

Shaping the Future of Luxury Travel

Future Traveller Tribes 2030



Methodology

For this report, we undertook primary and secondary research in association with Tourism Economics, Amadeus Travel Intelligence, Connections Events, The Telegraph and various industry experts. Approaches include:

- Analysing **Tourism Economics** estimations of the number of outbound luxury trips from each region between 2011 and the present (using an arrival definition), and projected growth patterns until 2025. To compare the growth in overall travel with the growth in luxury travel, luxury travellers were defined as those with an annual household income of more than \$150,000, and bookings arrivals in foreign countries made by these travellers were deemed as luxury trips.
- Exploring estimations on intermediated distribution channel data produced by **Amadeus Travel Intelligence**, based on internal and publicly available data sources.
- Gathering insights from roundtable discussions at **Connections Luxury** events in Beijing, Abu Dhabi and Sicily, attended by more than 200 business leaders from the luxury travel industry. Attendees validated The Hierarchy of Luxury Travel Needs and the Luxury Traveller Tribes, and shared their experiences and opinions on how industry collaboration could be improved.
- Conducting a survey in association with **The Telegraph**, which was emailed to 2,500 members of the publication's reader panel and to all the subscribers of the Connections newsletter. The quiz asked: "What kind of luxury traveller are you?".

About Tourism Economics



With its principal consultants boasting more than 50 years' experience, Tourism Economics provides actionable and credible analysis of tourism. They work closely with clients to assist in the interpretation and application of their analysis to the real decisions facing them. To find out more, visit

www.tourismeconomics.com

About the author

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Foreword



Global consumers are becoming more affluent, stimulating an increasing trend of disposable income invested into experiences vs material goods. Consumers' desire for life experiences leads the increased demand for travel. Our latest global research contained in this report, in partnership with **Tourism Economics**, confirms that global travel is growing faster than global gross domestic product (GDP), with **luxury travel growing even more rapidly** as consumers expect more rewarding and luxurious travel journeys.

At Amadeus, we have long been committed to better understanding the traveller and how our travel industry needs to evolve to meet and exceed consumer expectation. Our initial **Future Traveller Tribes 2030** research asked **'why will we travel in the future?'** and uncovered six motivating Traveller Tribe trends. The second paper, **Building a More Rewarding Journey**, examined **'how purchasing habits will evolve?'** and how can the travel industry respond to these emerging traveller behaviours to build a more rewarding and connected traveller journey, from **inspiring to arriving?**

This third paper examines trends that are **Shaping the Future of Luxury Travel**, and how the continued human desire for more rewarding experiences provides an essential catalyst to evolve and improve travel industry quality and service standards. When innovation serves a basic human need in a new way, it sets new customer expectations; it primes customers to expect something new.

So what does this mean? In short, what is considered luxury today will continually shift to become mainstream tomorrow. For example, spas used to be associated with high-end luxury; now they are virtually mandatory in every four-star hotel and included in many business and first class airport lounges, thus 'raising the bar' and threshold service levels over a relatively short period of time.

In partnership with **Connections**, our goal was to investigate the luxury travel sector – recognising that luxury is very subjective – and deliver travel industry expert insights on consumers' motivations and service level expectations. Through global industry expert workshops, we have sought to identify a **'luxury hierarchy'** across material and service level standards, to define the six types of luxury travellers, and to highlight opportunities for improvement and greater collaboration across the global travel ecosystem. Ultimately, our goal is to help the travel industry deliver a more rewarding and personalised journey for travellers and suppliers.

We look forward to hearing your feedback, so that together we can continue to **shape the future of travel** to 2030 and beyond.

*Julia Sattel
Global Head of Airline IT,
Executive Committee Member,
Amadeus*

Insights from travel leaders



Connections is the global networking and event organiser exclusively serving senior executives and experts in luxury, wellness and meetings. We bring handpicked leaders from the luxury travel industry together to do business and to discuss the trends and challenges facing the marketplace.

This report has been informed and shaped by more than 200 executives who participated in our roundtable workshops focused on the luxury travel market at events in Europe, Asia and the Middle East. Thank you to everyone for participating with such enthusiasm.

Connections is part of Travel Weekly Group, Europe's largest B2B multimedia publisher and events organiser for the travel industry. To find out more about Connections events, visit www.weareconnections.com.

*Micaela Giacobbe
Founder and Director of Events for Connections, part of Travel Weekly Group*

Executive summary

We have entered a new era of luxury travel. As newly affluent citizens pop up in different regions of the world, and the travel industry expands to meet their demands, **how can travel brands cater for more luxury customers while somehow maintaining a sense of exclusivity?** As emergent middle classes seek the material aspect of luxury travel, more mature markets are craving a new, evolved kind of luxury. This is why offering luxury customers **a relevant, personal and exclusive experience will become even more crucial** than it is today – it will be a differentiating factor between old and new luxury.

Amadeus's recent report *Future Traveller Tribes 2030: Understanding Tomorrow's Traveller* highlights the importance of approaching travellers based on their behaviours rather than their age, gender or cabin class, and recognising that their purchasing patterns will change depending on the circumstances of their trip.

This paper will focus on the behaviours of **Reward Hunters**, **Simplicity Searchers** and **Obligation Meeters**, who are of key interest to the luxury sector, and are present in every regional market of luxury travellers. It will further segment these three groups into **Luxury Traveller Tribes** – types of luxury travellers who can be identified by their general travel patterns. However, these tribes should be viewed as general guidelines to understanding next-generation luxury travellers – the **new era of luxury travel demands that the travel industry understands these travellers on a personal level.**

Luxury travel is subjective. For one traveller, it could be a private multimillion-dollar cruise around the Arctic on a famous yacht. For another, it could be the reassurance of having their dietary requirements automatically catered for throughout their entire holiday and a bespoke designer wardrobe waiting for them in their hotel room – without them having to ask. For some, it could be having their favourite Michelin-starred chef flown in to prepare a meal in a Bedouin tent in the middle of the Sahara. **Curating something that appeals to them on a specific, personal level that goes above a traveller's "norms"** is key to the next chapter of luxury travel.

Maslow's hierarchy of needs is a psychological theory about human motivation – it shows five "needs" that as humans we feel motivated to achieve. Presented in hierarchical levels, when one level of needs is fulfilled, we begin to pursue the level above.

The same theory can be applied to the luxury travel experience. The more accustomed a traveller, or a regional market of travellers, is to luxury, the higher they will need to travel up the pyramid for their expectations to be met – and for their idea of luxury to be fulfilled.

The Traveller Tribes



Reward Hunters

Reward Hunters focus on self-indulgent travel that will often mix a focus on luxury with self-improvement and personal health.

The seeking of 'reward' for hard work in other areas of their life is what motivates them. They are looking for luxury experiences that are several notches above the everyday.



Simplicity Searchers

Simplicity Searchers value ease and transparency in their travel planning and holidaymaking above all else, and are willing

to outsource their decision-making to trusted parties to avoid having to go through extensive research themselves.



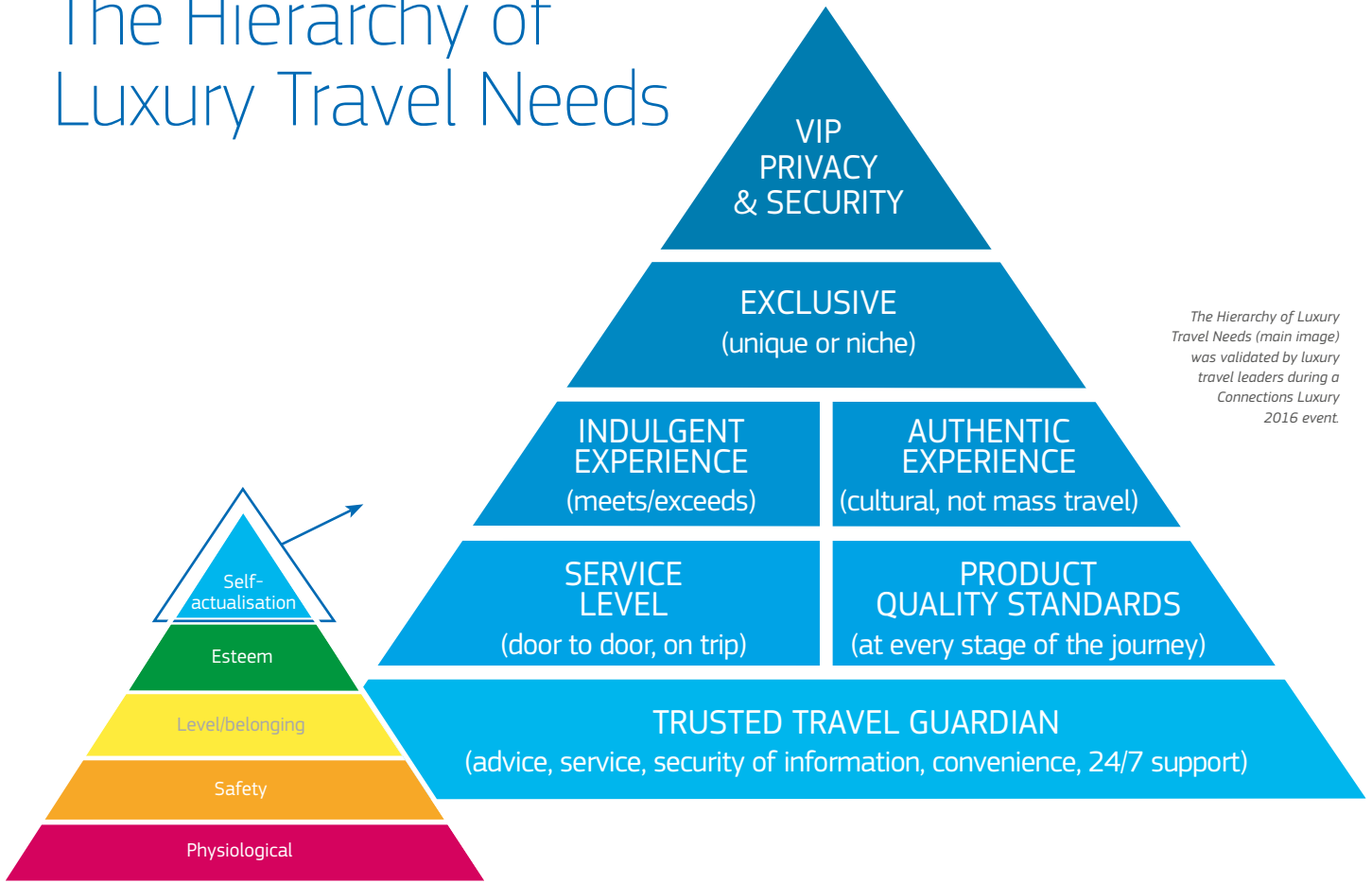
Obligation Meeters

Obligation Meeters have their travel choices restricted by the need to meet some bounded objective. In addition to business travel

commitments, these obligations can include personal obligations such as religious festivals, weddings and family gatherings. Business travellers are the most significant micro-group of many falling within this camp. Although they will arrange or improvise other activities around their primary purpose, their core needs and behaviours mainly are shaped by their need to be in a certain place, at a certain time, without fail.

The other three Traveller Tribes are Ethical Travellers, Cultural Purists and Social Capital Seekers, but do not tend to necessarily display obvious luxury behaviours.

The Hierarchy of Luxury Travel Needs



It's no longer enough to understand what luxury means to a particular traveller – it's about **knowing what luxury means to that traveller right now**. "As consumers become older, and as markets mature, materialism is less important, while time and enrichment are key," says Ian Yeoman, a Travel Futurologist. "This is an important feature in European and American markets – from Maslow's perspective, it's about self-actualisation."

A traveller's perception of luxury not only changes throughout their lifetime – **it can change throughout the duration of a single holiday**. Circumstances along their journey will alter their perceptions and their norms – and the new era of luxury travel requires brands to constantly monitor their expectations, and adapt accordingly. In other words, **new luxury is real-time**.

Through exploring findings from Tourism Economics and Amadeus Travel Intelligence, this paper aims to **answer questions about where the luxury travel market is heading** and predict trends that are influencing the behaviour of tomorrow's travellers. Some key findings include:

- Luxury travel is growing faster than overall travel
- North America and Western Europe account for 64% of global outbound luxury trips, despite making up only 18% of the world's population
- Asia Pacific's luxury travel market will see faster overall growth than Europe's from 2011-2025, but will decelerate from 2015-2025

This paper will **analyse the future regional hotspots, the expectations of tomorrow's luxury travellers**, and **also discuss some strategies** for understanding and serving new-era luxury travellers.

Finally, the paper will suggest **ways that the industry as a whole can move forward**, with different sectors – airlines, hotels, wellness brands, technology providers, tour operators and service providers – working together to **enhance a traveller's holistic luxury experience**.

If you would like to know more about the traveller tribes covered in two previous reports, visit amadeus.com/tribes2030



Luxury travel trends and regional hotspots

According to Tourism Economics data measuring outbound flights, **growth in luxury travel slightly exceeded that for overall travel from 2011-2015**, with a Compound Annual Growth Rate (CAGR) of 4.5% (4.2% for overall travel). The demand for travel has remained constant despite testing economic times, and the luxury market has remained fairly resilient.

4.5%

Luxury travel
CAGR

4.2%

Overall
travel CAGR

Business class

According to estimations on intermediated distribution channel data produced by **Amadeus Travel Intelligence**, which is based on various internal and publicly available data sources, domestic business class travel between 2011 and 2015 has been broadly flat except in European and North American countries.

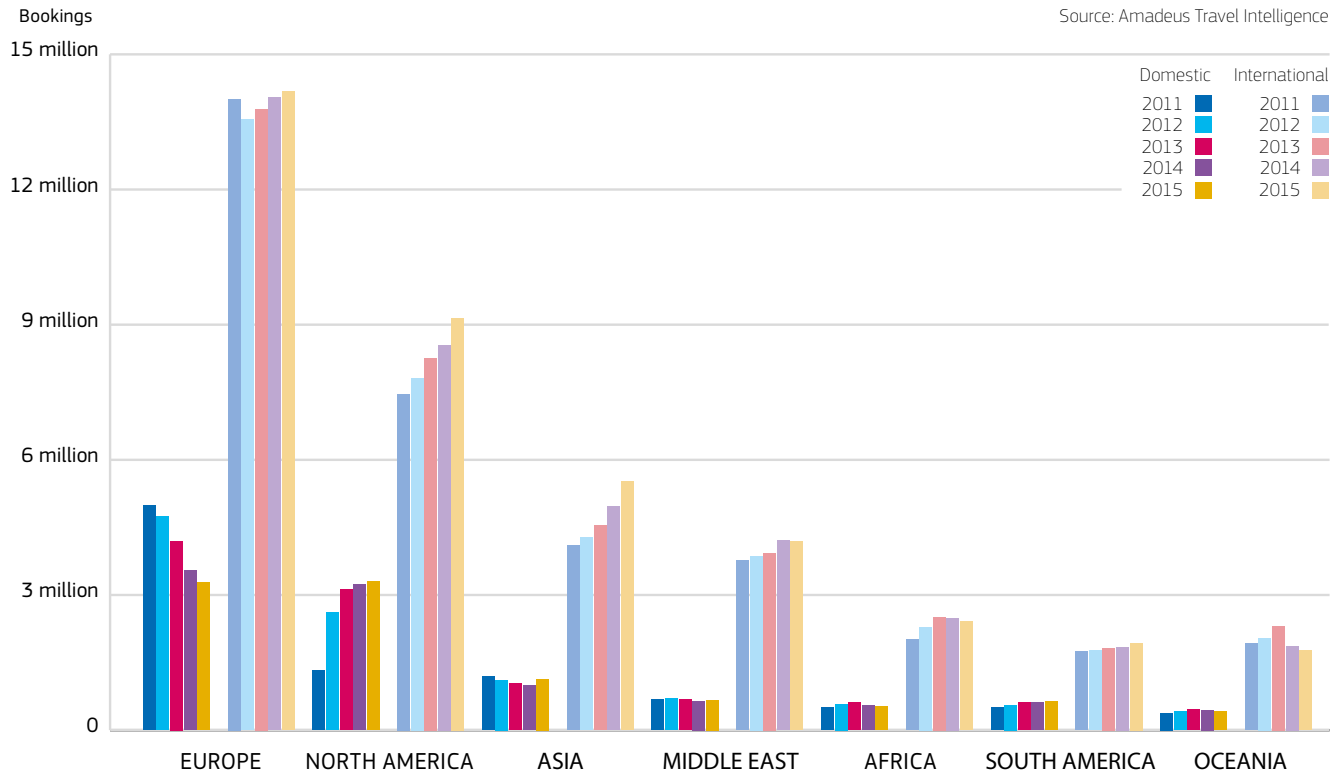
“We’re living in an age where civilians can travel to outer space on Virgin Galactic... where you can rent a private island on Airbnb for \$500 a night. It’s become clear that mass luxury is no longer a new thing, yet it creates this contradiction: how can you offer ‘luxury’ in the traditional sense and ‘mass’ at the same time?”

Emily Segal, artist, consultant and co-founder of K-Hole, from her speech “Learning from the MA-1 – the future of luxury branding” at TEDxVaduz, 2014



For the purpose of this paper, when we talk about luxury outbound trips, we mean business and first class flights. When we refer to the luxury travel market, we mean air travel.

Business class flight bookings, 2011-2015



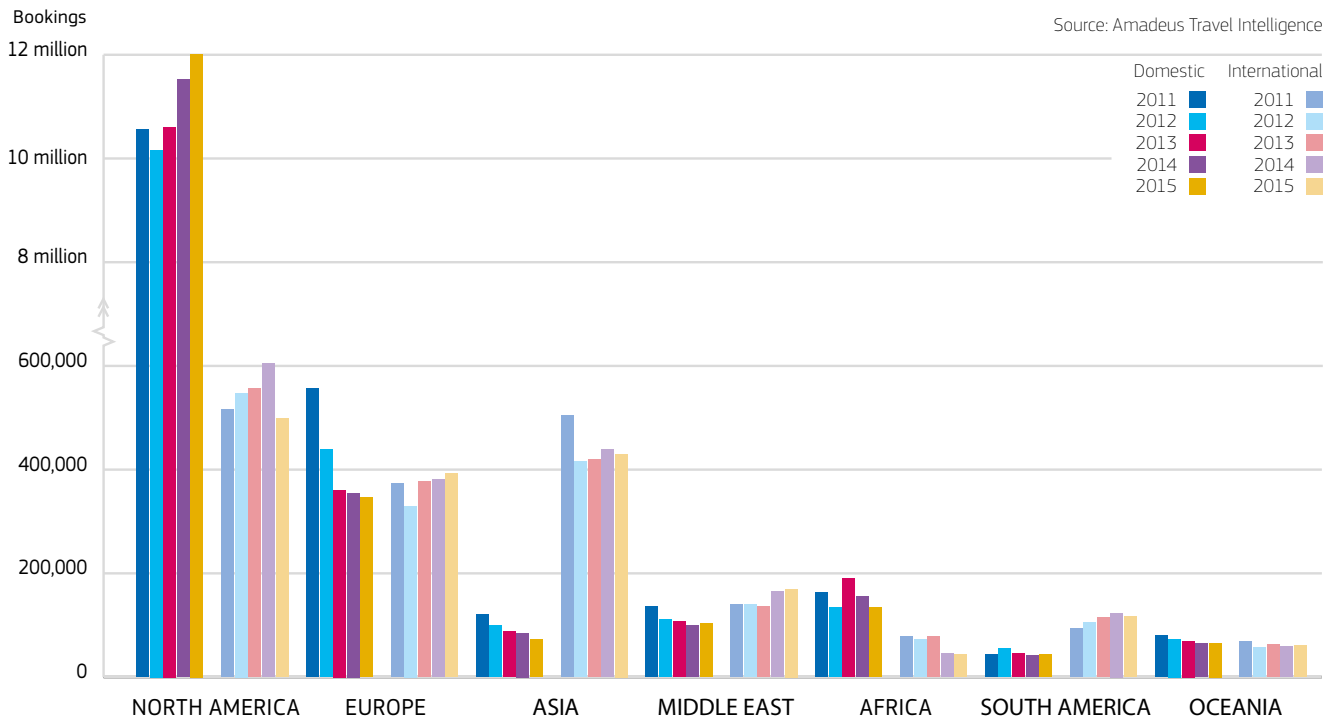
The graph (*above*) shows a steady decline in business class bookings in **Europe**, which was probably driven by the economic recession and accompanying austerity measures. During this period, many European firms and public sector agencies tightened their belts and implemented policies against travelling in business class for journeys under a certain length. Premium leisure travellers followed suit – in this economic climate, premium fares were seen as unjustified for flying short distances – whereas for international flights, the European demand for business class flights remained fairly constant, due to the journey length.

Meanwhile, in **North America**, the opposite has been the case, with business class traffic continuing to grow despite the recession. Once again, this could be driven by regional business travel patterns, rather than luxury leisure travel.

Asia experienced the biggest increase in business class flight bookings during this time. This was likely spurred by the continent's impressive GDP growth, rapidly expanding global business networks, and by a new affluent class of travellers throughout the region that is eager to book leisure trips in business class.

However, one thing to note is that **China's** relatively mature luxury market is set against a backdrop of tightening regulations, where the government is applying pressure to tackle corruption. This means that fewer people want to be perceived as ultra-rich and attract scrutiny – as illustrated by the nation's declining private jet market. In other words, luxury travellers in China are more conscious about flaunting their wealth, and will make travel choices accordingly.

First class flight bookings, 2011-2015



First class

Taking a look at Amadeus Travel Intelligence data for first class flight bookings from 2011-2015, we see **the marked dominance of North American domestic first class flights over the entire global first class market**. This illustrates how US domestic air travel continues to form a very high proportion of all global air travel, as well as the extreme maturity of the US luxury travel market when compared to other regions. The fact that the number of first class flights has increased in the region illustrates how the wealthiest citizens of the world have not changed their travel patterns during the recession, and that the market has remained immune to austerity.

Private jets

Interestingly, despite a fall in commercial business class bookings, a recent report from jet broker FlyVictor found that **private aviation in Western Europe was experiencing a 2.8% year-on-year growth**. Although there is an emerging trend for business travellers turning to private aviation, it's more likely that the slow but steady growth in private jet uptake is down to the leisure travel of ultra-high-net-worth individuals that need an alternative to scheduled short-haul business class flights, which generally don't cater to their luxury needs.

When travelling commercially within Europe, the 'step up' between economy and business class is not really noticeable, and often means little more than a spare seat next to you. As prices for private aviation have started to come down, it makes economic sense for groups of affluent travellers to try a private jet – especially when it means bypassing lengthy airport queues and delays. It's becoming a more accessible option for travellers to pool together and hire a private jet to travel in relative luxury.

Finally, in terms of hotel stays, the **luxury hospitality market is enjoying steady growth in volume**, with a 7% year-on-year growth from 2014-2015, according to the 2015 Luxury Goods Worldwide Market Study from Bain & Company. As expected, North America continues to dominate the global market share, but global growth is fuelled by a thriving tourism industry and the changing lifestyles of new affluent middle classes around the world.

“The motto for first class is that you should expect the exceptional. It takes a lot of consistent investment to build that ultimate experience into the product, and that’s what the Lufthansa brand stands for. Before your travel, you will have been in touch with our dedicated services, and already everything is tailored towards your details. When departing from Frankfurt, you get to the exclusive facilities of the dedicated first class terminal in Frankfurt Airport.

Whether you transfer or fly in and out of our hubs, you’re taken to your aircraft by our chauffeured limousine service. The on-the-ground time and the flight constitute a single experience, and our first class product and service has been awarded a five-star Skytrax rating.”

*Xavier Lagardère, Head of Distribution,
Lufthansa Group Hub Airlines*



“We provide premium exclusive service for our first class customers by offering a truly dedicated end-to-end service: limousine pick-up at your residence and drop-off at your destination, and a fully dedicated first and business class terminal with all the features of a five-star hotel. Passengers flying in for a couple of hours for a two-day meeting can literally step out of the plane without requesting a visa and start their meeting 30 minutes after landing. This is luxury for a business traveller.”

*Muhammad Albakri,
CFO and CTO, Saudia*



The future of luxury travel

Over the next 10 years, the growth rate in outbound luxury trips is projected at **6.2%**, almost a third greater than overall travel (4.8%).

6.2%

Projected 10-year growth rate of **luxury** travel

This could be a symptom of how polarised travel is becoming to reflect the wealth patterns of the world's citizens – at the other end of the spectrum, we are seeing the introduction of ultra-budget products, such as the launch of new cabin classes below economy from Delta, United and American Airlines. Luxury and budget markets will become increasingly extreme to cater for tomorrow's 'ultra' market.

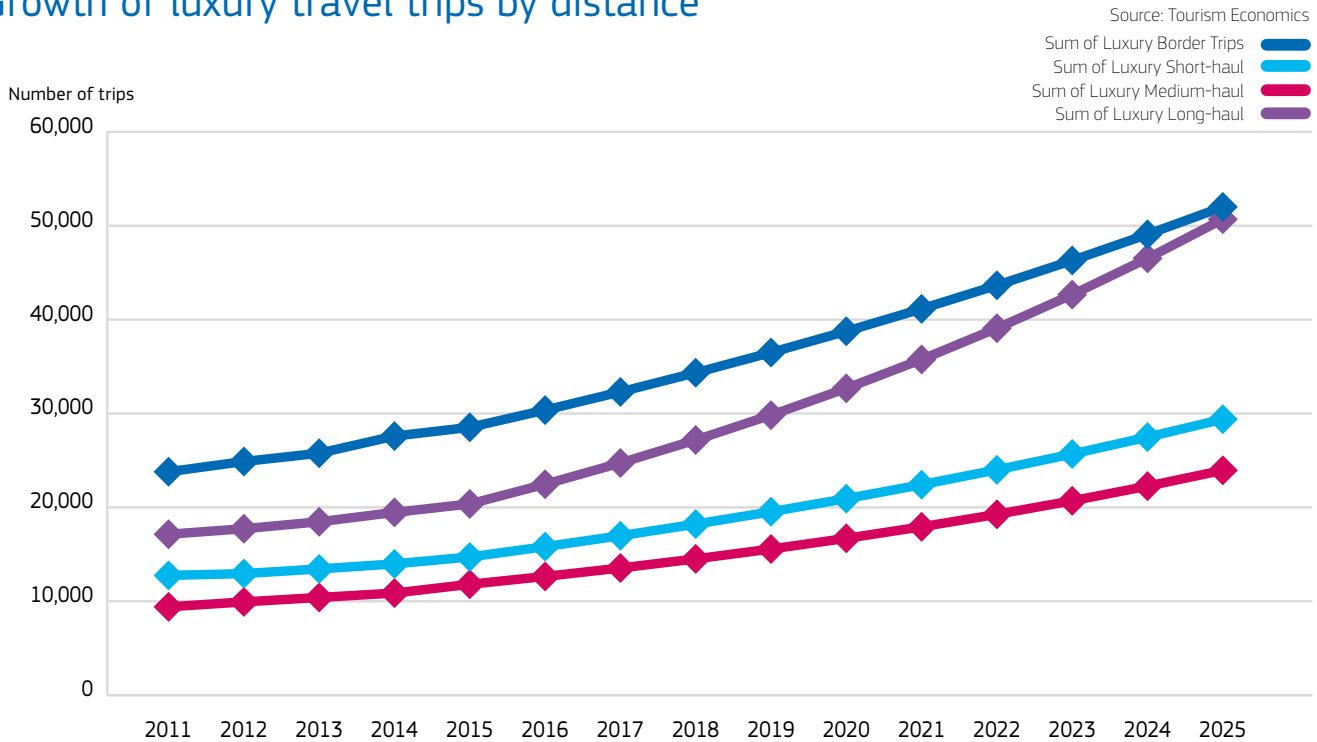
4.8%

Projected 10-year growth rate of **overall** travel

Luxury long-haul travel will grow faster than any other form of travel, and will overtake border travel (travel between countries that share a border) shortly after 2025. This is shown through Tourism Economics data that forecasts the distance of the next decade's luxury outbound trips based on current trends and growth rates.



Growth of luxury travel trips by distance



As middle-class markets develop and mature across the globe, the luxury hospitality market is expanding to meet their needs. A recent report from Transparency Market Research found that the global luxury hotels market will continue to expand at CAGR of 4% from 2015-2021. The increased wealth and refined travel aspirations of these new middle classes will compel them to invest in long-haul travel to new destinations, thus encouraging their peers to follow suit and explore other corners of the globe.

North America and Western Europe **currently account for 64% of the world's outbound luxury trips – despite only making up 18%** of the global population. This clear majority of the market share will continue over the next 10 years; the maturity of these luxury markets and the relative affluence of their populations explain this dominance.

Between 2011 and 2025, Asia Pacific's luxury travel market will see **faster overall growth than Europe's**, but will decelerate from 2015-2025, while Europe's will continue to grow steadily. This pattern is indicative of the regions' economic performances. For example, China's GDP growth slowed from 10.3% in 2011 to 6.9% last year, a trend which could have a significant effect on the growth pattern for Asia considering its dominance of the market.

Compound Annual Growth Rate (CAGR) in luxury outbound trips

	2011-2015	2015-2025	2011-2025
EUROPE	3.6%	6.7%	5.8%
ASIA PACIFIC	7.1%	5.9%	6.3%

From now until 2025, **the number of luxury trips from Brazil, Russia, India and China (BRIC) will increase.**

China's luxury travel market will continue to experience double-digit growth at **12.2%**, albeit at a slower pace than in the past.

Russia's luxury market will recover from its dip from 2013-2015, and experience a growth rate of **9%**, despite the nation's economic reliance on global oil prices and the fact that Western sanctions are set to remain in place until 2017.

Brazil's lack of an established middle class and the weakness of the Brazilian Real against other global currencies means the growth of its luxury market is slow at **4.2%**.

India's luxury market's CAGR of **12.8%** is higher than any of the other BRIC nations, and the **highest of the 25 countries explored in this report.** India's booming middle class presents great potential for luxury travel investment over the coming decade.

The rapid growth of India's luxury market is interesting and fairly atypical. When broken down into the distance of luxury journeys, there is **very little regional travel, and a very high percentage of medium and long-haul travel** – which is the opposite case for the majority of nations.

However, this is really more of a geographical explanation than an economic one. While India's middle class is taking off and fuelling a rapid growth in its luxury market, medium and long-haul air travel will increase rapidly across all classes – perhaps also due to the diaspora of Indian immigrants – and luxury travel will follow this national travel trend.

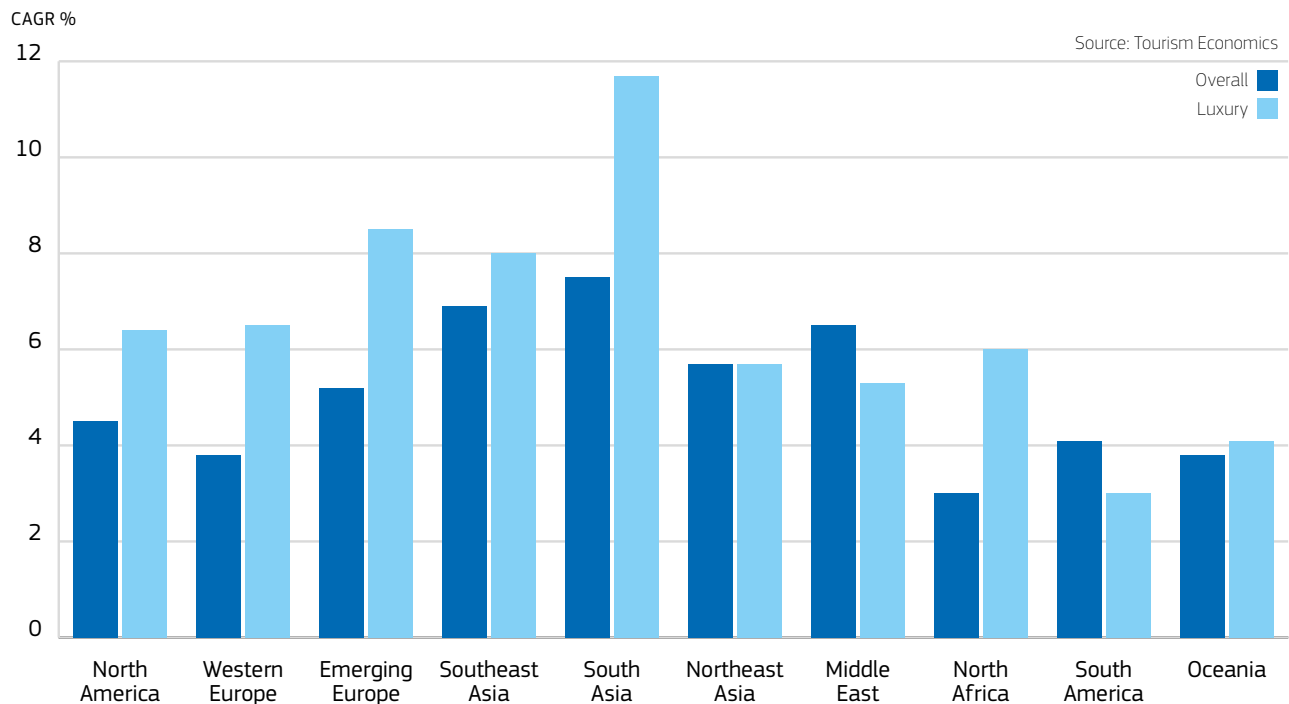
Driven by India's impressive luxury market growth, **South Asia's luxury travel market will expand at a faster rate than any other region** explored. The sub-Himalayan countries will also see significant growth in overall travel, but the rate of its luxury market growth will gain momentum as its middle class markets grow and continue jet-setting.



“Some of the fastest growth in the luxury travel market is being driven out of Asia Pacific. Asian luxury travellers have a unique set of motivations and needs – understanding what drives their travel behaviour and providing a personalised experience will be critical for travel providers”

Hazem Hussein, Executive Vice President, Airline Commercial, Amadeus Asia Pacific

Comparing 2015-2025 growth in overall travel and luxury travel across regions



Other regions where **luxury travel will outpace overall travel include Western and Eastern Europe, North America, and Southeast Asia** (including Singapore, Thailand and the Philippines). These regions all demonstrate growing ultra-wealthy classes that are increasingly mobile and are driving global investment in the luxury travel industry.

Interestingly, the luxury travel market in **Northeast Asia**, including China, is projected to grow at a fractionally slower rate than its overall travel CAGR, albeit still at a healthy rate. This could again be down to China's size and therefore dominance over market patterns – having already reached the point where its middle class is maturing and increasing in sophistication, it's natural that the growth rate of its luxury market will slow a little. China's middle class market is still comparatively new compared with North America's and Europe's – but unlike in India the 'boom' has already happened.

What remains is plenty of opportunities to target the increasingly discerning tastes of a large middle class market. According to McKinsey & Company, in **2010 China's middle class made up a tenth of urban households; by 2020, it will make up well over half.**

In the **Middle East**, luxury travel and overall travel will grow at similar rates from 2015-2025. In the Kuwait, Qatar and the UAE, the overall travel market will grow by 4.4%, while the luxury market will expand by 4.5%. These nations will experience growth despite their oil-dependent economies. It will be interesting to see how their current innovation in the global luxury market – demonstrated in the world-leading first class products of their airlines – continues to set new standards in luxury in the next decade. The CAGR for the emerging Middle Eastern markets of Lebanon, Iran, Jordan and Egypt is 7.5% for overall travel and 8.9% for luxury travel – having suffered major declines in the past few years due to political instability, these countries are experiencing recovery. In the case of Iran, this is driven by the lifting of economic sanctions and the return of tourism to the nation.

“Travel is the only
thing you buy that
makes you richer”

Anonymous



Serving the new era of luxury travellers



“Middle class tourists from emerging markets want materialism. However, with the rise of middle classes in developing economies, luxury becomes less exclusive as more people are accessing it. As consumers become older, luxury becomes more about enrichment than materialism”

Ian Yeoman, Travel Futurologist

Experiential vs material goods

We know that luxury does not mean one thing to all. However, it's clear that in mature markets, luxury has evolved to become increasingly bound up in experiences rather than things. One key trend driving the future of luxury travel is the shift in values from the material to the experiential – rather than saving up to buy luxurious possessions, people are choosing to spend their money on experiences.

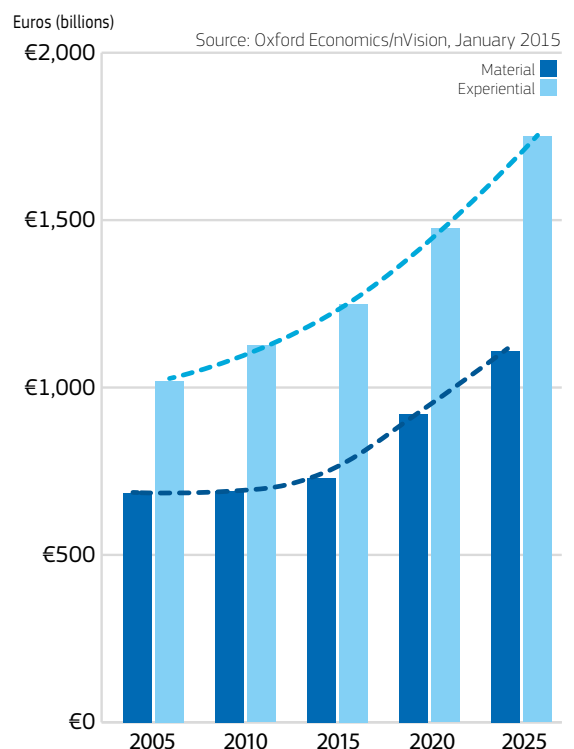
This chart from Future Foundation shows that there has been an incremental growth in expenditure on material goods from 2005 to 2015. However, this pales in comparison with the growth in expenditure on enriching experiences over the past decade.

“We offer unique access to some of the most unavailable and undiscovered experiences one can imagine,” says Luigi Bajona, Partner at Onirikos, a boutique Italian destination management company and concierge.

“We design ‘non-Googleable options’ – from a private gala dinner in Venice on the roof terrace of Peggy Guggenheim to a private visit to an excavation under the Vatican. We secured the most VIP tickets for the sold-out Bocelli concert, which will be held at Teatro del Silenzio in July.”

As this trend continues, brands will appeal to luxury travellers via what they can deliver beyond their material product. Certain luxury customers will resist travel they consider to be pre-packaged and inauthentic – exclusive, one-off experiences are what they seek. Brands that strike the right emotional chord with consumers will thrive over those reliant on the quality of their material offering. The new era of luxury travel will be about having access to the most incredible, transient experiences that money can buy, but only for a select few.

Total annual expenditure on enrichment vs material goods (in billions of euros, at current prices; January 2015 forecast)



Luxury travel: leaders' perspectives

“For a client’s birthday, we hired Leeds Castle exclusively for her, sent her there by helicopter and organised a musical band and dancers. She was watching them while eating strawberries dipped in chocolate and drinking champagne. The following birthday, her boyfriend asked for a giant ice vase to be delivered to her apartment with 100 tulips inside.

*Uliana Slusarenko,
Director, Enjoy Your Travel*



“For me, having really intuitive service that adapts to my personal needs is the most important thing. For example, I’m quite introverted, and I don’t like loads of people approaching me and asking me the same questions. What we’re trying to do is to teach our team the different personality types of customers. It’s important for them to be able to read these customers. It’s also about having choice – I don’t eat white flour, so I like to know that a hotel’s in-room dining menu is going to have foods I can eat, and that I want to eat.

Irene Forte, Brand Manager, Rocco Forte Hotels





“ We’re seeing a lot of luxury travellers wanting a connection with local customs and nature. People want a break from their crazy busy lives, to go to a luxury resort where everything’s taken care of. I have several friends who have gone to a Sha Wellness Clinic in Spain, where it’s all based on a macrobiotic diet; you have daily treatments, you check in for weight loss, to detox or to quit smoking.

John Bevan, COO, Spafinder Wellness

“ More and more Saudi Arabian travellers are wanting to experience journeys other than the usual tourist destinations or major cities. Out of the many travel plans we are currently working on for our VIP clients, such as south of France, south of Spain and Portugal, they are opting for the top-of-the-range village heritage routes, chateaux style and Michelin gourmet culture. No trip nor travel plan can be replicated for other customers.

Muhammed Hakim, Operations Manager, Zahid Travel Group



“ Too often it seems to me that the travel industry, and particularly the luxury travel industry, talks about ‘the journey’ rather than ‘a series of sequential steps from different providers’. There’s typically zero communication between each step... my airline didn’t bother to tell my hotel that I’d had a rubbish flight because my business class seat didn’t work. No one recognised that after a difficult flight, I probably wouldn’t be eager for two to three hours sitting in Beijing traffic.



Ewan MacLeod, Digital Entrepreneur

Who are tomorrow's luxury travellers?

Taking the traveller tribes a step further, Reward Hunters, Simplicity Searchers and Obligation Meeters can be segmented into **Luxury Traveller Tribes**. These travellers are defined by their behaviours and intentions and also by their varying levels of affluence.

Always Luxury 4%

Money is no object whatsoever for this traveller tribe. Mostly showing the same behaviour of Simplicity Searchers, luxury is part of the everyday for them. Luxury is a minimum requirement rather than a perk, and an essential tool for making their life discreet, streamlined and comfortable. They will travel in first class or by private jet, stay in top-tier room categories and pay to outsource decision-making to trusted parties. Unlike other luxury traveller tribes, their travel intentions do not change, and they do not shift between tribes.



Special Occasion 20%

These travellers are more often Reward Hunters than Simplicity Searchers. For them, luxury travel is a treat rather than a given, and despite their relative affluence, they're seeking 'wow factor' experiences. They may use their loyalty points to upgrade their cabin class, to seek out prestigious dining experiences and to indulge in some well-deserved spa treatments. They may be willing to compromise on comfort at certain stages of their journey if necessary, or if it means they'll get an incredible travel experience, such as sacrificing luxurious facilities to go on an independent guided tour of the Arctic.



Bluxury 31%

This tribe blends Obligation Meeters with Reward Hunters. Their trip will have a business objective, but they will have the seniority and salary to extend their trip for some luxury leisure travel. Typically chief executives and company leaders, their business objective comes first, but they also want to make the most of their time once the work is done. They may do business in Nairobi and then fly their family to join them on a luxury safari, or extend their stay in Milan to spend a Saturday with a personal shopper.



Percentages are based on 'What kind of luxury traveller are you?' quiz, completed by 204 respondents.



..... **Cash-rich, Time-poor 24%**

A blend of Obligation Meeters and Simplicity Searchers. Members of this tribe won't necessarily have an objective they need to fulfil during their travel, but they will have responsibilities that dictate when they can and can't travel. Their plans often change at the last minute, so they may travel on flexible tickets. These travellers will most likely outsource their travel planning to third parties, and are willing to pay for expertise. However, they will want their snatches of leisure time to feel private, as it's a rare chance to reconnect with themselves and their loved ones.



..... **Strictly Opulent 18%**

Strongly linked with Reward Hunters, this tribe is all about seeking out the best and the most glamorous travel experiences. Sharing their luxury holiday on social media is an important part of this experience – they want to be seen to be having fun, living life to the fullest and being able to indulge. They'll want to know about ways to enhance their trips by consulting luxury influencers. Hiring a luxury yacht for a group of friends would appeal.



..... **Independent & Affluent 3%**

A blend of Reward Hunters and Simplicity Searchers, this tribe turns to luxury travel when they want to pamper themselves, or try something new. As they have little or no ties, they are free to please themselves when it comes to making travel decisions, and will either travel alone or with a select few friends. They may seek travel brands and destinations suitable for solo travellers, and may be looking for options that enable them to meet new people. They will want to feel that their travel provider is looking after them and helping them make the best choices for their trip, which could typically be a luxury yoga retreat in the Himalayas, or a cookery weekend in the South of France.

Always Luxury vs Special Occasion

The frequency with which travellers experience luxury travel not only influences their perceptions but also presents different levels of difficulty for offering an end-to-end luxury experience. We can explore this by comparing the **Always Luxury** and **Special Occasion** Luxury Traveller Tribes

ALWAYS LUXURY

- ✓ Will have a clear idea of the experience they want
- ✓ Will not be restricted by their financial situation
- ✓ More likely to be a known/repeat traveller and to have a trusted relationship with a travel brand/supplier
- ✓ Less likely to experience disruption of their end-to-end luxury experience
- ✗ Will have more specific needs and expectations to be met (therefore greater disappointment if they are not fulfilled)
- ✗ May require VIP levels of security and privacy (top of the Hierarchy of Luxury Travel Needs)

SPECIAL OCCASION

- ✓ Will be more open to suggestions and recommendations
- ✓ Will have less of a traditional luxury mindset (therefore, fewer specific expectations overall)
- ✓ Lots of potential to exceed their expectations (lower down the Hierarchy of Luxury Travel Needs) and to build a relationship
- ✗ Will have a more limited budget
- ✗ High pressure to deliver if they are celebrating a specific occasion
- ✗ Less likely to be a repeat traveller, therefore less is known about them
- ✗ More potential for disruption of their end-to-end luxury experience

“Most of our **#AlwaysLuxury** travellers don’t plan activities before they travel.

When they arrive and decide to play golf, they want to speak with the golf concierge and the golf pro to get personal recommendations. They’ll know exactly what they want – we just give them the options and they will pick, without needing guidance.”

Joachim Hartl,
General Manager, Conrad Algarve



My dream holiday would be...

“365 days a year”

#AlwaysLuxury

With Always Luxury travellers, luxury is part of their daily life. Flying in first class may not feel particularly like a luxury but a continuation of the lifestyle they currently lead. Relating to the Hierarchy of Luxury Travel Needs, they will be pursuing the highest level of needs – VIP levels of security and privacy are necessary so that they can go about their travel with ease and discretion.

Overall, Special Occasion travellers are the most difficult to pin down. How can suppliers meet the needs of new, infrequent customers, who may not necessarily know what they want in the first place?

You need to be able to listen and read between the lines or their body language and their behaviour throughout their trip and to communicate that extremely fast within your team,” says Joachim Hartl from Conrad Algarve. “You need a very good Customer Relationship Management (CRM) system, and it needs to be constantly fed. We have engineers and maids going into the hotel rooms who have received special training so that they can scan the room and make observations. If they see, for example, that somebody has running shoes, we’ll leave them extra bottles of water. They then feed back to the CRM via our front office team.”

“So, you pick up on habits and can proactively forecast what the guest might want, without them expressing it. If you manage to do this two or three times throughout their stay, they will leave saying ‘this is exceptional’.”

Perhaps the most significant concern for servicing Special Occasion travellers is the **greater potential for disruption to their end-to-end luxury travel experience**. Unlike Always Luxury travellers, they may chop and change part of their trip to suit their budget. For example, they may fly in economy class to spend three nights in a luxury resort in Koh Samui to celebrate their wedding anniversary, meaning their outbound journey is subject to the same risks of lost luggage and lengthy airport security queues as non-luxury travellers.

My dream holiday would be...

“Travelling around the US in a comfortable limousine, staying in small, totally exclusive accommodation, tucked away in safe, quiet places.” *#SpecialOccasion*

Special Occasion travellers will be lower down the Hierarchy of Luxury Travel Needs. This means there is more potential to “upgrade” their luxury travel experience by satisfying a new level of luxury needs, be it access to an authentic or indulgent experience they would not normally be accustomed to, or a higher tier of cabin class or hotel room. In this way, travel providers have more options for providing a luxury experience to Special Occasion travellers.

This tribe could benefit from **greater cross-sector collaboration within the travel industry** – currently, little is being done to recover the damage done to Special Occasion travellers when disruption occurs, as industry sectors operate independently.

The new era of luxury travel will encourage suppliers to understand their part in each traveller’s overall journey cycle so that they can adapt to incidents that may affect the traveller’s mood and needs. This will require suppliers communicating with each other along the journey cycle so that travellers’ real-time needs can be met – and so that their faith in their suppliers is restored if damage has been done.



#SpecialOccasion traveller:

“Once a year, we do a special gathering with family and friends. This year we booked a private catamaran with a skipper to explore the Grenadines. In order to book a larger and more comfortable boat, we saved money elsewhere. Swimming with turtles and rays in the beautiful Caribbean, with the people I choose – that’s my style of luxury.”

*Patricia Simillon, Senior Manager,
Airline IT Strategic Marketing, Amadeus*

Balancing high-touch and low-touch

An important facet of the luxury travel experience is how well travellers feel that their **needs and preferences are understood by their travel providers**. This includes striking the right balance between respecting their desire for independence and lack of intrusive service, which may shift at different points along the trip cycle. Enhancing their trip by checking in to offer additional elements or assistance might be appreciated. The sweet spot is the ultimate representation of modern luxury.

High-touch travellers

- ✓ Value human interaction and like to be guided through the purchasing process to get the best options for their journey
- ✓ Will use technology in conjunction with personal service
- ✓ Are happy to be contacted (when it's useful) throughout their journey

In 2015, **sales of boats larger than 24 metres rose by 40%**, which could be interpreted as a rise in popularity of low-touch luxury travel, with consumers showing an inclination to get “off the grid”, to enjoy seclusion and to take their travel arrangements into their own hands. Alternatively, **low-touch luxury travellers may be too time-pressed for service that is heavy on interaction** (as with the Bluxury and Cash-rich, Time-poor tribes). Or, it could be a personality trait: an introverted traveller may prefer having the space to consider their options, without the need for continual contact or what they may consider “over-the-top” service.

On the other hand, **the option for high-touch service is a traditional component of luxury travel** – having someone on hand 24/7 to assist travellers, to enhance their trip, and to deliver warm, personal service is, for many, a differentiator between standard and luxury travel. For high-touch travellers, this will be a minimum expectation, and a sign that they are being pampered and shown due attention. Strictly Opulent and Independent & Affluent luxury tribes tend to be more high-touch.

When luxury travel brands consider strategies for achieving appropriate service and interaction levels, their size and business model may work for and against them.

Boutique brands that champion personal service or those with smaller customer bases will be able to determine luxury customers' preferences by building individual relationships with them – be it by liaising with their executive assistants or with the customer themselves. At the other end of the spectrum, multinational luxury travel providers that operate on a larger scale will have the reach and the data to apply rapidly evolving customer experience management technology, and use machine learning to identify travellers' preferences down to the nth degree.

Low-touch travellers

- ✓ Require little or no interaction when making a purchase
- ✓ Use technology so they can self-serve
- ✓ Prefer not to be contacted during or after their time of travel

How can brands cater to these polar-opposite travellers? And how can they anticipate whether travellers will shift between being low-touch and high-touch at different points along their journey cycle?

The starting point is **understanding the behaviours and preferences of the six luxury traveller tribes, and how these shift throughout their journey cycle**. Strategies can be developed and perfected over time by incorporating technology and by being able to read and react to customers' behaviours and intentions with an understanding that these can change with every trip.





Picture posed by models

High-touch and low-touch case study

“We had a very wealthy client from Shenzhen. She spent one week in Belgium, visiting Brussels, Antwerp and Bruges. She was travelling with her eight-year-old so the trip was focused on a lot of child-friendly activities like chocolate workshops, zoos and comics.”

Marc Mekki, Founder, Ode to Joy

Inspiration stage

High-touch

Before the trip, the client demanded lots of engagement, where I was on calls, with Ina, my Shanghai business partner, translating each one live while I was in Europe. The client also demanded not only that Ina come along on the trip to Belgium, but also that I should come personally, as the company owner, as her guide.

She wanted me to be very visible on that trip. Before she travelled, we also mapped out all the toy shops and comic book stores in the cities we'd be going to – we knew her little one would want some presents!

Door-to-door and on location

High-touch

We made sure there was a VIP transfer to the airport in Shanghai and that she had a fast-track through airport security.

She bought jewellery in Bruges, and we had to have it transported in a Mercedes-Benz from there to the airport gate in Brussels where she was departing.

Post-trip

Low-touch

As soon as we said goodbye in Brussels, nothing. She demanded total peace and isolation. There was no follow-up phone call or post-trip review; she wasn't interested in any of that. She was just gone.

We see that a lot with our clients: as soon as the trip is done, they want to be left alone.

Innovations for low-touch and high-touch

Low-touch

“Some clients don’t want to have long phone calls with us. Instead, we record audio files where we talk about the experiences we’re offering and send them to clients. Whenever they want, they just play the file on their phone and listen. If they feel like the experiences speak to them, they will engage with us, and say ‘please organise this for me’. At that point, we realise they are a low-touch traveller who wants us to organise their travel for them with minimum friction.”

Marc Mekki, Founder, Ode to Joy

Bluesmart has created a smart suitcase that can be monitored via mobile app. The case comes with tracking technology that combines 4G and GPS, meaning customers can tell if their case is on the plane with them before take-off, and how far away it is from the carousel at Arrivals. This gives the customer greater autonomy and control over their luggage.

Linen Technology Tracking has created a chip that uses Radio Frequency ID (RFID) technology to track the whereabouts of hotel room towels. The chip is read by sensors in the hotel room, and can be used by housekeeping to see if towels need to be replenished (ie, if they have been dropped on the floor rather than hung to dry). The idea is to gauge how often a guest would like their room serviced without asking them.



High-touch

“We have a WhatsApp number for reservations, used by our younger-generation guests, and it’s particularly popular with Middle Eastern visitors. It’s fairly informal: they’ll message us and say ‘I’m coming to stay, what can you do for me?’ We’re probably one of the first hotels in London to do this.”

Stefano Lodi, General Manager, The Wellesley, London

Etihad Airways offers Meet and Greet services for guests at Arrivals, during transit and at Departures at Abu Dhabi International Airport. The top-level Gold service provides a personal welcome upon arrival (with one staff member for every traveller), assistance through immigration and inclusive porter service from the baggage carousel to the airport’s exit.

‘Bluxury’: where business blends with luxury

Unlike Bleisure travellers (those combining business travel with leisure travel), Bluxury travellers (combining business travel with luxury leisure travel) in senior positions will likely have greater autonomy over their decision to extend their travel for some leisure time. Nonetheless, they may still be somewhat restricted until **companies begin to build Bleisure or Bluxury practices into their corporate travel policies**. It isn’t happening widely yet, but is something the industry will need to address in the future.

“Companies need to implement processes and procedures to ensure travellers adding leisure days to a business trip are transparent and have the adequate insurances in place,” says Jo Lloyd, partner at business travel consultancy firm Nina & Pinta. “Whether a company permits Bluxury travel is not really the issue, it is more to do with risk, responsibility and insurance.”

Luxury travel brands can benefit by accommodating travellers’ increasingly blurred lifestyles. Understanding the Bluxury mindset is key. In some cases, these travellers will have the option to fly home on a Friday night at the end of a work trip, but will instead take the opportunity to spend another 24 or 48 hours in a destination and fly back over the weekend instead for the same or similar price. They may come to a travel provider hoping for advice for 24-hour guides to a city, or to get them last-minute tickets to a concert or sports event they have found out about since they made the decision to extend their trip.

These travellers have travelled to fulfil a business obligation, worked hard, and are now seeking a reward and some well-deserved downtime. Their expectations transfer from needing to get their job done as easily as possible to wanting to indulge in a destination now that the work is over.

“If we have guests staying for a week – professionals coming out of London – for the first few days, I can feel that they’re not relaxed yet,” says Joachim Hartl, General Manager of the Conrad Algarve. “I deliberately say to them ‘let us pamper you’. By the fourth or fifth day, they’re seeking other experiences – their expectations are changing.”

Although they will seek assistance from a trusted brand or party to make their decisions more easily, a “Bluxury package” is unlikely to entice Bluxury travellers – they won’t want to feel that they are following the herd. Brands that serve a business travel demographic will need to identify and **fulfil travellers’ personal leisure needs and create a bespoke itinerary that can be adapted to how they are feeling at the end of a business trip** if they are to convert them into Bluxury customers.

20%

of travellers have not taken bleisure trips, but would like to

60%

have taken bleisure trips, with most (30%) of respondents adding two days of holidays on to business trips

Taken from Bridgestreet Global Hospitality’s ‘The Bleisure Report 2014’

“Business is done between people not companies. Our events are about building trust and long-lasting business relationships by bonding over memorable experiences. For example, at a Connections Luxury event in Sicily, delegates networked while having hand and neck massages, doing wine tastings or playing golf at Rocco Forte’s stunning Verdura Resort. It was business meeting luxury in the best way possible”

*Micaela Giacobbe,
Director of Commercial Events,
Connections*

The three most popular Bleisure activities are:

1. Sightseeing
2. Dining
3. Arts/Culture



“Not one of us
is smarter than
all of us”

Kenneth Blanchard



Industry collaboration: what is required?

“Imagine you’re on your way to the airport, your taxi’s stuck in traffic. Imagine the airline was able to locate you via their app, calculate your new arrival time at the airport and automatically book you on to the next flight. Not only that, but what if all your further travel arrangements were synced... your hotel knew your new check-in time? Imagine if you had the ability to locate your luggage at any time and find out where it is...”

*Sadiq Gillani, Senior Vice President, Lufthansa Group,
from his speech ‘The Next Step for Airlines’
at TEDx Conference Berlin, 2014*

The new era of luxury travel is geared towards achieving an end-to-end luxury experience from the moment a passenger gets in their taxi to the airport until they arrive back at their front door from their journey home. The industry is aware that **greater collaboration between parties is needed, but what does that mean on a practical level?**

A major stepping stone would be overarching technology that is able to collect passenger data from the point of booking and pass it through the luxury travel supply chain as the traveller moves through phases of their journey. Real-time updates that will impair the luxury element of their trip could be a call to action for whichever party is responsible for the traveller at that time – the baggage handler, the chauffeur, the staff at hotel check-in.

Mistakes and unpredictable circumstances may not be eliminated completely, but at least the knock-on effect can be reduced, and brands can have the chance to recover the damage. This is also **in line with the ethos of being able to understand what luxury means for a traveller at a certain moment in time** – be it an early check-in to their room to sleep immediately after a disastrous journey, or having their favourite meal automatically served just after they enter their hotel room if the airline was unable to cater for their dietary requirements.

The need for a less-fragmented luxury travel industry is apparent. However, there is currently no unifying force to facilitate collaboration between different sectors and regions, beyond a peer-to-peer level. This is an argument for **the formation of a luxury travel regulator – an accredited body** that could lead this discussion, push technological developments forward, regulate the sharing of customer data and **enforce the ‘new order’ of end-to-end luxury**.

In the meantime, technologies are emerging that **empower the travel agent or advisor to be more adaptable throughout travellers’ journey cycles**. Apps such as Tripscope, Axus and Umapped allow an agent to collaborate with Destination Management Companies via the app to build and adapt itineraries, and also include real-time flight information, so that an agent can see if a traveller is experiencing disruption. This is another way the industry can push for new technologies to come into being – by actively demonstrating a demand for them.



A more collaborative luxury journey

On location and post-trip

ESTABLISHED

- **Feedback during and after travel:** using frontline staff and technology to 'check in' with clients and monitor their satisfaction, plus monitoring trusted review sites and social media.
- **Collaboration:** sharing internal feedback and areas of improvement with peers, seeking opportunities for partnerships and advocating good practice.

EMERGING

- **24-hour, omnipresent cover:** giving the ability to service travellers constantly, with a designated 24/7 assistance in every region.
- **Improved reaction and response to traveller feedback:** combining customer experience management and on-the-ground monitoring to initiate and respond to customer comments throughout their stay, gathering their opinions through their preferred channel, and compensating for any shortcomings with unprecedented speed and intuition.
- **Collaboration:** creating an official luxury travel regulator to oversee cross-sector collaboration, facilitating improvement.



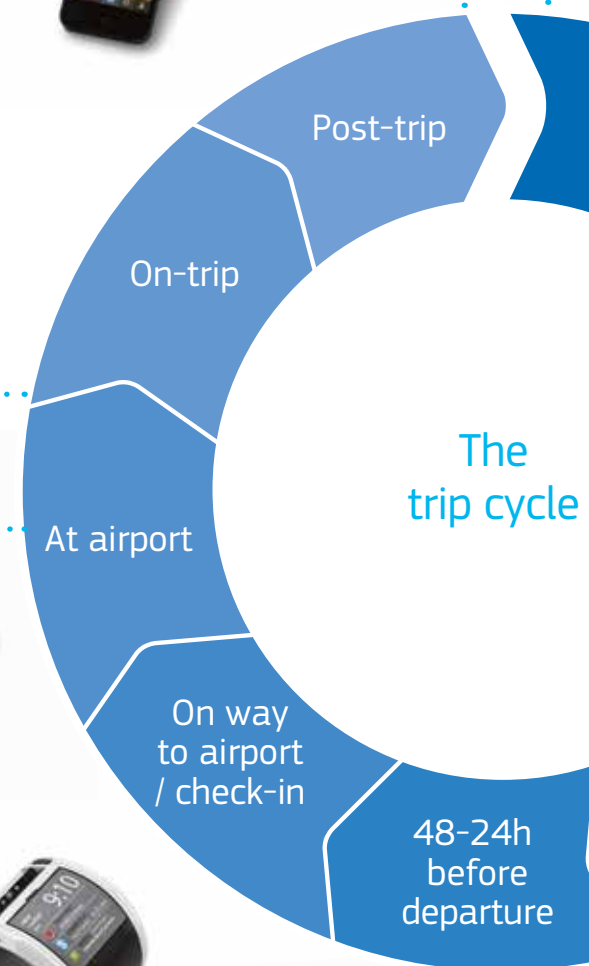
Door-to-door

ESTABLISHED

- **Advice and guidance:** adding value by anticipating travellers' needs, offering bespoke experiences and going beyond what is expected.

EMERGING

- **Complete door-to-door cover:** providing inter-connected, cross-brand and cross-sector servicing throughout journey, plus flawless, consistent service.
- **Multiple travel touchpoints:** offering seamless connectivity and constant ability to communicate and provide up-to-date advice through technology.



Inspiration stage

ESTABLISHED

- **Customer profiling:** understanding travellers' requirements and travel motivations.
- **Pre-travel support:** maximising travellers' time by planning ahead.

EMERGING

- **Hyper-intuitive information gathering:** perfecting the art of discerning a traveller's preferred level and methods of interaction, without having to ask.
- **Real-time profiling:** understanding travellers' requirements and travel motivations at any given moment, monitoring them for change and adapting to them accordingly.



By comparing existing and emerging strategies for serving luxury travellers' end-to-end journeys, we can identify opportunities for development, including areas for improved collaboration.

Conclusion

This paper sought to explore the latest trends in the luxury travel industry and illustrate how there has been a **shift in what customers expect as we enter the new era of luxury travel.**

What is clear from this report is that travel companies and suppliers are facing increasing pressure to meet their travellers “where they’re at”. Instead of offering travellers a fixed product, they will need to **offer something truly bespoke, relevant, and niche, and be able to adapt this offering when necessary** as the traveller moves through their cycle.

Companies also need to innovate when it comes to extracting data from their travellers – identifying intuitively **how individual travellers would like to interact, and how often.** Subtle strategies for identifying low-touch or high-touch preferences are key to offering a luxury experience so as not to detract from the overall experience.

Understanding the motivations of the Luxury Traveller Tribes may aid some companies when anticipating how to approach travellers and what kind of experience to offer them. Is a traveller choosing you because they are a Cash-rich, Time-poor traveller, and they need somebody to take care of every aspect, with a full itinerary delivered the night before they travel? Or are they a Strictly Opulent traveller, looking for a showstopping tropical escape full of unusual photo opportunities that will inspire envy from their social media following? These tribes may assist companies when it comes to understanding travellers but, **ultimately, the new era of luxury travel requires understanding customers as individuals.**

Finally, **understanding your business’s role in delivering an end-to-end luxury experience for a traveller is key to improving collaboration,** and reinforcing an industry-wide push for consistent luxury service. Exploring the latest technologies and innovations for making the industry work better as a whole is key to achieving a new level of luxury that has never existed before, but that we are always striving towards.

We encourage you to consider how the findings of this paper can inspire your company to innovate its luxury offering and formulate strategies for succeeding in this new era of luxury travel – where **luxury is curated, real-time and experience-led.**



Thank you

... to Tourism Economics, Connections attendees, Amadeus airline partners, and all the interviewees that contributed to this report.

Find out more

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