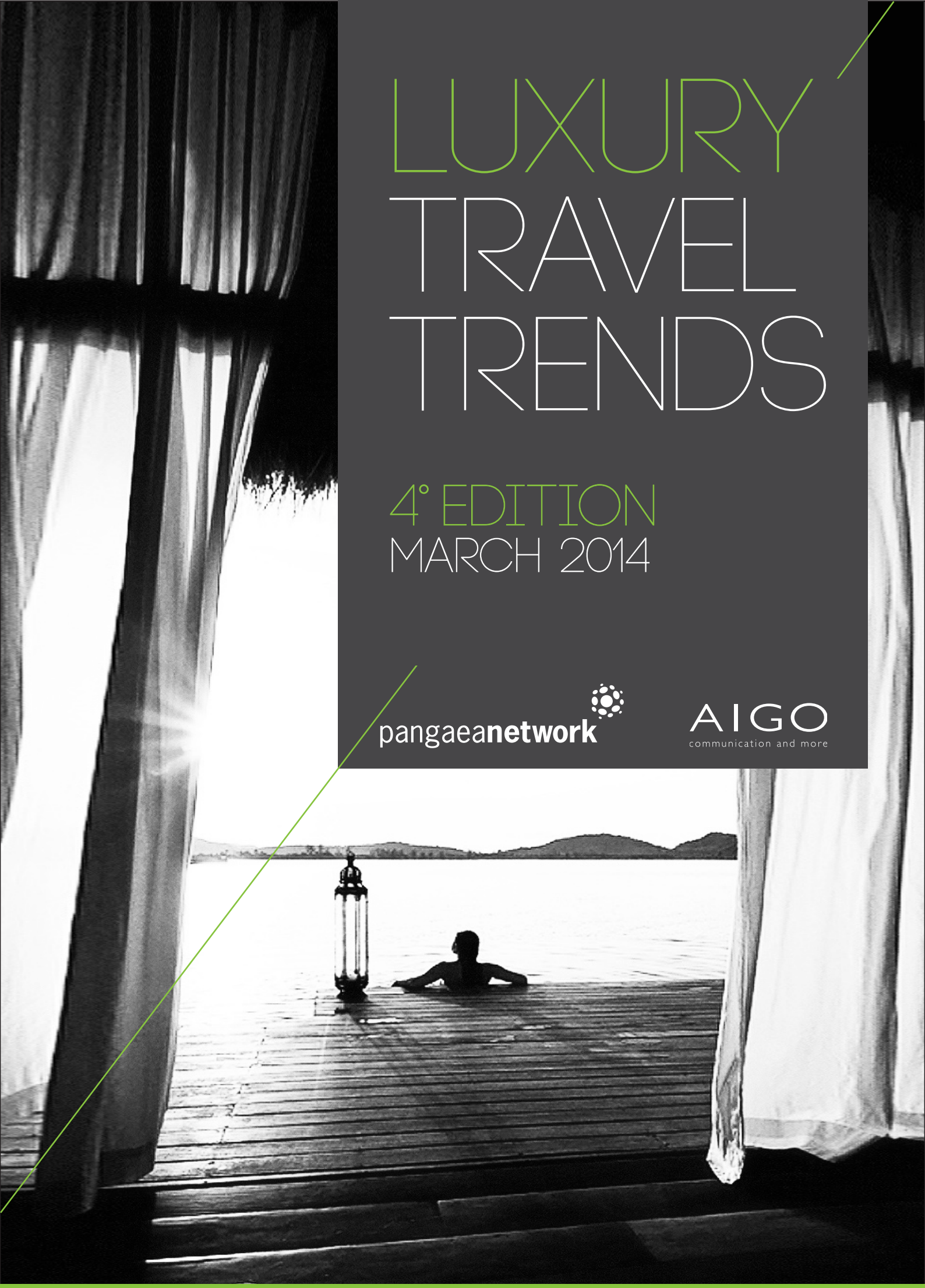
LUXURY TRAVEL TRENDS

4° EDITION
MARCH 2014

pangaeanetwork

AIGO
communication and more



LUXURY TRAVEL TRENDS

pangaeanetwork

AIGO
communication and more

The Pangaea Network

Who we are

Pangaea Network is an international organization of independent agencies offering consultancy, marketing and communication services in the tourism and hospitality industry.

The project is a multi-year collaboration between its founding members: Massimo Tocchetti of AIGO in Milan (Italy), Jo Johnson of Four bgb in London (UK) and Dorothea Hohn of Global Communication Experts in Frankfurt (Germany).

The network is made up of 12 independent agencies providing their customers with a global vision and local resources that can support them in their communication activities and development of new markets.

Pangaea Network currently has 12 partners and covers more than 20 regions across the world: Asia; Australia; Austria; Belgium; Brazil; Canada; Czech Republic and Eastern Europe; France; Germany; Ireland; Italy; Latin America; Portugal; Scandinavia; Spain; South Africa; Switzerland; The Netherlands; UAE and Oman; UK; USA.

The Study

Twice a year the Pangaea Observatory polls the European Trade on patterns and trends that shape the world of travel.

The most recent is the fourth edition of the survey devoted to Luxury Travel Trends.
Over the last four years we have been observing trends in luxury travel to keep track of issues such as:

- What is the average lenght of luxury holiday and what is the average expenditure per trip?
- Which elements are most attractive to the luxury travellers?
- Which destinations around the world will be successful in the coming years?
- How do luxury travellers find information about the chosen destination?
- How will the luxury travel sector perform in 2014, according to professionals?

The study was carried out in February 2014 across six European countries: France; Germany; Italy; Spain; the Netherlands and the UK.

AIGO communication and more

four·bgb

global communication experts

indigo CONSULTING

the blueroom project

TravelPR&Roof marketing

LUXURY TRAVEL TRENDS

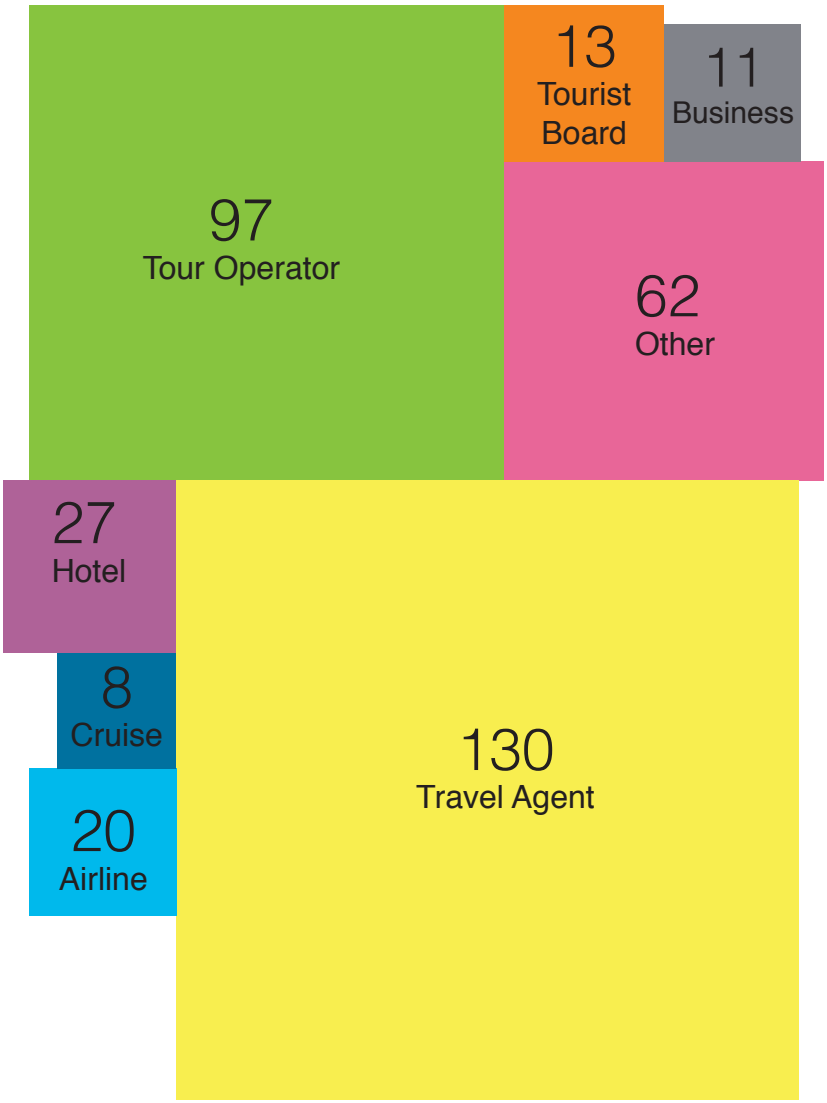
pangaeanetwork

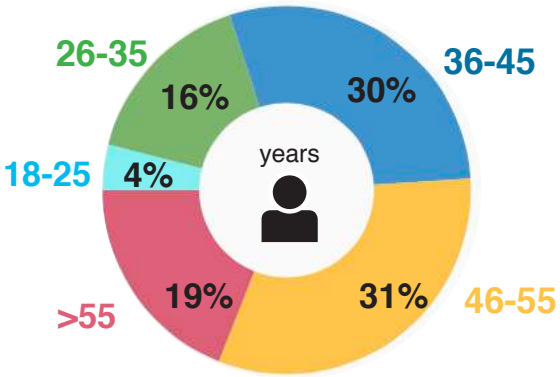
AIGO communication and more

01 *PANEL*

The panel was composed of 368 travel industry professionals aged between 36 and 55.

62% of the people interviewed were travel agents and tour operators.





LUXURY
TRAVEL
TRENDS

MARKET TRENDS

pangaea**network**

AIGO
communication and more

02 *VALUE OF LUXURY TRAVEL*

According to our panel, luxury travel is still widespread: 77% of those interviewed sell luxury trips.

47% of travel professionals say that their clients normally book more than 4 trips per year. 31% have clients that usually take 2 or 3 trips per year, whilst only 22% sell just 1 trip per client per year. With respect to the last year's trends, monitored in April 2013, numbers of trips have decreased: 51% reported selling more than 4 trips per year; 33% between 2 and 3 trips and 16% just 1 trip.

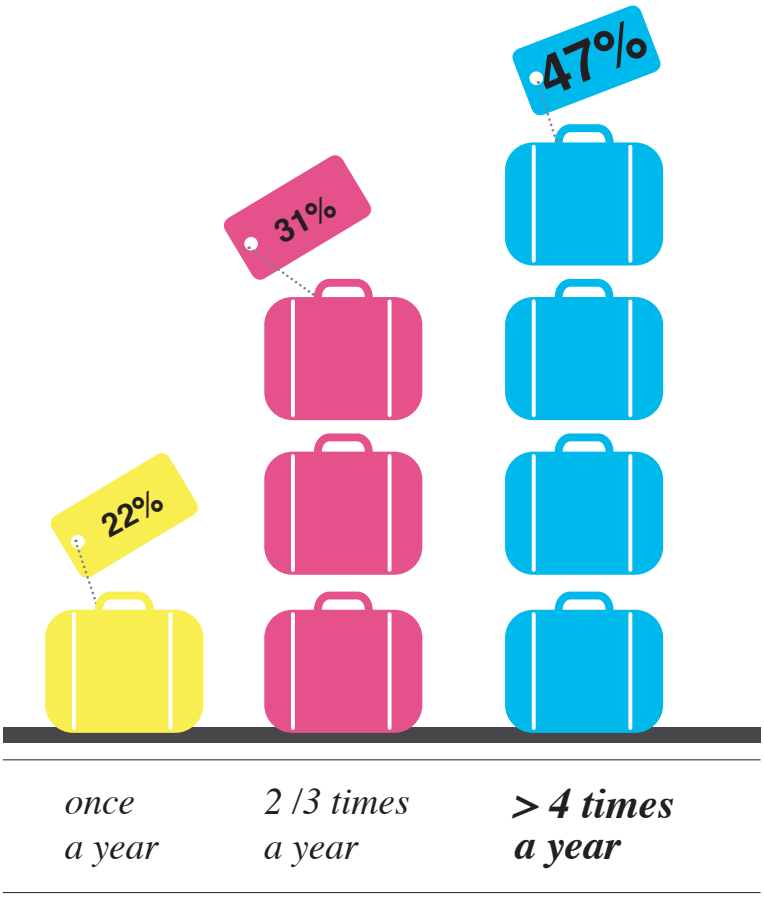
The market cross-section now shows that:

- 89% of German clients purchase more than 4 trips per year. They are followed by the Italians (49%) and the French (40%)
- the British (46%) and Spanish (41%) take 2 or 3 per year
- the Netherlands has the highest percentage of people that only book 1 luxury trip per year (43%)

Increases and decreases (vs last Edition, sampled in April 2013, referring to ≥ 4 trips per year)

Markets that have decreased:
Germany (down 11 percentage points)
UK (down 32 percentage points)
Spain (down 8 percentage points)
The Netherlands (down 5 percentage points)

Markets that have performed better:
Italy (up 12 percentage points)
France (up 3 percentage points)



03 *TIME OF YEAR*

Globally speaking, as we observed in the last edition, luxury travellers tend to take holidays in **December**, and **August**. November and March represent the "low season".

The 3 busiest months for each market:

- France: Dec, Jan and Apr
- Germany: Dec, Oct and Jan
- Italy: Dec, Aug and Feb
- the Netherlands: July, Dec and Sep
- Spain: Sep followed by Oct Aug and June (tied)
- the UK: Sep, Jul and Jun

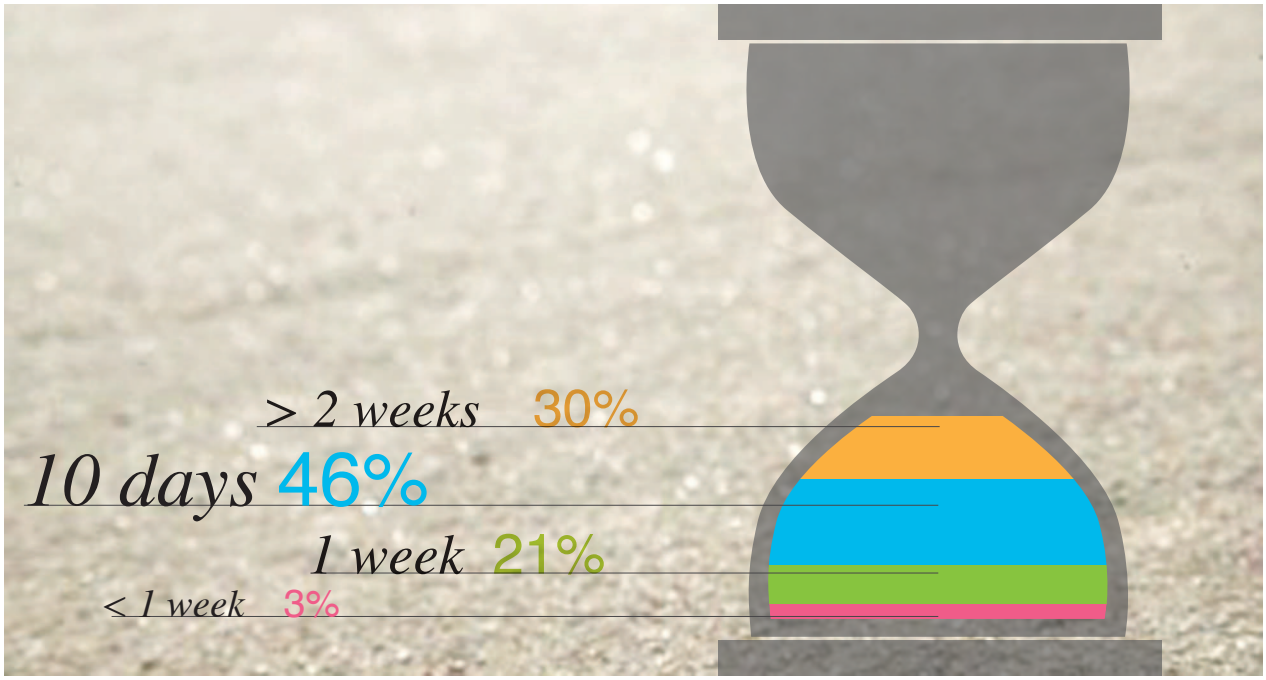
Jan	8%
Feb	9%
Mar ↓	6%
Apr	7%
May	7%
Jun	7%
Jul	9%
Aug ↑	11%
Sep	9%
Oct	8%
Nov ↓	5%
Dec ↑	14%

04 *DURATION*

On average, travellers now prefer to take 10-days holidays (46%). They seem to have shortened the lenght of trips: last year the majority chose an average duration of 2 weeks; this time only 30% choose to take longer trips of at least 2 weeks.

21% of travellers book for 1 week, while only 3% take holidays shorter than 1-week.

10 days is the most popular length of trip in Italy (59%), France (55%), Spain (48%) and the UK (43%).
At the other end, 51% of the Dutch and 41% of German holidaymakers maintain the trends and go away for more than 2 weeks.

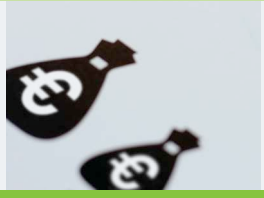


05 *EXPENDITURE*

54% of the respondents indicated that the average expenditure per trip is between €5,000 and €10,000 (up 4 percentage points compared to the last Edition). Almost 2 out of 10 travellers worldwide spend over €10,000, while almost 3 out of 10 spend less than €5,000.

2,000 - 5,000 Eur

27%



5,000 - 10,000 Eur

54%

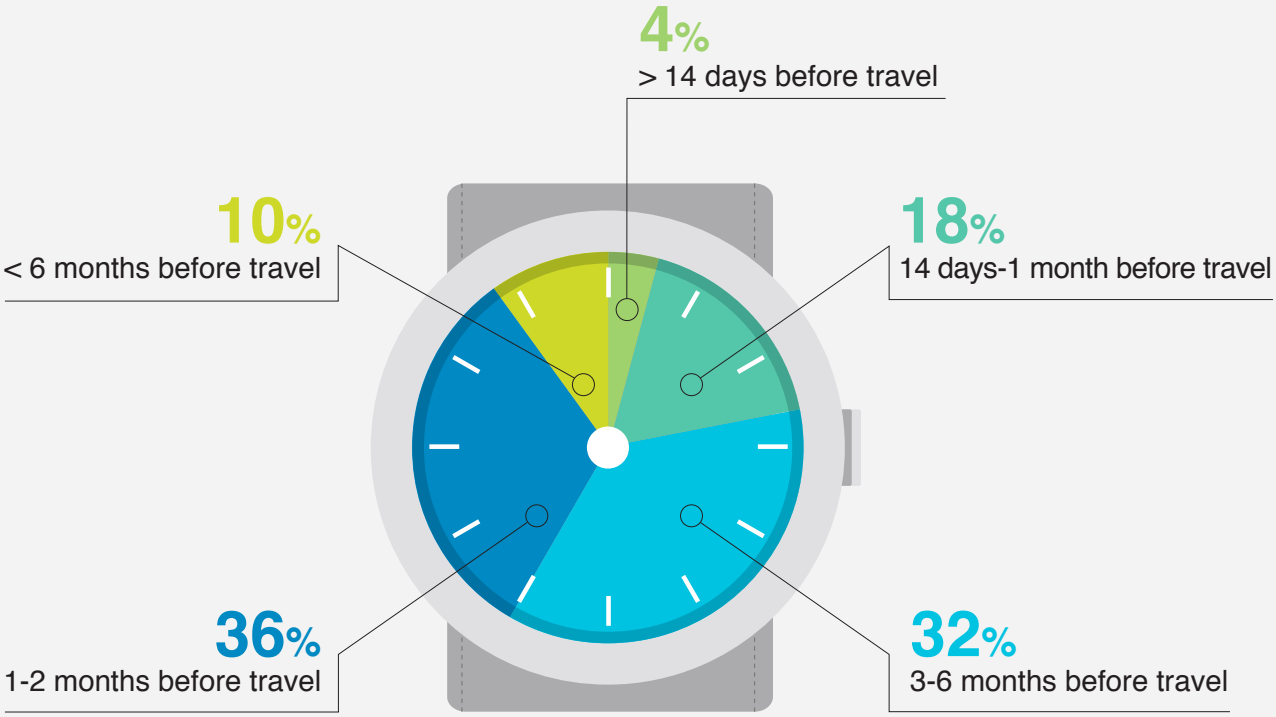
>10,000 Eur

18%

In contrast to the trend in the last edition, the UK (37%) now has the most significant percentage of low-budget travellers (less than €5,000; down 20 percentage points compared to the last Edition).

06 *BOOKING PATTERN ANALYSIS*

This trend has not changed compared to the last year. In fact, the largest group (36%) still book their holidays between 1 and 2 months in advance
(last Edition: 35%)
32% of travellers prefer to organize their trip at an earlier stage, between 3 and 6 months before departure (same as the last Edition).

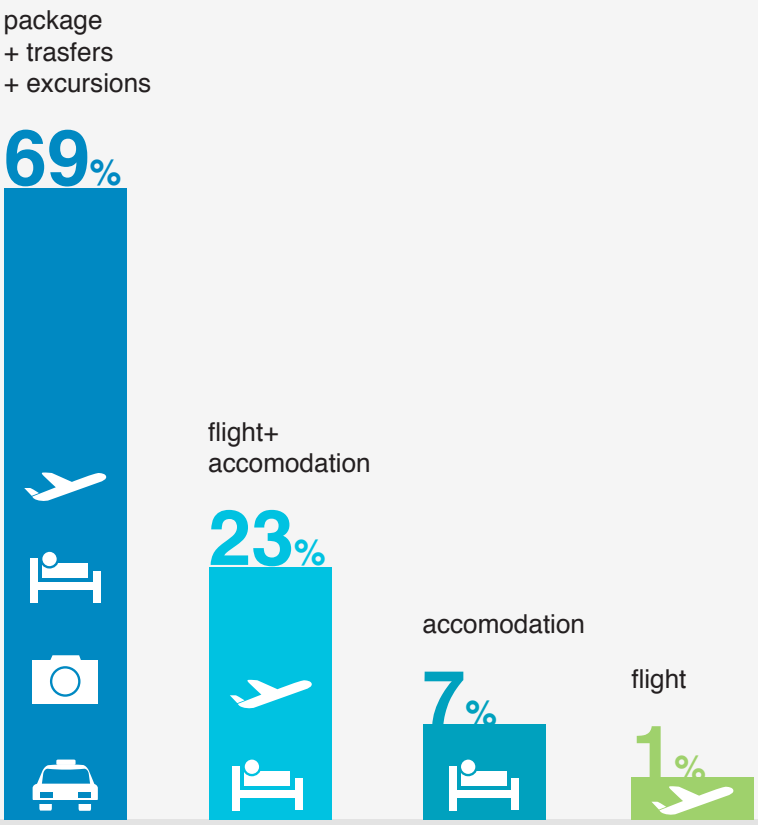


From market to market:
- the largest groups of Italian (50%), French (50%), Spanish (48%) and British clients (31%) usually book between 1 and 2 months before travelling
- on the other hand, travellers in the Netherlands (59%) and in Germany (46%) prefer to book between 3 and 6 months prior to departure

07 *SERVICE PURCHASED*

The responses are in line with last year's trends, and represent common practices across the markets.

According to 69% of respondents, clients still tend to purchase packages including transfers and excursions. Only 2 out of 10 book only flight and accommodation. "Accommodation only" was the answer chosen by only 7% of those surveyed; almost nobody said "Flight only".

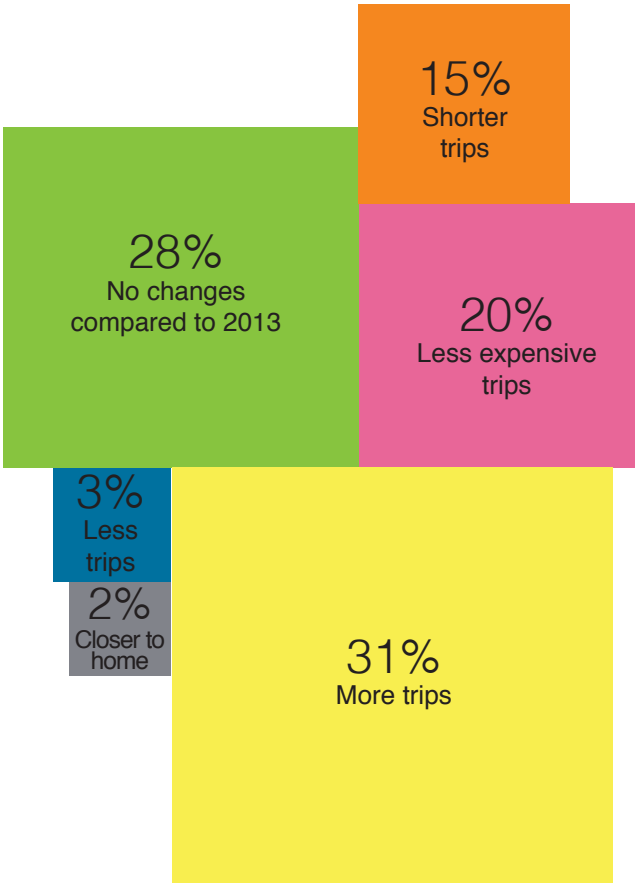


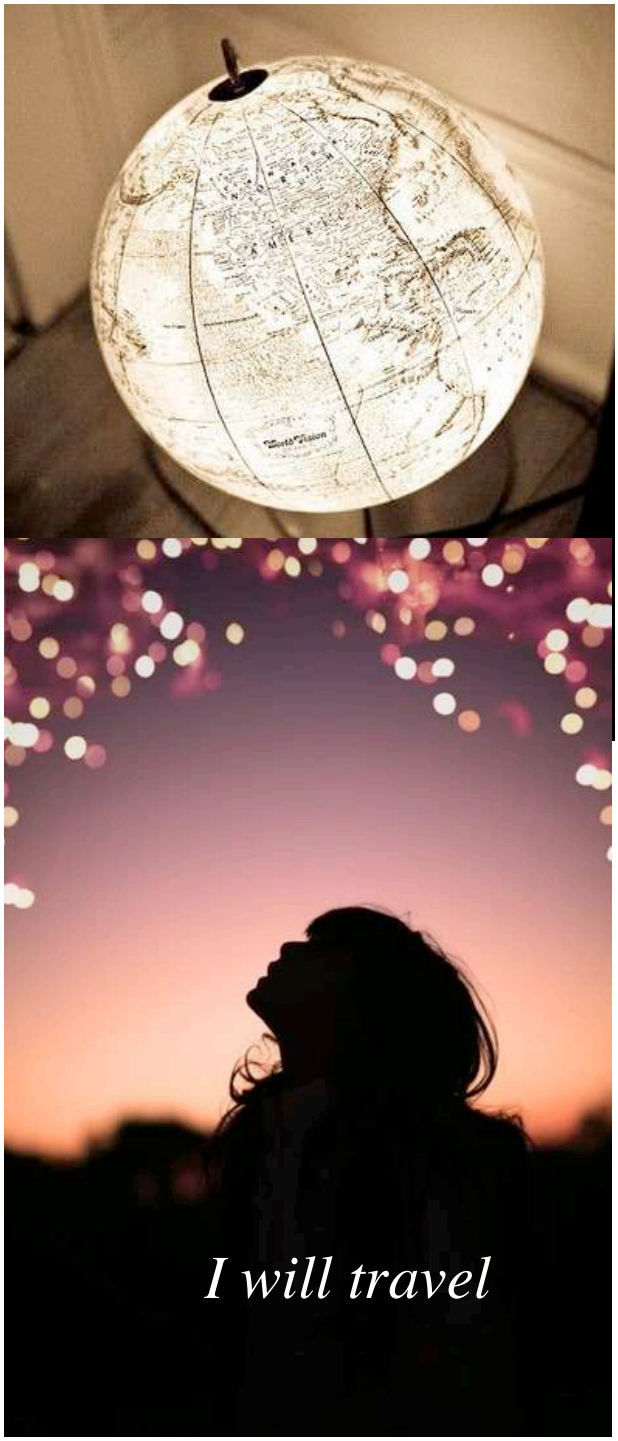
08 *UPCOMING DESTINATIONS*

08.1 *UPCOMING DESTINATIONS*

09 EXPECTATIONS FOR 2014

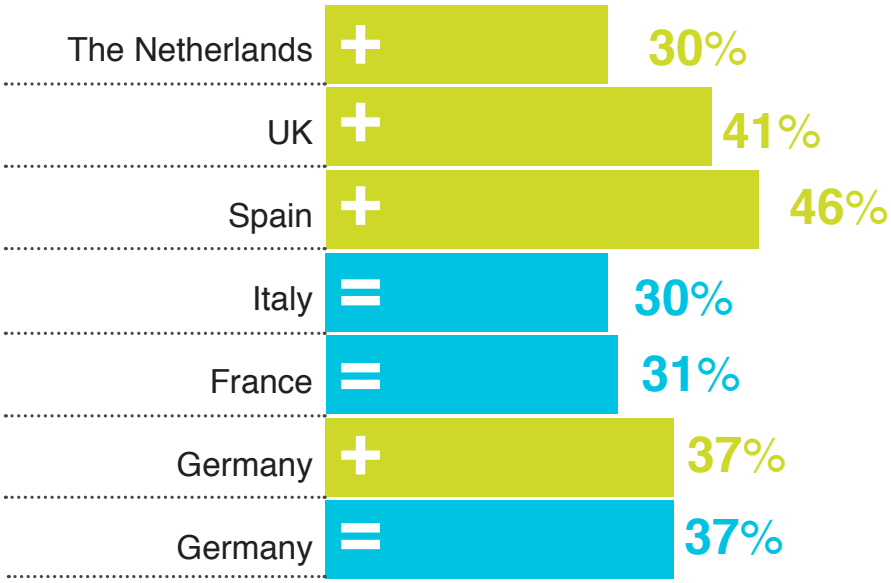
Professionals express different predictions: 31% believe that customers will travel more; 28% think that the travel trend will remain stable compared to 2013; 20% expect that customers will take the same number of trips but reducing the spending; 15% are in favor of the same number of trips but shortening the duration; finally, another 3% predict that travellers will make fewer trips than last year and only 2% think that people will prefer going on holiday closer to home.



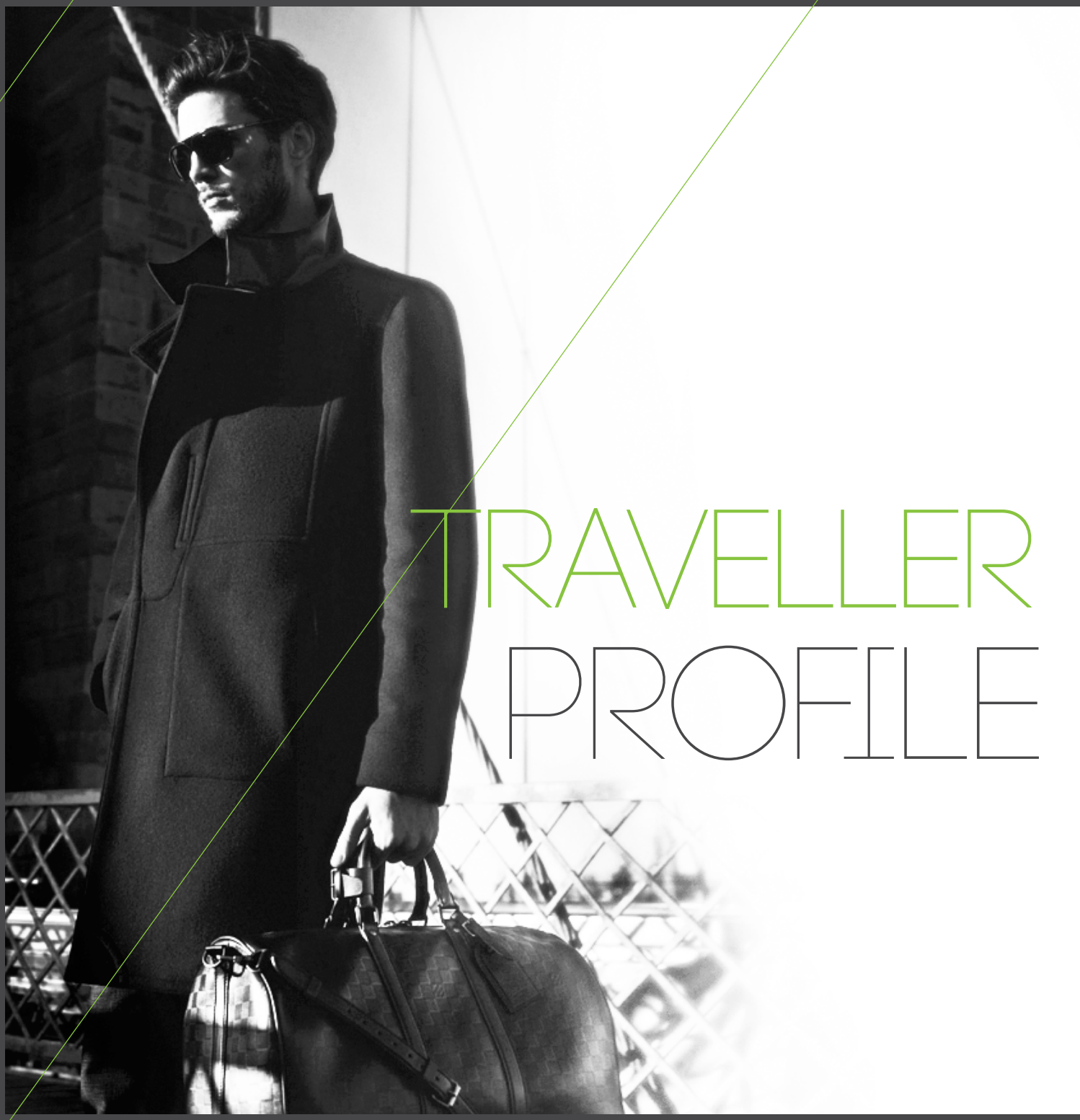


09.1 *EXPECTATIONS FOR 2014*

The more optimistic outlook is widespread in Spain (46%), in the UK (41%) and in the Netherlands (30%). On the other side, France (31%) and Italy (30%) do not foresee any changes. Germany is divided: 37% are optimistic while another 37% expect no changes in respect to last year.



LUXURY
TRAVEL
TRENDS



TRAVELLER PROFILE

pangaeanetwork

AIGO
communication and more

10 *AGE GROUP*

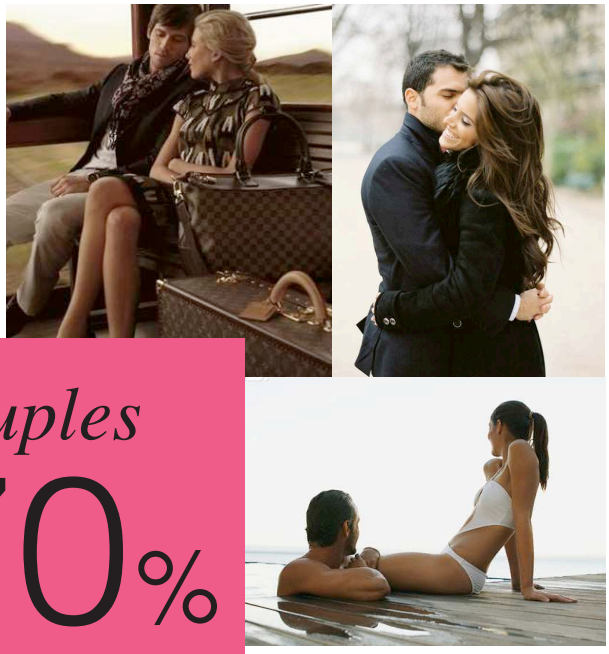
Luxury trips continue to be most popular among travellers aged **between 36 and 55 years (68%)**.
30% of travellers are over 55 and just 2% are 35 or under.

11 *TRAVELLING COMPANIONS*

People usually go on luxury trips with a partner (70%).

Families come in 2nd place with 26% (up 7 percentage points on the last Edition).

"Travelling with Friends" remains in third position but fell by 4% in relation to the figures from the last Edition.



couples 70%

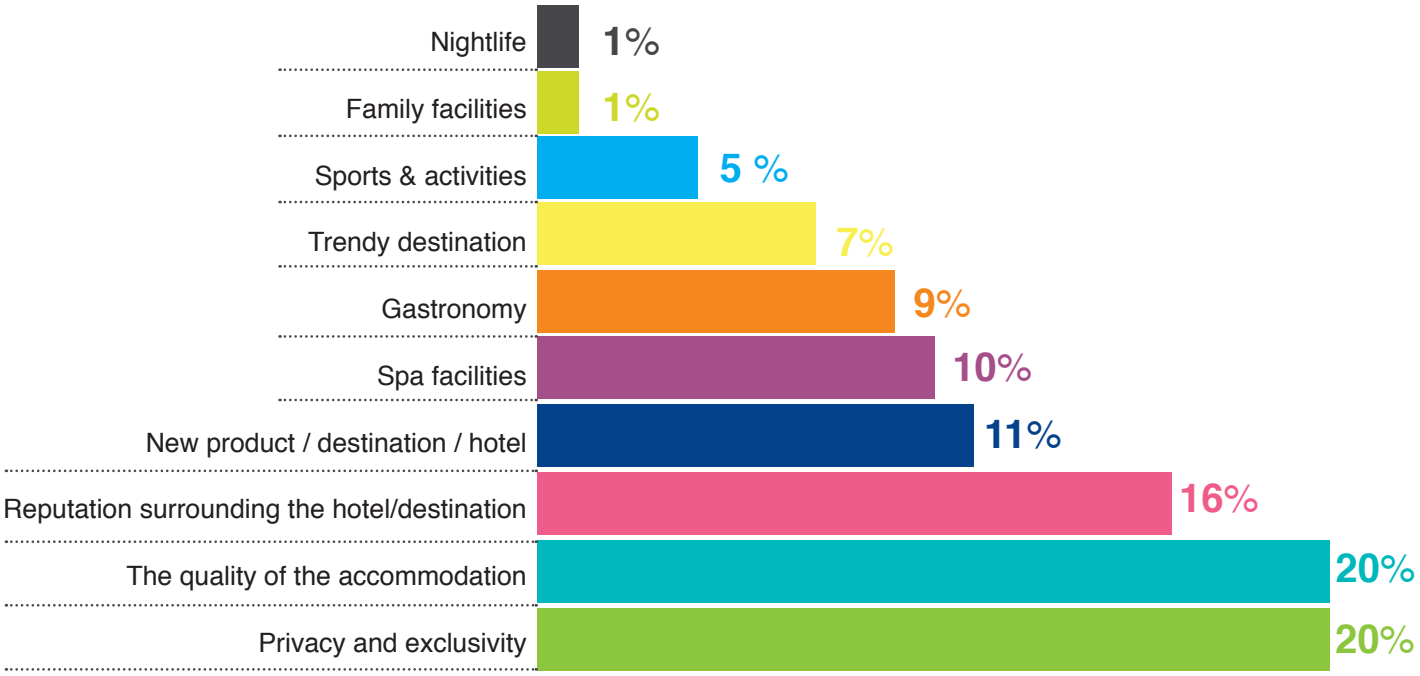
families 26%

friends 3%

alone 1%

12 *ATTRACTED BY*

Clients still associate Luxury Travel with the concept of “privacy and exclusivity”(20%). They are still attracted by the quality of the accommodation (20%). In contrast to the trend in the last Edition, it is interesting to note that “spa facilities” has overtaken “gastronomy”.





13 *LOOKING FOR*

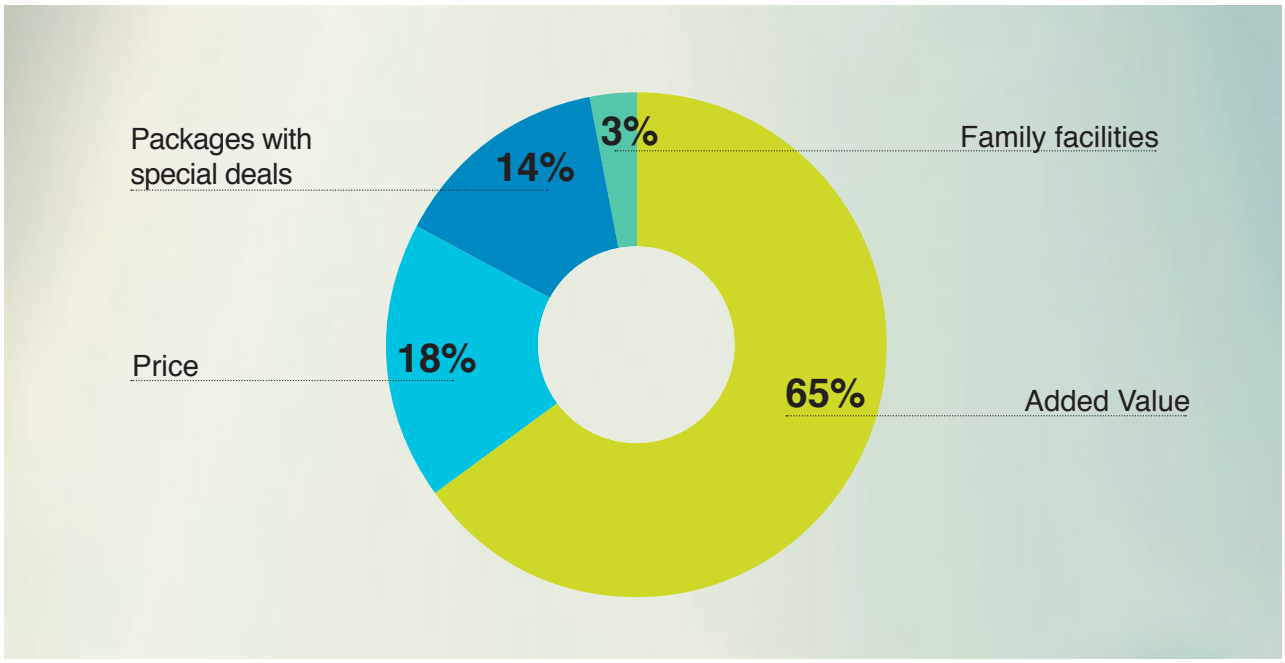
When booking luxury trips, travellers look for:

- **Added Value:** 65%
  (down 4 percentage points compared to the last Edition)

- **Price:** 18%
  (up 5 percentage points)

- **Packages with special deals:** 14%
  (up 2 percentage points)

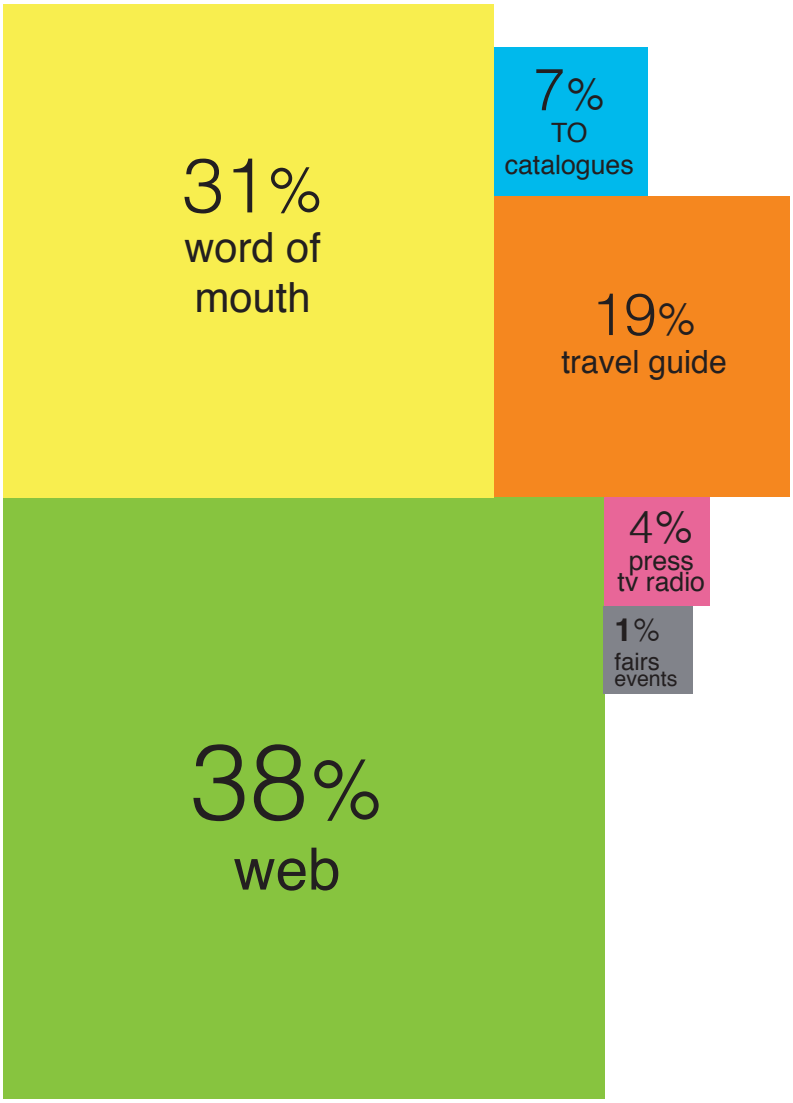
- **Family facilities:** 3%
  (down 3 percentage points)

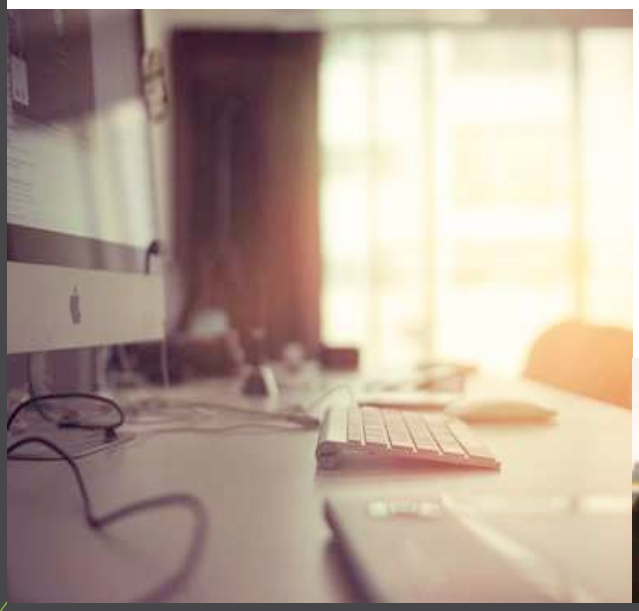


GETTING INFORMATION FROM

From the first time, travellers in 2014 show a preference for surfing the web (38%) rather than asking friends and relatives (31%) for information.

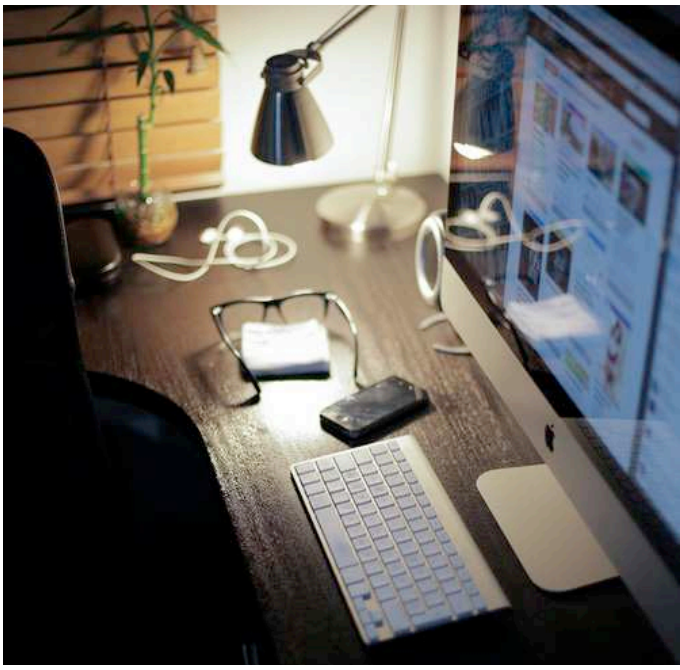
In particular, the **internet** is preferred in Italy (48%) and in the UK (44%).
Word of mouth is still in vogue in France (56%), Germany (43%) and Spain (32%).
Half of the respondents of the Netherlands rely on advice from other people (39%) while the other half (39%) get information via the web.
Travel guides and specialised publications keep a hold on third place in every market.





15 *INTERNET USE*

The response is the same throughout Europe.
Websites focusing on reviews and testimonials (i.e. Trip Advisor) have the greatest influence on clientele according to the largest percentage of respondents (33%).
In second place is the use of hotels' and airlines' official pages to complete the booking.
Profiles of social media (i.e. Facebook) were chosen by 8% of respondents.
Travel bloggers have a small amount of influence with only 4% of share.



tripadvisor 33%

BLOG POSTS 4%

HOTEL AIRLINE OFFICIAL WEBSITE 25%

DESTINA-TIONS OFFICIAL WEBSITE 14%

SOCIAL MEDIA 8%

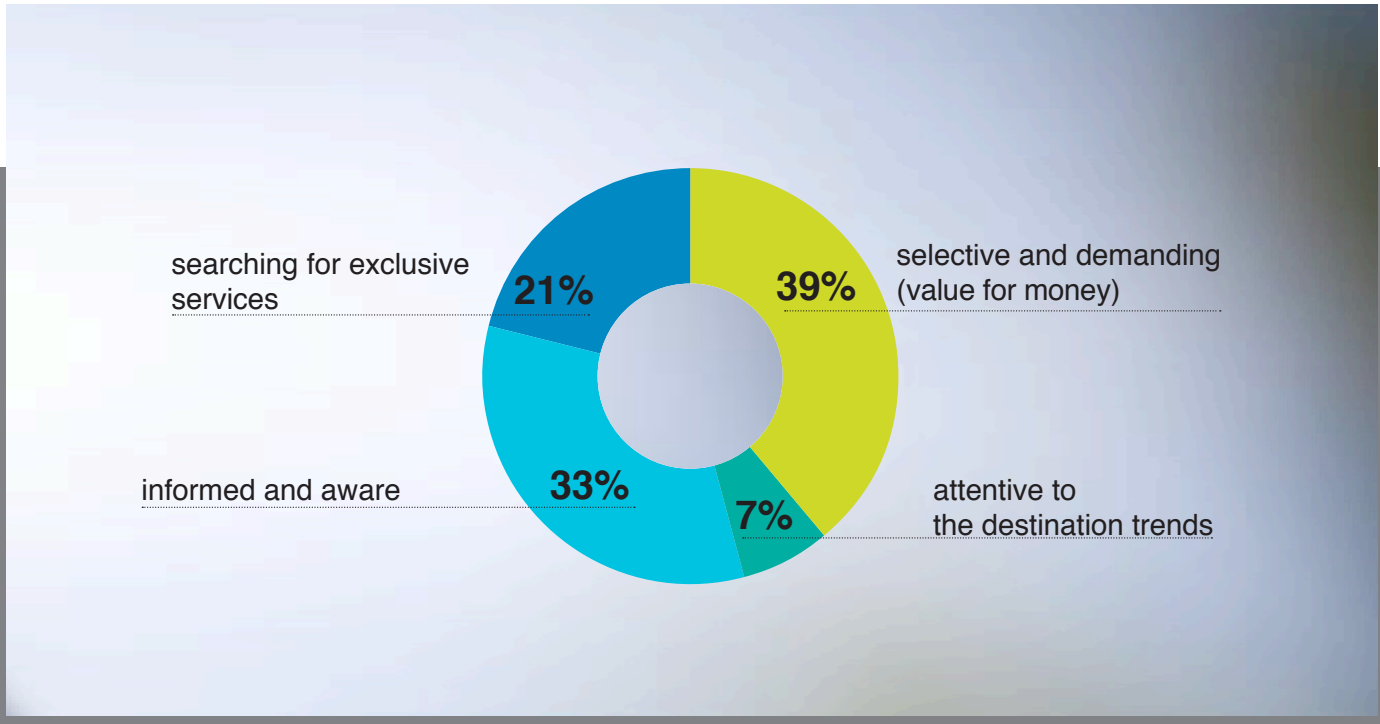
I DON'T KNOW 16%

PROFESSIONALS' PERCEPTION

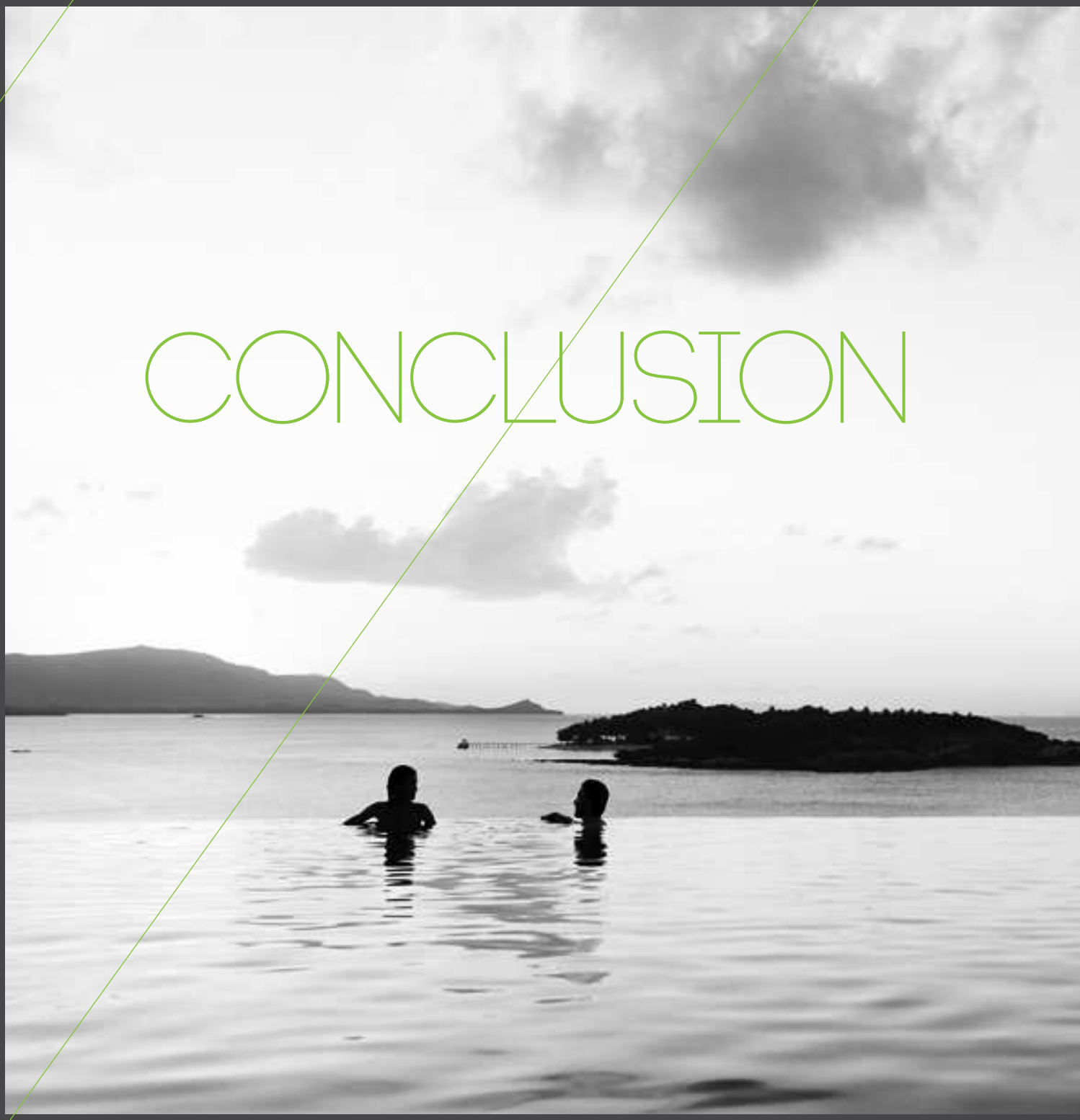
We asked the travel professionals to define the profile of the luxury traveller.

Below the global response:

- selective and demanding (value for money): 39% (up 2 percentage points)
- attentive to the destination trends: 7% (flat)
- informed and aware: 33% (up 4 percentage points)
- searching for exclusive services: 21% (down 7 percentage points)



CONCLUSION



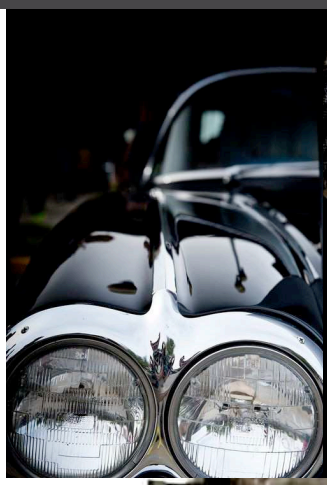
Travel experts say that:

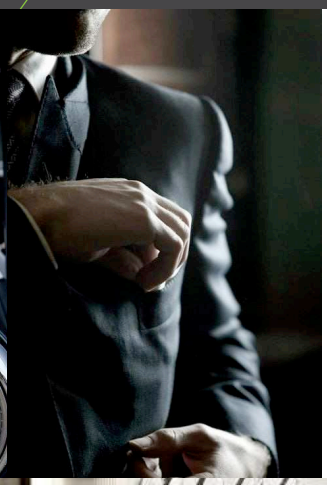
- the number of luxury trips has dropped but it is expected to rise this year or at least stay the same than last year
- they are mostly taken by couples. Families are gaining in share
- the quality of the accommodation and the search for privacy and exclusivity are the most influential factors when travellers book a luxury trip
- clients continue to look for added value rather low prices
- health and treatments are growing importance. Nightlife seems not to interest luxury travellers
- travellers now search for information throughout the web rather than asking to friends and relatives
- on the internet they rely on review websites and testimonials (i.e.Trip Advisor)



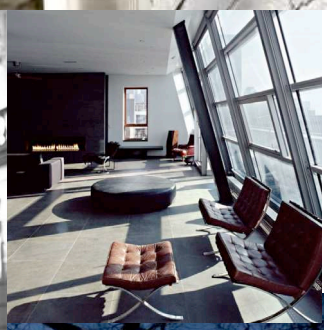


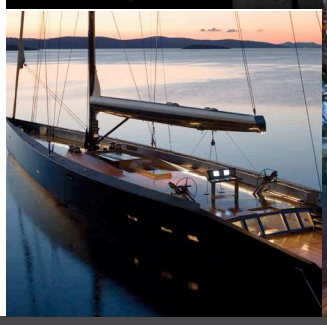

LUXURY TRAVELLERS PROFILE AT A GLANCE





- he/she travels with a partner
- his/her average age is between 36 and 55 years
- he/she shows an increasingly attention to value for money
- he/she is more and more informed and aware
- he/she tends to book 1 - 2 month prior to departure
- he/she spends between 5,000-10,000 Euros per trip (per couple)





LUXURY TRAVEL TRENDS

4° EDITION
MARCH 2014

www.aigo.eu