



The State of AMERICAN VACATION

2016

How Vacation Became a
Casualty of Our Work Culture

INTRODUCTION

Over the past fifteen years, American workers have been taking less and less vacation. Could the trend line finally be changing course?

Project: Time Off's latest research suggests America's vacation deprivation era is not yet over. In fact, it may be getting worse.

The way Americans work has irreversibly changed. We are connected like never before, to each other and to the office. It is time to decide whether vacation time will become a casualty of the new working world or if we will take action to win back America's Lost Week.

METHODOLOGY

GfK conducted an online survey from January 20-February 16, 2016 with 5,641 American workers, age 18+, who work more than 35 hours a week and receive paid time off from their employer. The survey included 1,184 managers who are company decision-makers.

These data were weighted and scaled.

Oxford Economics used the GfK survey results as well as data from the Bureau of Labor Statistics' (BLS) Current Population Survey to estimate historical levels of vacation activity. A 24-month moving average was used to smooth short-term fluctuations in the data.

Total unused paid time off is projected using Bureau of Economic Analysis (BEA) employment data, adjusted by the share receiving paid time off. The potential economic impact for domestic leisure travel was developed using a per diem spending approach based on data from TNS, the U.S. Travel Association, and the BEA Travel and Tourism Satellite Accounts.

FINDING AMERICA'S LOST WEEK

For decades, Americans enjoyed taking more than 20.3 days of vacation each year. But beginning in 2000, vacation usage fell below that long-term average, setting off a steady decline that has stubbornly continued ever since. While there have been occasional time off upticks since 2000, they later proved to be anomalies rather than a reversal of the inexorable, downward trend.

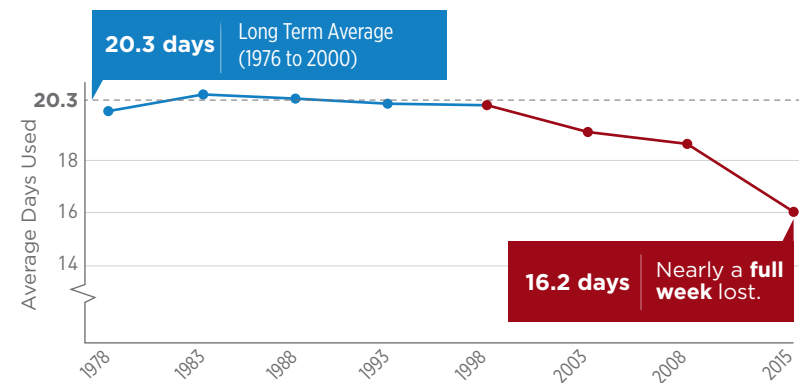
Previous research conducted by Project: Time Off found our nation's vacation usage had fallen to 16.0 days a year—nearly a full week less than the average between 1976 and 2000. It is America's Lost Week.

In the latest analysis of vacation usage, American workers took 16.2 days of vacation in 2015. At first glance, the news is good; Americans used slightly more time off in 2015 than in 2014.

But upon closer examination, the data shows workers also earned more vacation days overall in 2015. In fact, last year Americans earned one full day more—an average of 21.9 days each—than in 2014.

The additional day resulted in a meager 0.2 more vacation days used per worker. That is a lower share of earned time off used than in 2014 (73.8% from 74.9%), when vacation usage reached its lowest point since time off usage began being measured 40 years ago.¹

America's Vacation Usage in Decline



BIRTH OF A WORK MARTYR

Americans skipping vacation is a recent phenomenon, with the decline starting around the year 2000. The obvious question: “What happened?”

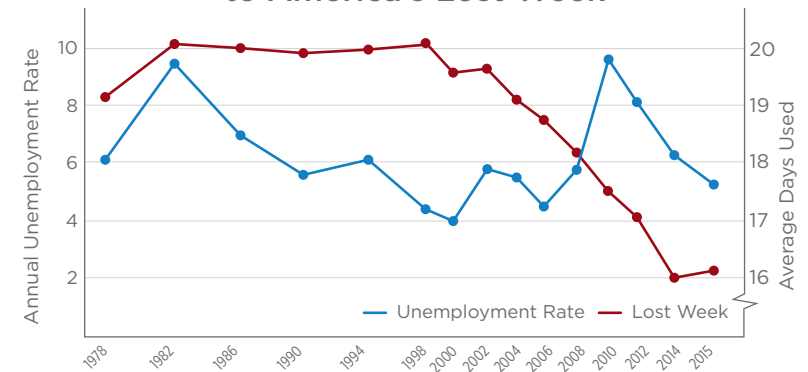
Despite conventional wisdom, the amount of time off Americans take does not mirror economic trends. Overlaying vacation usage data with employment numbers shows the lack of correlation. In fact, the two highest unemployment rates since BLS started tracking vacation usage are in 1982 (9.7%) and 2010 (9.6%). But in 1982, Americans still used an average of 20.9 days, compared to 2010 when they used just 17.6 days. Last year, despite unemployment shrinking to 5.3 percent, vacation usage stood at just 16.2 days.²

Another economic indicator, consumer confidence, is also not a predictor for vacation usage. Consumer confidence reached all-time highs in 2000, when vacation usage first fell below the long-term average of 20.3 days. The downward trend of vacation usage has continued steadily for the past 15 years, where consumer confidence has gone through two cycles of downturn and recovery in the same period. At present, consumer confidence has rebounded since the economic downturn in 2008 where vacation usage still shows an overall decline.³

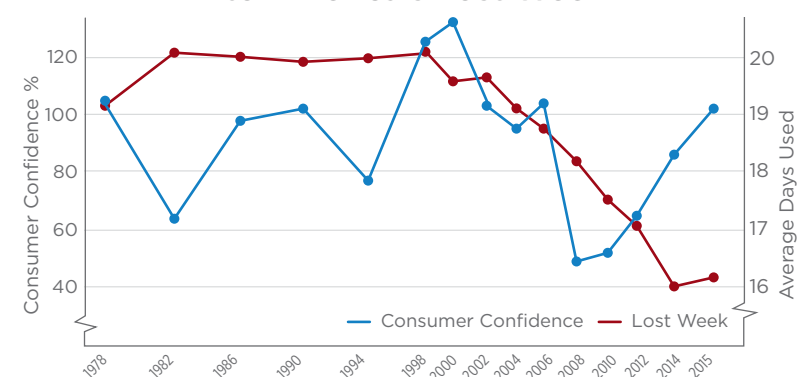
Rather than tracking broad economic indicators, America’s time off habits closely track trends in technology innovation and adoption. The greater the spread and use of new technologies, the less time off Americans take.⁴

Looking at technological advancement proves the correlation. As Internet adoption goes up, vacation usage goes down. America’s culture of busyness has been driven in large part by connectivity, so much so that the

Unemployment Rate Compared to America’s Lost Week



Consumer Confidence Compared to America’s Lost Week



Pew Research Center found that nearly half of office-based workers say that email has increased the amount of time they spend working.⁵ With smartphone ownership climbing, the Internet—and therefore the office—is now in employees’ pockets, intensifying the attachment to work. Nicholas Carr, author and former executive editor at *Harvard Business Review*, wrote, “The deeper a technology is woven into the patterns of everyday life, the less choice we have about whether and how we use that technology.”^{6,7}

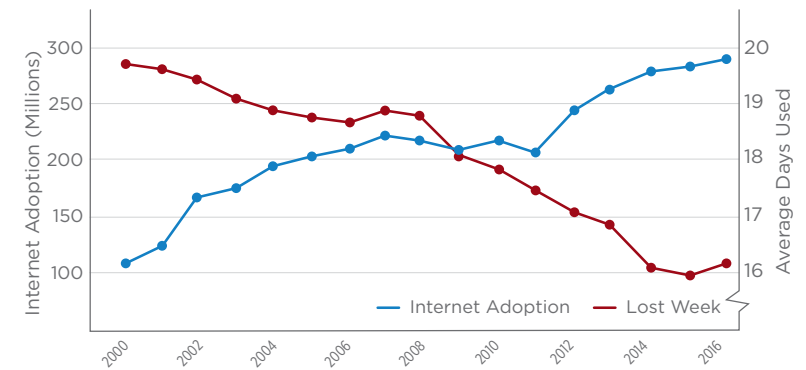
A 2012 survey by Harris Interactive, on behalf of Lookout, found that 60 percent of Americans do not go more than an hour without checking their phone. The constant connectivity leads to a craving, according to Steven Yantis, professor of psychological and brain sciences at Johns Hopkins University. “The mind is wired up to seek new information, and will automatically respond to a signal that something new is available (email, text, phone, tweet),” he wrote for *The New York Times*’ “Room for Debate.”^{8,9}

That craving has helped usher in the highest percentage of Americans not using vacation that Project: Time Off has ever reported.



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Internet Adoption Over Time Compared to America’s Lost Week



VACATION in AMERICA

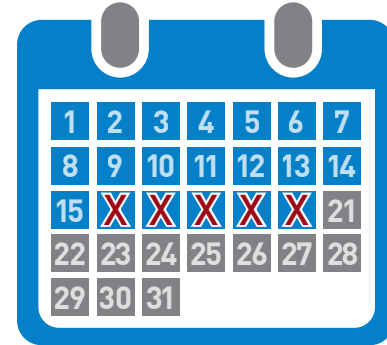
By the Numbers

America's Lost Week



55% of Americans left vacation time on the table.

20.3 Days Taken
(1976-2000)
AVERAGE



16.2 Days Taken
(2015)

What does this mean for the economy?

658 MILLION
UNUSED DAYS

\$223 BILLION
LOST IN TOTAL SPENDING

1.6 MILLION
JOBS LOST

\$65 BILLION
IN LOST INCOME

222 MILLION OF THESE DAYS ARE **FORFEITED**

Vacation Policies

Rollover
55%

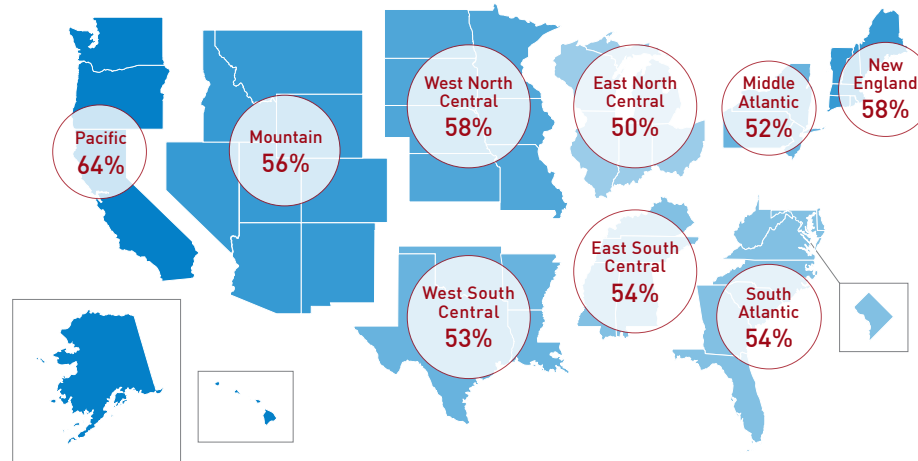
Use It or Lose It
27%

Paid Out
19%

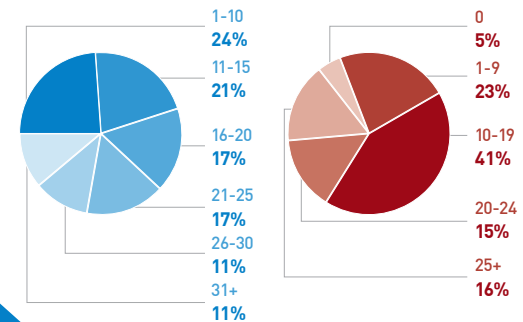
Don't Know
5%

Unlimited
1%

Unused Vacation Time By Region



Days Earned vs. Days



95% Americans say that using their paid time off is important to them.

BEHIND THE NUMBERS

More than half of American workers surveyed—55 percent—left vacation days unused in 2015. This study is the first time Project: Time Off has ever reported a majority of American workers not using all their vacation time. Previous research by Project: Time Off showed that 42 percent of Americans were leaving vacation time on the table.¹⁰

The 55 percent of under-vacationed Americans left a total 658 million vacation days unused. It is the biggest number Project: Time Off has ever reported, far exceeding the previous estimate of 429 million unused days.

The good news: the jump in total unused days does not reflect employee behavior growing that much worse; rather, it is the difference between American workers' intent and reality. Previous Project: Time Off surveys, conducted mid-year, asked respondents how much vacation time they anticipated using during the year. But the latest survey, conducted in January 2016, required that respondents know exactly the amount of time they used in the prior year, painting a more accurate, though still bleak, picture.

Perhaps more staggering than America's 658 million unused vacation days is that Americans lost 222 million of them. Those days cannot be rolled over, paid out, or banked for any other benefit—they are purely lost. That is an average of two full days (2.0) forfeited per worker.



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By giving up this time off, Americans are effectively volunteering hundreds of millions of days of free work for their employers, which results in \$61.4 billion in forfeited benefits.

Even worse than working as unwitting volunteers, employees who take little vacation time could be hurting their chances at a raise or bonus. Employees who take 10 or fewer days of vacation time are less likely to have received a raise or bonus in the last three years than those who took 11 days or more.

BUST INSTEAD OF BOON

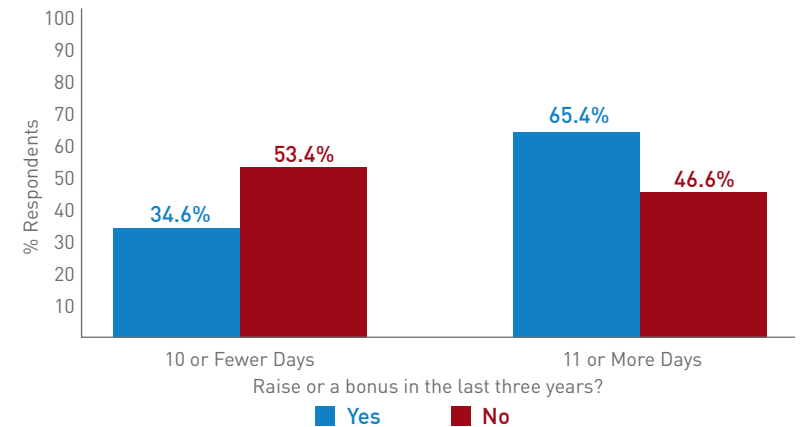
The more than 600 million unused vacation days represent billions in lost economic potential. Had Americans used the vacation time they earned in 2015, it would have meant \$223 billion in spending for the U.S. economy. Servicing the needs of those unused vacation days would have created 1.6 million jobs, resulting in \$65 billion in additional income. If Americans were to just use one more day, it would be \$34 billion in spending for the U.S. economy.

Even worse, the economic difference between our vacation intentions and reality is huge. Had American workers capitalized on the intent to take time off they expressed in previous Project: Time Off research, it would have resulted in a \$64.5 billion economic boon.



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More Time Off Used Associated with Recent Raise or Bonus



WHAT'S STOPPING US?

The workplace barriers to taking vacation reflect previous Project: Time Off research, with fears that employees would return to a mountain of work (37%) and that no one else can do the job (30%) cited as the greatest challenges. The feeling that it is harder to take time off the higher up you get in a company also featured prominently (28%), followed by the idea that employees want to show complete dedication to their company and job (22%).

Compared to previous results, the challenges facing American workers have lessened—albeit only slightly. The numbers are moving in the right direction, but there is still vast improvement that needs to be made before proclaiming the beginning of a cultural shift in the workplace.¹¹

UNSUPPORTED AND UNSURE

Real workplace change depends on America's managers. To workers, the boss is the most powerful influencer when it comes to taking time off, even slightly more influential than the employee's family (24% ranked the boss as number one, 23% said family). In fact, 80 percent of employees said if they felt fully supported and encouraged by their boss, they would be likely to take more time off.

Unfortunately, employees are not feeling that support. Nearly six in ten (58%) employees report a lack of support from their boss and, perhaps more surprisingly, more than half (53%) sense a lack of support from their colleagues. There is a direct correlation between employees who feel strong support from their bosses and colleagues and employee engagement. The more support an employee feels, the more likely they are to report higher levels of happiness.

Reason Time is Left on the Table

	2014 Overwhelmed America	State of American Vacation 2016
Return to a mountain of work	40%	37%
No one else can do the job	35%	30%
I cannot financially afford a vacation	33%	30%
Taking time off harder as you grow in the company	33%	28%
Want to show complete dedication	28%	22%
Don't want to be seen as replaceable	22%	19%

CULTURE OF SILENCE

Employees may not sense support because their work environments do not provide any direction about vacation. Silence in the workplace remains a major issue, with nearly two-thirds (65%) of employees reporting that they hear nothing, mixed messages, or discouraging messages about taking time off.

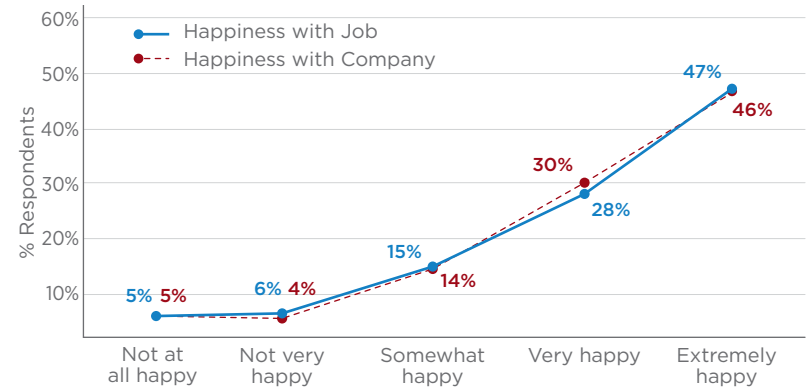
Without context and conversation around vacation, employees are plagued with uncertainty—not only for those unsure if they should take time off, but even for those who do. One in four (25%) are unsure or agree that their company expects them to work while on vacation.

The culture of silence has created a vacuum, and American workers have filled that vacuum with the pressure they put on themselves. That pressure is much more pronounced than what they feel from their boss or their company. Nearly a third (31%) of employees say they put “a lot” or “some” pressure on themselves to check in with work when they are on vacation, almost twice as high as employees who report feeling pressure from their boss (17%).

Further proof that America needs to set boundaries with technology to protect our time, Leslie Perlow, Harvard Business School professor and author of *Sleeping With Your Smartphone*, believes that automatic response has less to do with work demands than with personal validation. “The more you respond, the more people email you, and so there’s very positive reinforcement,” she said in *Fast Company*. “That’s what led me to realize that so many people aren’t workaholics—it’s that we thrive on positive reinforcement.”¹²

But that so-called positive reinforcement has contributed to a new normal that only makes America’s vacation situation more dire. “There is a norm toward being busy—and that busyness confers your value,” explained Erik Helzer, a social psychologist and assistant professor at Johns Hopkins Carey Business School. “Your potential worth is somehow wrapped up in the perceived lack of time you have.”¹³

Strong Support from Boss Drives Happiness with Job and Company



THE BOSS' BURDEN

The boss has a tremendous amount of influence over employee vacation behavior. And this influence has the capacity to dramatically change America's vacation culture—for better or for worse. Many managers are under-communicating with their employees and sending formidable non-verbal signals.

One in three managers (32%) never talk about the importance of taking paid time off with their direct reports. Another 11 percent only discuss it once a year. Non-existent or limited communication is reflected in the 46 percent of employees who claim they get no encouragement to take time off from their companies or managers.

Managers feel that it is harder to take time off. Where 37 percent of employees say the fear of returning to a mountain of work is keeping them at the office, 47 percent of managers feel that way. They are also more vulnerable to the concern that no one else can do the work while they are away, with 37 percent of managers reporting this issue, compared to 30 percent of overall respondents.

Managers experience some of the most pressure, reflected in their connectivity to the workplace, while on vacation. They are dramatically more likely to say they put pressure on themselves to check in with work while taking time off—45 percent of managers report feeling this way, compared to just 24 percent of non-managers. Though lighter than the internal pressure they feel, managers are also more likely to feel that their boss expects them to check in while taking time off (25% of managers, compared to 14% of non-managers).



Many managers are **under-communicating** with their employees and sending formidable non-verbal signals.

FINDING THE WAY FORWARD

Vacation is not yet extinct. Americans in dire need of a break can take simple steps to mitigate their fears about taking time off and make their vacations possible.

The single-most important step workers can take is to plan their time off in advance. Yet less than half (49%) of households set aside time to plan the use of their vacation time each year.

Planners have an advantage over non-planners. They use more of their time: 51 percent of those who plan took all of their vacation time, where just 39 percent of non-planners did. Even better, they are positioned for a longer break, with planners much more likely to take a full week of vacation time or more at a time. Where just 46 percent of non-planners took a week or more, 69 percent of planners were able to do so.

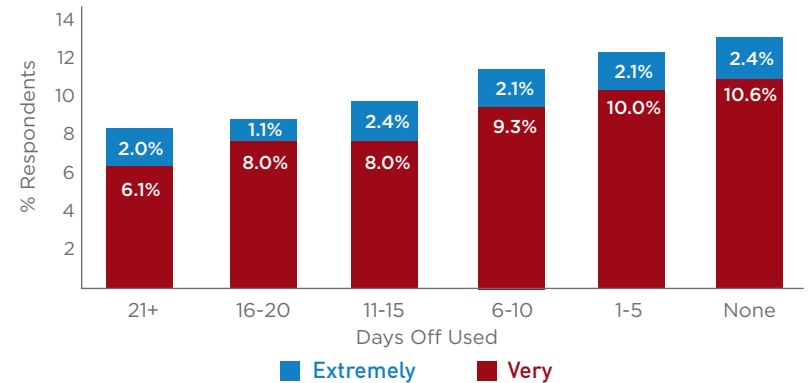
The time spent planning correlated with greater happiness in every category measured. Personal relationships show some significant differences, with 85 percent of planners reporting that they are happy with their relationships with their significant other, compared to 72 percent of non-planners. Similarly, 69 percent of planners compared to 60 percent of non-planners report being happy with their relationships with their children.

The amount of time taken also shows a clear correlation to happiness at home. The more vacation days used, the lower the stress at home.



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Workers Who Take More Time Off Report Less Stress



Beyond their personal lives, planners and non-planners have statistically significant differences in their personal financial situations and professional success. Eighty-one percent of planners say they are happy with their financial situation compared to 71 percent of non-planners; and 90 percent of planners are happy with their professional success compared to 82 percent of non-planners.

Planning also extends to how American workers take their time off. There is no “right” way to use vacation time; however, setting boundaries for connectivity can help facilitate more effective time off.

“Whether you’re planning to disconnect from work completely or simply to keep your work time minimized, you need a clear plan for how you’re going to use your devices while in vacation mode,” said Alexandra Samuel, author of *Work Smarter with Social Media* in Harvard Business Review. “The biggest obstacle to disconnecting isn’t technology: it’s your own level of commitment or compulsion when it comes to work.”¹⁴

There is no slowing down technological advancement. The workplace will always be at Americans’ fingertips. These advances have improved life immeasurably, but have also created the conditions that require employees take an active role in creating time. Vacation time will not happen without dedicated thought and planning.

“If you look at the ingredients of a satisfying life, what our data show is that people are shortchanging themselves in the areas that may be most important,” Helzer said. “The lesson is that you have to be intentional in carving out the time you want for the things that you want.”¹⁵



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The workplace will always be at Americans’ fingertips.**

Planning Time Off Associated with Increased Happiness

	Plan Time Off: Yes	Plan Time Off: No
The company at which you work	87%	84%
Your job	88%	83%
Personal relationships with family and friends	97%	94%
Physical health and well-being	90%	85%
Overall mood and outlook	94%	89%
Personal financial situation	81%	71%
Professional success	90%	82%
Your relationship with your significant other	85%	72%
Your relationship with your children	69%	60%

CONCLUSION

Work martyrdom has contributed to America's Lost Week. Permanently reversing America's time off trends requires an open conversation in workplaces and homes about vacation time.

American workers need to sit down with their families and prioritize and plan time off. Managers need to appreciate the power of their influence over employees and take the time to communicate and lead by example. Companies need to know that they set the tone for making employees feel valued and that making vacation an accepted and encouraged practice reinforces employee value.

America's vacation habits may be on the verge of a positive turnaround. We all have a role to play in making a difference.

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