostels, known as youth lodging by essence, to please Millennials seem to be an accomplished goal.

The hostel industry is currently valued at \$5.2 billion in bed revenue, and is projected to grow 7-8 per cent year-over-year. This large growth has been spurred by the Millennial travellers (aged 18-35). Seeking to spend more money on longer trips and see as much of the world as possible, Millennials are prioritising social interactions and shared adventures with newfound friends vs the average traveller population (Hostelworld Group, 2016a).

Millennials are now spending more of their income on "experiences", and travel is a key component for them. The World Tourism Organization (UNWTO, 2016) forecasts that by 2020,

Received 4 December 2017
Accepted 13 December 2017

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This work was supported by the Coordination for the Improvement of Education Personnel (CAPES Agency), Ministry of Education, Brazil (BEX 11980-13-3). This research was funded by CAPES, Ministry of Education, Brazil.

there will be almost 300 million international youth trips per year, almost 60 per cent higher than the numbers seen in 2010, and this part of the travel industry is growing faster than global travel overall (Hickey, 2017).

First, hostels were created as places for students to stay in on educational trips and, from the beginning, they were related with youth tourists and traditional backpackers (Wilson and Richards, 2008). However, since then, hostel market has been increasing and diversifying its services. If for a long-time hostels were known by their low fare and low quality in services, nowadays, this scenario is changing (Papis, 2006). Posh hostels, design hostels and eco-hostels are some of the examples of how they are leaving the low-quality stigma behind and positioning as a “cool” type of accommodation.

The first hostel was created in 1912, in Germany, and hostelling movement had first spread in Europe, then to other continents (Hostelling International, 2011; Volante, 2011). Nowadays, Europe keeps leading hostel market as the biggest one in terms of supply and demand. Germany, the homeland of the first hostel, leads the offer in terms of the number of hostel beds (Savills World Research, 2016), Spain is the preferred destination in hostellers’ opinion (Hostelworld Group, 2017a), but Portugal is the country that highlights in terms of quality of the experience offered (Hostelworld Group, 2017b).

According to the annual publication by the leading hostel booking website that lists the best hostels, Portugal is the country with the largest number of establishments mentioned. Portuguese hostels are being recognised under customers’ perception and have been awarded in several categories, such as best hostel chain, best atmosphere, including, for instance, a hostel elected five times in a row of the best hostel in the world in medium size category (Hostelworld Group, 2017b). In this context, the present paper aims to identify the best hostel practices and trends, and to evaluate and discuss how they are keeping up with the present demand created by the Millennials market.

2. Millennials’ lifestyle, consumption and travel behaviour

With much being discussed about delimitations of generational cohort, we opt for Brosdahl and Carpenter’s (2011) definition that delineates Millennials as those born between 1981 and 1999. Millennials are different from previous generations (Generation X and Baby Boomers), but why? They are the most educated generation so far – in terms of formal education (McDonald, 2015). They were born and raised in the internet era and, compared to their parents and grandparents, they exhibit a lag in some lifecycle activities.

Millennials tend to delay completing education, getting jobs, marrying and having children. Also, they are redefining the Baby Boomers’ dream by not valuing home and car ownership, a steady job, traditional family, but have a purpose-driven life to make a difference in the society instead (Garikapati *et al.*, 2016) and prefer to consume experiences, as, for instance, going on a dream holiday (Expedia/Future Foundation, 2016).

Millennials are also called “the frugal generation” (O’Connell, 2015 in Garikapati *et al.*, 2016) with respect to their spending habits, or the “go-nowhere generation” (Buchholz and Buchholz, 2012 in Garikapati *et al.*, 2016) because of their activities and travel patterns. Although they are considered lazy, entitled, narcissistic, digitally obsessed and spendthrifts, they could be conservative in terms of spending habits. According to the UBS Report (2014), as they saw their parents’ retirement and investing plans disrupted by market volatility, Millennials seem sceptical about long-term investing, while optimistic about their abilities to achieve goals regarding their financial future.

Millennials prefer to use cash and debit cards more than previous generations. Sometimes called “the cheap generation”, they search for cheap promotions and often spend less money, when compared to other generations. For instance, a report of TD Bank (2016) indicates that Millennials used to eat out more often, compared to Generation X and Baby Boomers. However, they spent less than the latter. Thus, it seems that it is not that they are not worried about spending, but they just have a different perspective about the purpose of money in life.

In terms of travel, most studies mention transportation habits. As such, because Millennials do not pursue buying a car, they reduce levels of driving and their daily travel time (Garikapati *et al.*, 2016; Ralph, 2016; Ralph *et al.*, 2016; McDonald, 2015; Polzin *et al.*, 2014). Also, Millennials are increasing the demand for urban living because of a variety of quality of life reasons, wanting to live in communities where they can walk, bike and use public transportation. Accordingly, they are taking conventional trains, riding buses and sharing cars and bikes (Kamga, 2015).

Most of the current research is regarding the relations between Millennials and technology, as they are the first “digitally native” generation, and studies try to find some correlation with it (Bolton *et al.*, 2013; Nusair *et al.*, 2011, 2013; Mangold and Smith, 2012). Millennials are comfortable with using ICT and are consequently more involved in such online activities, such as text messaging, social networks, podcasts and blogs. Also, they have traditionally been seen as the innovators and early adopters of technology, including online reviews and other social media venues and, in consumer behaviour terms, they left the Generation X’ers and Baby Boomers behind, when it comes to adoption of technology and online information sources (Mangold and Smith, 2012). Still, for Millennials’ generation, the online field has taken social networks to another level, because through social media they are building relationships with people who share similar interests, and in which they trust (Nusair *et al.*, 2013).

According to Parment (2013), social dimension is very important in Millennials’ lives, and they show a strong tendency to profile themselves and express their desires and views through the way they consume, which is why the social environment’s reaction to their consumption is crucial to how they will succeed in profiling themselves in the social environment. Millennials are very interactive and able to share experiences (Nusair *et al.*, 2013), especially in social media. However, according to UBS Report (2014), when making a financial decision, Millennials are no more self-directed than other generations. They look for face-to-face advice from people they trust and listen to them, as, for instance, family or a family-referred professional.

Millennials are usually bombed with infinite consumption offers and have multiple leisure options. Due to this, they tend to trust their friends’ suggestions, as, for example, indicated by Bednall *et al.* (2012), who suggest that the presence of friends’ influences, for instance, the attendance of sports games. Millennials have grown up with more leisure options than anyone before and tend to spend available funds on leisure (Bednall *et al.*, 2012). According to Millennial Traveller Expedia Report (Expedia/Future Foundation, 2016), 72 per cent of Millennials prefer to go on a dream holiday than to buy a brand new car (65 per cent), which could be considered a shift from previous generation’s paradigms. Millennials have different perspectives regarding work and social obligations. They were born in a society where the technology has made the division between home and away less important, so nowadays, as travellers, they can manage multiple lifestyles (travel, work and home) while on the move (O’Regan, 2008).

In terms of tourism services, Millennials are very budget-oriented. It is not that they just prefer cheaper services, but they usually search for a good value for money in services. For instance, according to Millennial Traveller (World Youth Student and Educational Travel Confederation (WYSE TC Report, 2015), they would support standing on a flight for a discount and choose travel agents and tour operators by the price. However, when they think about personalised vs budget services, there must be a balance, where personalised services extend beyond price sensitivity (Expedia/Future Foundation, 2016).

Being digitally native, Millennials use technology as part of their travel experience and to communicate with a global audience. They are highly active social media users, thus social media represent an integral part of the travel experience, where they usually share their trips. They are highly influenced by friends’ suggestions and experiences and, when they travel, they prefer to do so with friends or alone, rather than with family or partner (Expedia/Future Foundation, 2016).

Millennials are avid pursuers of international experiences, thus they travel for reasons other than holiday ones – to study, volunteer, work part-time, or learn a foreign language. They search for meaningful experiences and authentic destinations, appreciate “living like a local” and independent trips. They generally venture independently to more further-away places, stay longer and immerse in other cultures to shape their life experiences, explore more remote destinations and spend less time in major cities (UNWTO, 2016; Expedia/Future Foundation, 2016; WYSE TC Report 2015).

3. The hostel “boom”

Millennials represent 70 per cent of total hostel travellers, where 15 per cent of them used a hostel in the last 12 months. Apart from this, hostel customers consider travelling an important part of their lifestyle and are consequently more likely to go abroad, when compared to other leisure travellers (Hostelworld Group, 2016a). Hostel travellers tend to spend important part of their budget on travel, where in absolute terms, they spend approximately €1,100 more than other travellers annually. Millennials that stay at hostels tend to spend an average of €1.522 during their latest main trip (WYSE TC Report, 2015).

According to Hostelworld Group (2016a), the majority of hostel travellers are solo travellers, even though they do seek social connections, they are avid experience seekers and more than 80 per cent say that they travel to collect memories and experience the local culture, as well as experiment with new food and meet other travellers. Most of them choose hostels by their overall value for money, location (Nash *et al.*, 2006; Firth and Hing, 1999; Hostelworld Group, 2016a), although the services, such as Wi-Fi (WYSE TC Report, 2015), facilities (Firth and Hing, 1999) and the opportunity to get to know other cultures and meet other travellers (Hecht and Martin, 2006) are also important features.

Hostels can be considered as a category of tourist accommodation that offer lodging with communal facilities for an affordable price in a unique social environment. Conceptually, the main characteristic of hostels is that they have a communal environment, including the shared dorms in which the habitation unit to sell is not the room (as in the hotels) but the bed (Andrade, 2014; Satyro and Pinheiro, 2006). Nowadays, nine in ten hostels have private rooms, and keep pleasing customers with other sort of accommodation, such as male and female separate rooms and en-suite rooms. Besides that, most of them have an online presence, as 70 per cent of bookings are made via online travel agencies – OTAs (Hostelworld Group, 2016a).

Hostel is traditionally a not-for-profit market, and Hostelling International (the first and biggest youth hostel association) keeps maintaining its importance, counting 4,000 hostels worldwide and four million Hostelling International members globally Hostelling International (2017). However, the sector is undergoing profound change, with renewed interest from investors, that see in hostels new prospects for profitability through changes in quality and product offering. Although, there is an expansion in branded hostels presence, the market still consists of small owner-operated assets, and Europe’s famous hostels are associated with individually owned independent hostels (Ariyakula, 2016).

The highest revenue growth areas are in the emerging markets, including South and Southeast Asia and Middle East, but Europe continues as the biggest market for hostels. Germany, the homeland of hostels, is among the most mature markets, with two of Europe’s biggest branded operators – A&O and Meringer, which originated there. From the European cities, Berlin emerged as the best supplied market with 11.2 beds per 1,000 youth travellers, followed by Barcelona, with 5.3 beds per 1,000 youth travellers. In Europe, the number of hostels seems to be growing in major urban destinations, as gateway cities remain significant due to the apparent supply constraints. In this way, hostel expansion is better suited to those European cities that attract significant numbers of overseas visitors (Savills World Research, 2016).

In spite of the fact that the first hostel was inaugurated more than 100 years ago, hostelling can be considered a new business. According to Hostelworld Group (2016a), only four in ten hostels in developed markets have been in business for more than ten years, a number that decreases to just one in ten hostels in the emerging markets. The “cost appeal” of hostels has been one of the key drivers of their expansion in the wake of the 2007/2008 financial crisis, whereas the appeal for local involvement is another driver of hostels’ boom. According to the European Tourist Hostel Report (Savills World Research, 2016), travellers are increasingly looking for something different and more local than what hotels can offer, and it is in this gap that hostels can keep flourishing.

4. The Portuguese case

In Portugal, the first hostel was officially inaugurated in 1993, in Lisbon, and it was associated with Youth Hostelling International. It was only in 2005 that the first private hostel

(Lisbon Lounge Hostel) appeared. According to Andrade (2014), it was from the increase of those private, independent hostels that the Portuguese hostelling market gained new force.

In terms of numbers, the non-profit hostels, in Portuguese called “pousadas da juventude” (Youth Hostels), offer 50 establishments with 4.288 beds (Pordata, 2014). But, according to the biggest online booking platform for hostels, Portugal offers 336 establishments, most of them located in Lisbon (100) and Porto (36) (Hostelworld Group, 2016b) – biggest Portuguese cities, accordingly.

In terms of hostel customers’ preference for destination, Portugal is in the 12th position, with Lisbon being the most booked city in the country (Hostelworld Group, 2017a). Lisbon is also the city with the greatest concentration of hostels, most of them located in the historic centre and the surrounding areas, such as Baixa-Chiado, Bairro Alto, Marques de Pombal, Rossio, Alfama and Cais Sodré (Rebelo, 2012).

Portuguese hostels are being internationally recognised by their excellence, collecting awards and affirming in the hostel market through positive comments of hostellers worldwide. Hostelworld.com, the biggest online booking platform for hostels, in its 2017 Awards recognised Portugal as the country with the highest number of mentions and the one with 15 establishments among the best ones in the world, passing in front of other countries like Spain and the USA, which were awarded with ten and nine prizes, respectively (Hostelworld Group, 2017b). In the last four years, Portuguese establishments have been highlighted in many categories, for instance, the best medium hostel (awarded five years in a row), the best hostel, the best hostel chain, including the best European hostel (Hostelworld Group, 2017b). Therefore, for being internationally distinguished, Portuguese hostels are the target of this study.

5. Methodology

Methodological approach was based on two complementary qualitative methods: ethnographic participant observation and online ethnography (“netnography”). Ethnographic approach was chosen for being the method that allows exploring the nature of social or cultural phenomena, rather than aspiring to test hypotheses, which was used in previous studies that explored backpackers’ and travellers’ behaviour (as in Sorensen, 2003; Galani-Moutafi, 2000). Traditionally, ethnography provides tools to understand offline dynamics. However, with new online social dynamics new approaches are required. Netnography, also called online ethnography, is ethnography adapted to the study of online communities (Kozinets, 2002; Rageh *et al.*, 2013) and fits the present research in the context of internet working as a marketplace for Millennials, also known as the digitally native generation.

Three hostels in Lisbon, Portugal, were ranked “the best hostels in the world” (from a 2014 list) published by Hostelworld Group. This ranking is based on customers who rate aspects of the hostels they visit, such as location, staff, cleanliness, atmosphere, etc. After collecting the data through both methods, content analysis was conducted to cross the supply and demand perspectives, in order to better understand Millennials’ behaviour in hospitality services.

5.1 Ethnographic approach

First, an ethnographic participant observation study was conducted in summer of 2014 for nine days. The researcher stayed at the hostels as a regular guest, collecting narratives from other guests and observing the operations of the hostels. All the hostels analysed are located in the same neighbourhood in Lisbon’s old town (Baixa-Chiado) and are surrounded by main tourist attractions, restaurants, banks, nightlife, with an easy access to public transportation. The three hostels are placed in antique buildings that were adapted into hostels, still offering all the modern comfort that new travellers look for (air conditioning, lockers, luggage storage, 24-hour reception, self-catering, among others). The hostels charge about €23 per night (medium rate for a bed in a shared room) and they vary in size (30-101 beds) and vocation (some are more party-oriented, others more chilling). What they all have in common is that they were ranked multiple times as world’s best hostels by the hostel customers.

5.2 Netnographic approach

For the online ethnography, 300 online comments (100 for each hostel) were selected in the Hostelworld platform. As it also works as a social network, the platform allows customers to create a personal profile where they can share personal/demographic information and leave a comment about their experience during their stay. This information is online and open access, where the comments were retrieved from and analysed. From the 300 comments, 255 were considered valid due to their content. Negative comments ($n = 8$) and too short ones that did not describe the experience precisely ($n = 37$), such as “great”, “awesome”, etc., were excluded.

Most comments analysed were of the Millennials (Table I), as 83 per cent of the sample size were guests from 18-30 years old. Most commenters were solo travellers (83 per cent), 51 per cent female and 33 per cent male. There were descendants from all the continents, however, the majority was from North America, Europe and Oceania, mostly from Australia ($n = 52$), the USA ($n = 50$), Canada ($n = 33$), England ($n = 21$) and Germany ($n = 17$).

6. Results

6.1 What do the best hostels do?

Hostel A has been collecting many relevant awards since 2010, such as “the most popular hostel” and it was twice elected as the best hostel in the world. It is the biggest hostel analysed, with 101 beds and charging about €24 for a bed. They promote themselves “not only as a place to stay overnight, but also to give our travellers a different experience of staying and contacting with our city”. Once there, the hostel structure is very modern with functional design. The rooms are large with one big locker per person, which differs from most hostels, and bathrooms (with two cabins) in each hall, resulting in one cabin for maximum six persons. Accordingly, the travellers cherish this cleanliness and organisation:

The bathrooms are really clean and large, different from any other hostel. I feel like I have a bathroom only for me (Argentinian, female).

From the check-in until the last day, the staff will call you by the name and endorse the environment of interactions at the hostel. The hostel clearly attracts younger public and focuses

Table I Netnography sample size		
<i>N</i> = 255	<i>n</i>	%
<i>Hostels</i>		
Hostel A	85	33.33
Hostel B	88	34.51
Hostel C	82	32.16
<i>Type of traveller</i>		
Solo male	84	32.94
Solo female	129	50.59
Group	24	9.41
Couple	18	7.06
<i>Age group (years)</i>		
18-24	103	40.39
25-30	109	42.75
31-40	34	13.33
+41	9	3.53
<i>Continent of provenience</i>		
Africa	1	0.39
North America	83	32.56
Latin America	16	6.27
Asia	6	2.35
Europe	92	36.08
Oceania	57	22.35
Source: The authors		

the services on them, common areas highlight the chatting environment and the bar enhances the fun mood. PlayStation and board game area are available, and a set of activities is offered to fulfil traveller's experience. Therefore, the fun atmosphere is the main point to highlight. During the day, the guests can choose among different activities, such as walking tours and surf trips, while during the night – dinners, pub crawls and the hostel bar invite to an always fun atmosphere. The set of activities offered by the hostel gives solo travellers (and even the accompanied ones) the opportunity to interact with like-minded fellow guests, sharing moments and experiences:

I came alone and the hostel offers many tours, I'll do the walking tour and the beach tour tomorrow (Australian, male).

Hostel B was voted for best location, best staff, safety, fun, the best atmosphere, among other awards since 2008. It is the smallest of the three hostels (about 30 beds, with dormitories and private rooms) and charges about €22 for a bed. The hostel is designated as "experts providing the best Lisbon experience" and has a strong identity enhanced by the cosy and antique décor and furnishing and the architecture projected for small and comfortable spaces. The guests are older than usual and many of them were couples. They clearly avoid the constant party atmosphere without losing the interactional hostel spirit, being the only analysed hostel that does not have a bar, instead they organise more intimate events, such as wine tastings:

I'm travelling for a month in a Eurotrip and I chose this hostel because it seemed to have a welcoming atmosphere, and here I liked it more because it is not an always partying mood (Australian, male).

Once you enter the hostel, an old Victrola plays chilling music creating the atmosphere of the place. After the check-in, the receptionist starts a short tour, presenting the common areas and the bedrooms, making the guest feel comfortable in these spaces. But, the strongest aspect of the hostel is the included homemade breakfast, where the guests have three menu options (pancakes, eggs and bacon, or yogurt, fruit and cereals) that are prepared by a cook with fresh ingredients at the time of the order. The breakfast gives the overall service an even more personalised tone, in addition to being a moment of interaction among guests:

The breakfast is amazing and the location is perfect because we can visit many beaches around, and we have a week for it (German couple).

Hostel C is one of the first hostels in Lisbon, working since 2006, with a theme of a traditional Portuguese family house, denominating the hostel as "your home away from home". This hostel is at the top of the rankings for receiving the prize of the best medium-sized hostel in the world, six times in a row. It has about 86 beds and charges €24 per night. Once you arrive at the hostel, the staff is very attentive and serves a typical Portuguese cherry drink (Ginja), as a welcome drink:

I've never stayed in a hostel so good, the staff is really attentive and here I feel really like home (Brazilian, male).

The "home-like" atmosphere is enhanced by the decoration, where it is possible to see authentic photos of the owner's family hanging on the walls. However, the real "feel like home" spirit is enhanced by mamma's dinner, with the owner's mother cooking a homemade meal for the guests. This is the main service publicised by the hostel and every night, there is a large number of inscribed. The service costs about €10 and includes appetisers, main meal, desserts, and alcoholic and non-alcoholic drinks (mostly from traditional Portuguese gastronomy). "Mamma" has become a sort of a celebrity, with most of the guests being curious and interactive, taking pictures with her, asking her about the recipes and helping her cook:

We want to take a picture with mamma, she prepares such delicious food (Group of girls, two Germans and one Italian).

When talking to her, she confessed that when she retired she wanted to dedicate to her cooking passion, and her son (the owner of the hostel) came up with the idea that she could cook for the guests. According to her, at the beginning, she cooked only once a week, but with the increase in number of people who inscribed, they started to offer the dinner almost every day. Even though this idea is now adopted by other hostels, this one was the pioneer in Lisbon, and it is clearly a very successful initiative.

6.2 What do Millennials want?

To meet people. Hostels have a shared environment by excellence, and most of Millennials choose to stay in hostels because of it. Majority of hostel guests are travelling alone and are open to making new friends, listening to others' stories and tips. In hostels, it is easy to get into chatting about others' travel plans, routes and lives in their countries of origin. Also, for those travelling alone, hostels make it easy to get company for exploring the city or planning an activity. The spaces in hostels are shared and planned to enhance the interactions, while the informality in services turn staff members into friends of the guests, and Millennials value that:

[...] For those who travel alone, this is the best place to find people of the same interests to share the wonderful experiences in Lisbon and the surrounding beaches and villages (Female, Germany).

To engage in activities and events. Millennials seem to be non-stoppable. When they travel, they want to explore as much as they can, hence, when choosing to stay in hostels, they want to engage in a sort of activities and events that allow them to explore the city and to get to know people. The best hostels have knowledge of that, and usually offer additional services that enhance the guests' engagement. Dinners, walking tours, pub crawls, wine tasting and surf trips are only some of the examples:

Best place ever. The staff was so helpful and nice. They put on events for everyone in the hostel, we never had a boring day/night (Group, USA).

To have local experiences. Millennials are willing to explore the places they travel to and, moreover, they want to experience things as locals, to try local food, to discover local spots. Everything differing from regular tourist circuits is "a must" for these travellers. Being aware of that, hostels include local elements into their spaces and services: decoration that refers to the local culture, dinners with local food, trips to hidden spots – are all appealing to the Millennials. In this way, the staff, the activities and events offered, as well as the atmosphere help Millennials to be up for engaging in local experiences:

This place was amazing. They immediately made us feel at home the second we walked in the door. The tours at night were great. They showed us some of the real hidden gems of the city, we felt like we were locals in only a few days. The true highlight of our time was the Sintra trip with Tomas. He is a very genuine person and is only interested in showing people a great time. If you stay here do not miss his trip! (Male, USA).

To feel comfortable/at home. Even though Millennials travel more than other generations and they are more detached from traditional family obligations, they still like to have some familiar elements at least in their accommodation. It seems that creating bonds while travelling is not a problem for Millennials, they like to talk and to be listened to, and the sense of community that is present in hostels makes this possible. They like to feel comfortable, but not just in terms of quality of beds or bathrooms, they like to feel cared for and well-received, hence the supportive staff and like-minded fellow travellers are important aspects:

Friendly, welcoming and accommodating staff help to create a real family feel and comfortable atmosphere, just like home (Male, Australia).

To get good value for money. Even though the literature suggests that Millennials are very price-oriented and they do seem to save money with hostel accommodation, in return, they spend on additional services and activities. Furthermore, they do not mind spending some more if they get a good value for money:

The €10 dinner was both delicious, well worth the money and a great way to meet new people if travelling alone (Female, Australia).

To enjoy the convenience. What Millennials can find in hostels, other than just a cheap accommodation with social atmosphere, is a set of additional services that fit their needs. In general, hostels have central locations, they provide a kitchen for guests to cook in, and a free Wi-Fi. But, the hostels in focus of the study offer more than that. They show upscale standards of cleanliness, staff, design/decoration and other aspects relevant to the guests. Millennials like to feel that they have all they need at hand, and enjoy the convenience of hostels that offer it:

We have stayed in over 30 hostels across the globe, and I can tell you that this place does it right. If you made a wish list of all the things you want in a hostel, you will find them all here. Best location,

free breakfast, hostel run tours for a cheap price, great value dinners cooked in the hostel, kitchen for self-catering, clean, awesome staff, bar and partying on 1st floor, quiet rooms to sleep upstairs, fast Wi-Fi, lights and power for each bed, AC, privacy shade for each bunk. Go now! (Couple, USA).

7. Discussion and practical implications

The results show that all the hostels considered “the best” in Portugal offer more than just a bed for a low fare. Instead, they involve guests from the beginning until the end of their stay. Each hostel analysed has its own characteristics and particularities (Table II), but they align their services with guests’ profiles, in order to provide the best experience during their stay. While at a party hostel, guests may find a pub route (pub crawl); in a traditional traveller house, they can rest from their journey while listening to a jazzy sound and enjoying a wine tasting. It was identified that the hostels in focus provide a superior experience because, once there, the Millennials are offered the standards of a good hotel (in terms of cleanliness, facilities, etc.) but with a communal atmosphere and a set of activities and conveniences that the new travellers require.

Nowadays, it is possible to find low-budget hotels for around €20-30 per night. But why do Millennials keep increasing the hostel expansion? Aspects, such as convenience and good value for money are important to them, however, other aspects seem to also be in their minds when choosing a hostel. Results indicate that there is an important aspect of identification and a sense of belonging to the hostel community, which is increased when hostels offer experiences that appeal to the creation of emotional bonds. Therefore, it is not a coincidence that the best hostels are also the ones that enhance some emotional aspects, such as a family house with a meal cooked by “the mamma”, or a hostel where they can have the possibility to make friends for life, with staff and other guests.

Even though the Millennials want to explore the newness of different destinations, once they choose their accommodation, they want to be in touch with personal treatment and a familiar environment, where they can find like-minded travellers to share experiences. The accommodation must be, at the same time, a place where they can share the freedom of being travellers, but also the feeling of being welcomed, in addition to bearing in mind that the money they invested was worth it. It is this emotional-rational balance that travellers find in the best hostels.

Nusair *et al.* (2011) highlight that affective commitment is rooted in shared values, identification, and emotional attachment and the Millennial customers that stay affectively committed to have a favourable attitude towards a travel vendor. Portuguese hostels seem to be following that lead, if, during their stay, the Millennials expect to: meet people, engage in activities and events, have local experiences, feel comfortable/at home, get good value for money and enjoy the convenience. On the other hand, hostels play an important role in pleasing the Millennials by offering: central location, an atmosphere of interactions, functional facilities, well-planned design and decoration, a set of activities and events and personal treatment (Table III).

8. Conclusion

In terms of travel, Millennials are not synchronised with previous generations due to different lifestyles, attitudes and preferences. They put travel as one of life priorities and are willing to spend significant part of their budget to explore the world, meet new people and search for local experiences. But, for as long as they have been increasing their importance on the

Table II Main features of the best hostels

	<i>Travellers' profile</i>	<i>Atmosphere</i>	<i>Main features</i>
Hostel A	Younger/independent Millennials searching for interactions	Modern	Functional design, strong social/party environment
Hostel B	Older/couple Millennials looking for privacy	Calm	Personalised breakfast and cosy decoration
Hostel C	Millennials searching for interactions with local culture	Homely	Welcome drink and mamma's dinner

Source: The authors

Table III Millennials' wishes x hostel offer

<i>Millennials' wishes</i>	<i>Hostel offer</i>
To meet people	Central location
To engage in activities and events	Atmosphere of interactions
To have local experiences	Functional facilities
To feel comfortable at home	Well-planned design and decoration
To get good value for money	Set of activities and events
To enjoy the convenience	Personal treatment
Source: The authors	

tourism market, for many hospitality businesses, they seem to be the target far to be reached. However, for hostels, which are the youth lodging by essence, this is an already accomplished goal.

Many of the contemporary hostels are leaving the low-budget/low-quality stigma behind, so as to redefine as good value for money accommodation, which offers a comfortable stay in a social environment. At least in Europe, the biggest hostel market, many establishments are featuring a superior stay experience within their offer, and Portugal is one the countries hosting some of which are considered "the best" hostels.

Regarding the Portuguese experience, it is possible to pinpoint that Millennials search for more than just a bed for a cheap price, when choosing their accommodation. Even though they appreciate a good value for money, they look for spaces with a sort of social experience and local involvement. In this context, hostels are playing an important role by speaking Millennials' language and meeting their preferences.

The Millennial generation is often referred to as the cohort of the future, thus the hostel experience nowadays can show how this generation will impact businesses in the future. For this reason, other types of tourist accommodation must start tracking hostels' successful progress in pleasing the Millennials. The actual panorama of the "best hostels" should lead the future of hostelling services and other sorts of low-budget accommodation, and the hospitality industry has to understand that excluding Millennials equals excluding a significant share of travellers in both present and the future.

Summing up, the hospitality industry still requires a better understanding of Millennials' behaviour and the hostelling business. The present paper contributes to a better understanding of this generation's behaviour towards the tourism services, and to enlightening the hospitality issues by presenting some of the good practices of the hostel market. However, further studies are required to understand whether the results are applicable to other countries. Additionally, it is suggested that further exploratory studies should be conducted, mixing other sort of qualitative and quantitative methods.

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