5TH EDITION
LUXURY TRAVEL TRENDS

December 2017

pangaeanetwork

AIGO

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LUXURY TRAVEL TRENDS

Who we are

AIGO is a marketing and communication agency that has specialised in tourism, travel and hospitality since its inception.
Established in 1990, the agency combines an extensive knowledge of trade and media with a rigorous methodological approach, based on market research and data analysis.
The agency uses this as a starting point to define clear strategies for implementing effective marketing plans and integrated communications that produce measurable results.
The agency focuses primarily on the following activities: strategic consulting, representation, public relations, digital PR and consumer engagement, social media monitoring and management.

Founded in 2007, **Pangaea network** is an international organization - of which AIGO is a founding member – comprising 12 independent agencies specialising in the tourism sector, that provide their customers with access to global and local resources and support them in their communications services and in developing new markets.
The network currently covers over 20 regions across the world: Australia, Austria, China, Eastern Europe, France, Germany, India, Italy, Latin America, Portugal, Scandinavia, Spain, Switzerland, The Netherlands, UK, USA.
Russia and GCC are also on board through ad-hoc partnership with local agencies.

The study

Pangaea Observatory is a research laboratory which polls tourism industry professionals on the trends shaping the travel sector.

The aim of this study is to give an insight of the luxury travel and its evolution, analyse the habits of high-end travellers, look at current and future trends, define how mobile technology is having an impact on this segment.

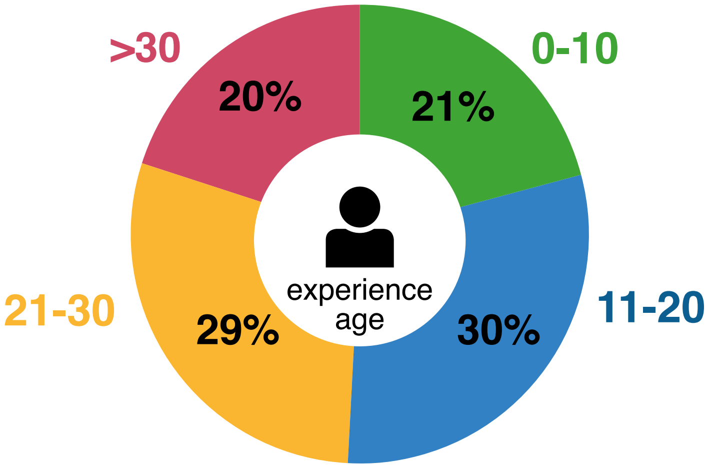
Past editions of this survey were carried out in 2010, 2011, 2013 and 2014. This fifth edition, has been run in the last quarter of 2017 across Latam, USA and seven European countries: France, Germany, Italy, Scandinavia, Spain, the Netherlands and the United Kingdom.

5TH EDITION
LUXURY TRAVEL TRENDS

01/A THE PANEL

The sample consists of 636 travel professionals of which 486 (77% of the total) were travel agents or tour operators.

180 of those interviewed (30%) have 11-20 years experience in tourism; 84 (29%) have between 21 and 30 years experience and 20% have been working in this industry for over 30 years.

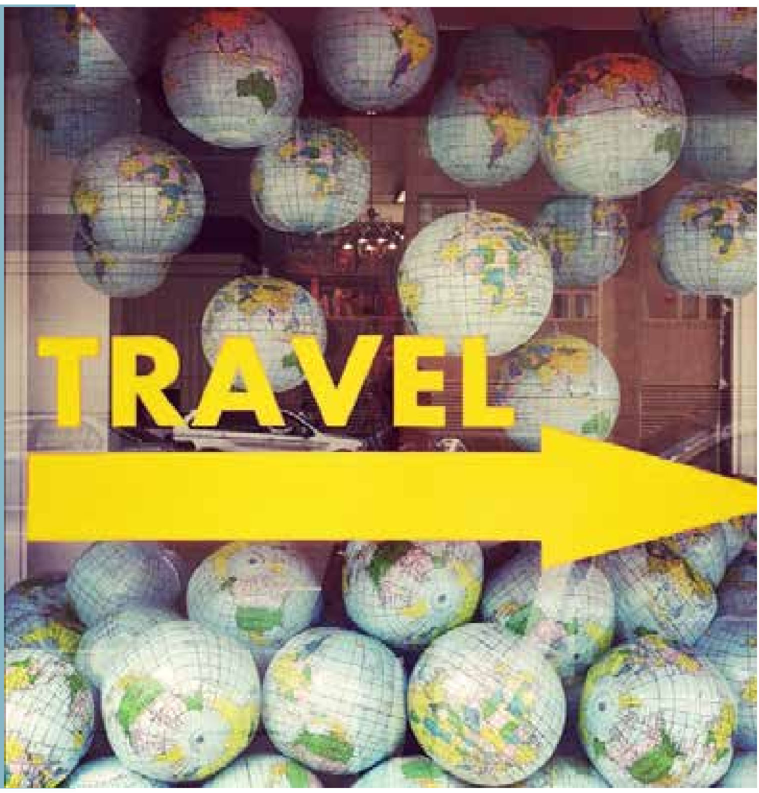


NOTE: USA took a shorter questionnaire. Questions not distributed in there are indicated on the bottom of the query's page.

01/B
RESPONDENT'S ROLE

229 respondents (36%) are booking specialists, while 195 are decision makers (31%). 108 (17%) are in charge of sales promotions and the remaining 104 (16%) work in Marketing/PR departments.

BOOKING	36%
SALES PROMOTION	17%
MARKETING/PR	16%
MANAGEMENT	31%

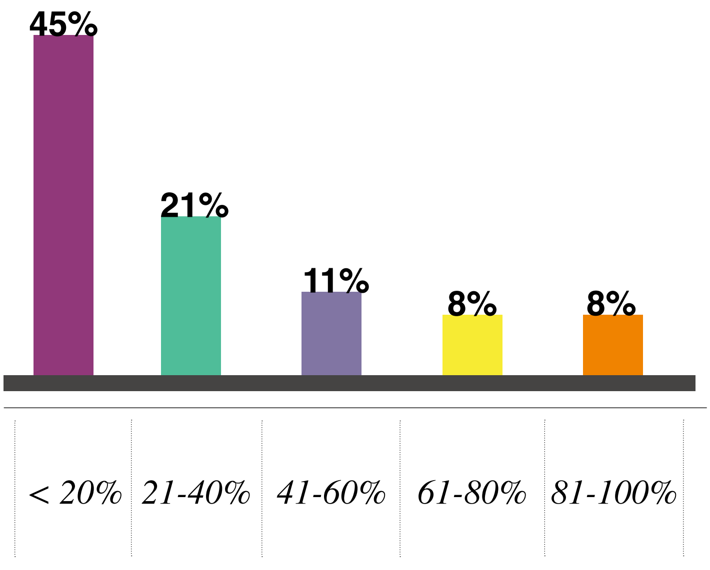


01/c

HOW MANY BOOK LUXURY TRIPS?

Statistics of the panel showed 93% of those interviewed sell high-end trips while 45% stated that around 2 out of 10 of their clients were luxury travellers. 21% declared that their luxury customers range from 21-40% of their total client base, followed by another 21% who advised this figure was between 41-60%. 8% of respondents chose 61%-80%, while 8% selected 81%-100%. 7% withdrew from the questionnaire as they did not sell luxury trips.

The majority of markets aligned with the above data except for Brazil where the majority of respondents (38%), declared their high-end travellers represent between 81-100% of their business, and the UK (33%) where the luxury client base is between 21-40%.





Note: USA did not answer this question

LUXURY INDICATORS

02 WHAT IS A LUXURY TRIP?

It is determined by the uniqueness and exclusivity of the experience, according to 30% of those interviewed. 29% claimed luxury trips are characterised by customisation of services while hotel category came 3rd in ranking (21%), and class of flight came fourth with 12%.

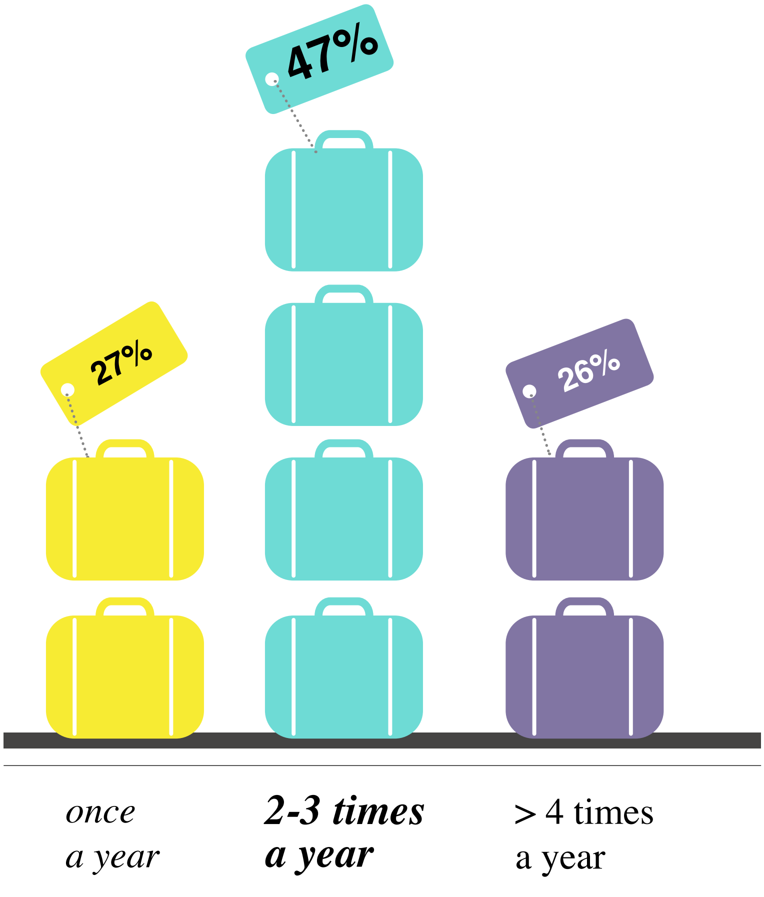
Uniqueness and exclusivity were in top position according to almost all international markets: Brazil (43%); the Netherlands (35%); both Spain and UK (33% each); Scandinavia (31%); both USA and Germany (29% each). Only French (38%) and Italian (29%) tourism experts put customisation of service in first place.

03 *FREQUENCY OF TRIPS*

47% declared that high-living travellers normally take two or three trips per year, while 27% stated they generally take only one trip per year. The remaining 26% answered four or more trips each year.

The market cross-section shows that all markets are aligned with the international response except in Scandinavia, where high-end tourists seem to travel less with the majority (53%) only buying one luxury trip per year.

Ups and Downs
According to travel professionals the overall frequency of costly travel is decreasing. Today 47% take 2-3 trips per year, while in 2014 the same percentage indicated the frequency of trips was 4 per year.



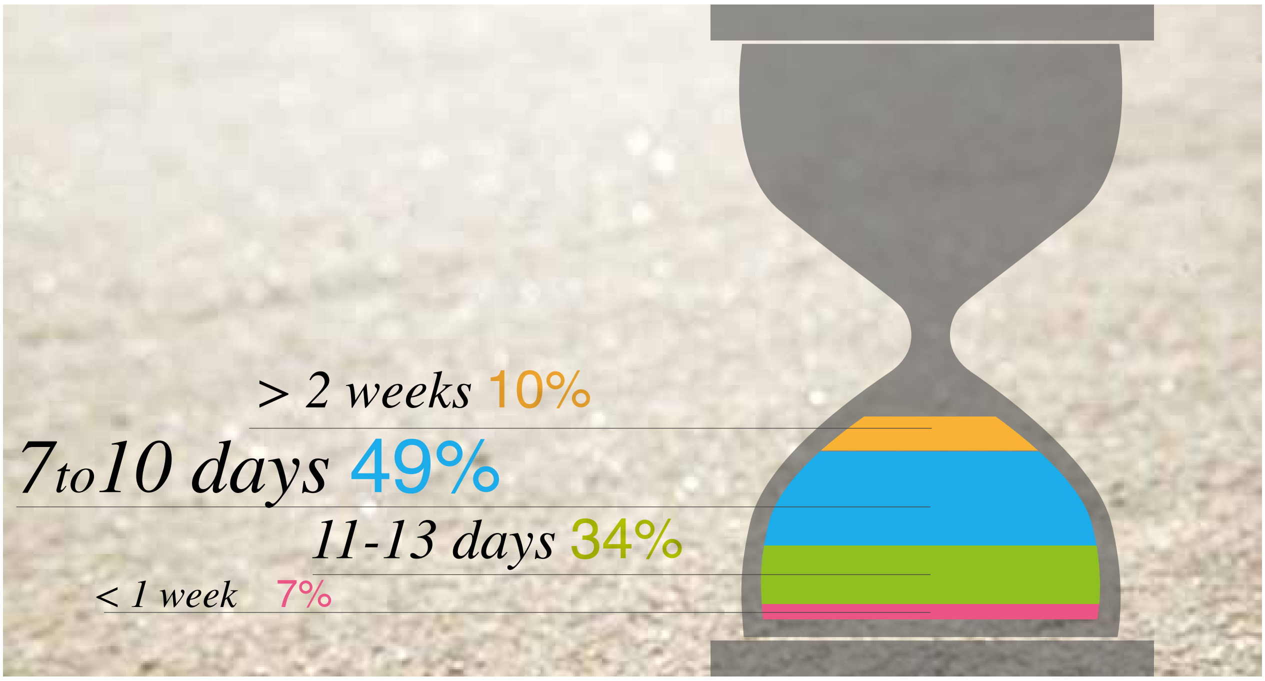
Note: USA did not answer this question

04 DURATION

About half the tourism experts (49%) stated that international high-end travellers take on average 7-10 days per trip. According to 34%, they spend 11-13 days on each holiday; while another 10% thought they normally stay two weeks or more on each vacation. Luxury trips of less than a week were indicated by only 7% of respondents.

The market cross-section highlights that:
7-10 days is the most popular length of trip in the UK (62%), Italy (56%), France (49%), Spain (47%). While in Brazil (70%), Scandinavia (50%) and the Netherlands (45%) holidaymakers prefer longer trips of 11-13 days. German travellers are divided: 39% book 11-13 days, while another 39% take 7-10 days which is more in-line with other markets.

Ups and Downs
Trends today have not changed from those identified in 2014. Only Germans have shortened their luxury vacations; where previously in 2014 they stayed two weeks or more, in 2017 it is only 11-13 days.



Note: USA did not answer this question

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TRENDS

TRAVELLERS PROFILE

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05 AGE GROUP

According to 62% of those interviewed, luxury trips are mainly booked by Generation X (36-55 years), while 37% declared that baby boomers (over 55 years old) are the main target. Only 1% identified Generation Y (20-35 years old) as the leading age group within the luxury traveller tribe.
The worldwide response reflects the above trend which is the same as in 2014.
A different perception arises only in Germany (56%) and Scandinavia (53%), where tourism experts mainly deal with travellers aged over 55 years.

Note: USA did not answer this question

06 *TRAVELLING COMPANIONS*

According to 73% of the travel professionals, luxury travellers go on holiday with their partner which represents a 3% increase if compared to 2014 edition.

Families are in second place with 22%, a decrease of 4%.

Travelling with friends (4%) maintains third position showing an increase of 1%.

All markets align with the above trend except Scandinavia. Here equal numbers of high-end travellers choose to take trips with the their partners (47%) and their families (47%).

couples
73%

families
22%

friends
4%

alone
1%

Note: USA did not answer this question

07 *EXPENDITURE*

The average budget allocated for a luxury travel is different in each market.

€5,000 - €6,999

36 % SPAIN

35 % SCANDINAVIA

€7,000 - €9,999

32 % USA

30% NETHERLANDS

24% ITALY

€10,000 - €14,999

45 % BRAZIL

41 % GERMANY

38% UK

36% FRANCE

Ups and Downs
The data in 2017 matches the data obtained in 2014; the majority of respondents declared that average expenditure ranges between €5,000 and €9,999.

Some markets have shown an increase with budgets rising to >€10,000:
UK/ now at 38%, while in 2014 the largest share (37%) declared a budget < €5,000;
FRANCE/ now at 36% compared to 15% in 2014;
GERMANY/ now at 41% compared to 22% in 2014.

08 *PREFERRED ACCOMODATION*

The “Exclusive Boutique Hotel” is clearly the preferred accommodation choice of costly travellers worldwide according to the majority of those interviewed (65%). In second place came “International Hotel Companies” (21%). “Private Lodgings” were considered by only 6%, while “Castles and Historic Palaces” received only 2% of the share. 5% preferred “Other accommodations” such as luxury resorts and cruises.

Exclusive boutique hotels

65%

Large international hotel chains

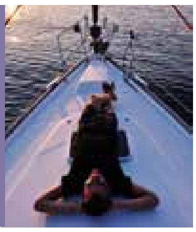
21%

Private lodgings

6%

Private yachts

1%



Other

5%

Castle or historical dwellings

2%

Note: USA did not answer this question

09 *FIRST CHOICE*

74% of travel trade declared that destination is the primary factor considered by international luxury travellers when planning a trip. Another 20% think that they choose the overall experience rather than the destination. Only 5% of professionals believe that their top clients decide the hotel first. Only 1% were unsure of the primary influence.

DESTINATION
74%

ACCOMODATION
5%

EXPERIENCE
20%

I DON'T KNOW
1%

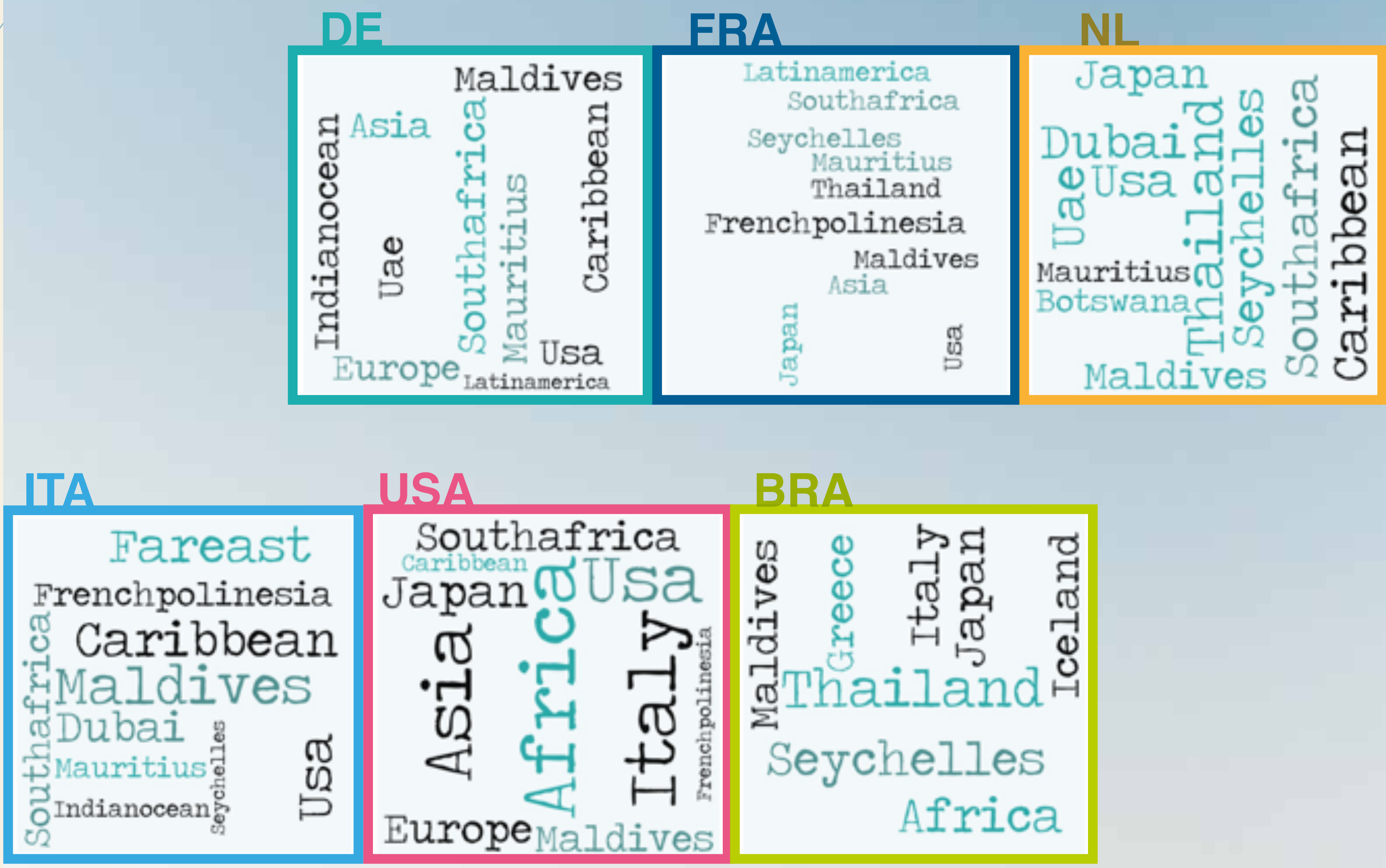
Note: USA did not answer this question

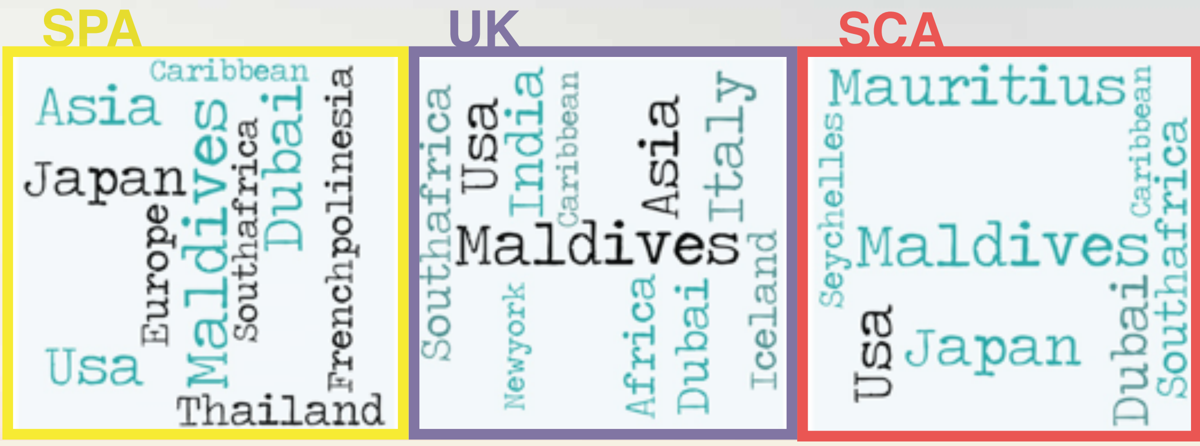
MARKET TRENDS

10/A LUXURY DESTINATIONS ON TREND

At global level Maldives is the destination having the highest mentions followed by Asia, the USA, Caribbean and South Africa.

10/B *DESTINATIONS BY MARKETS*

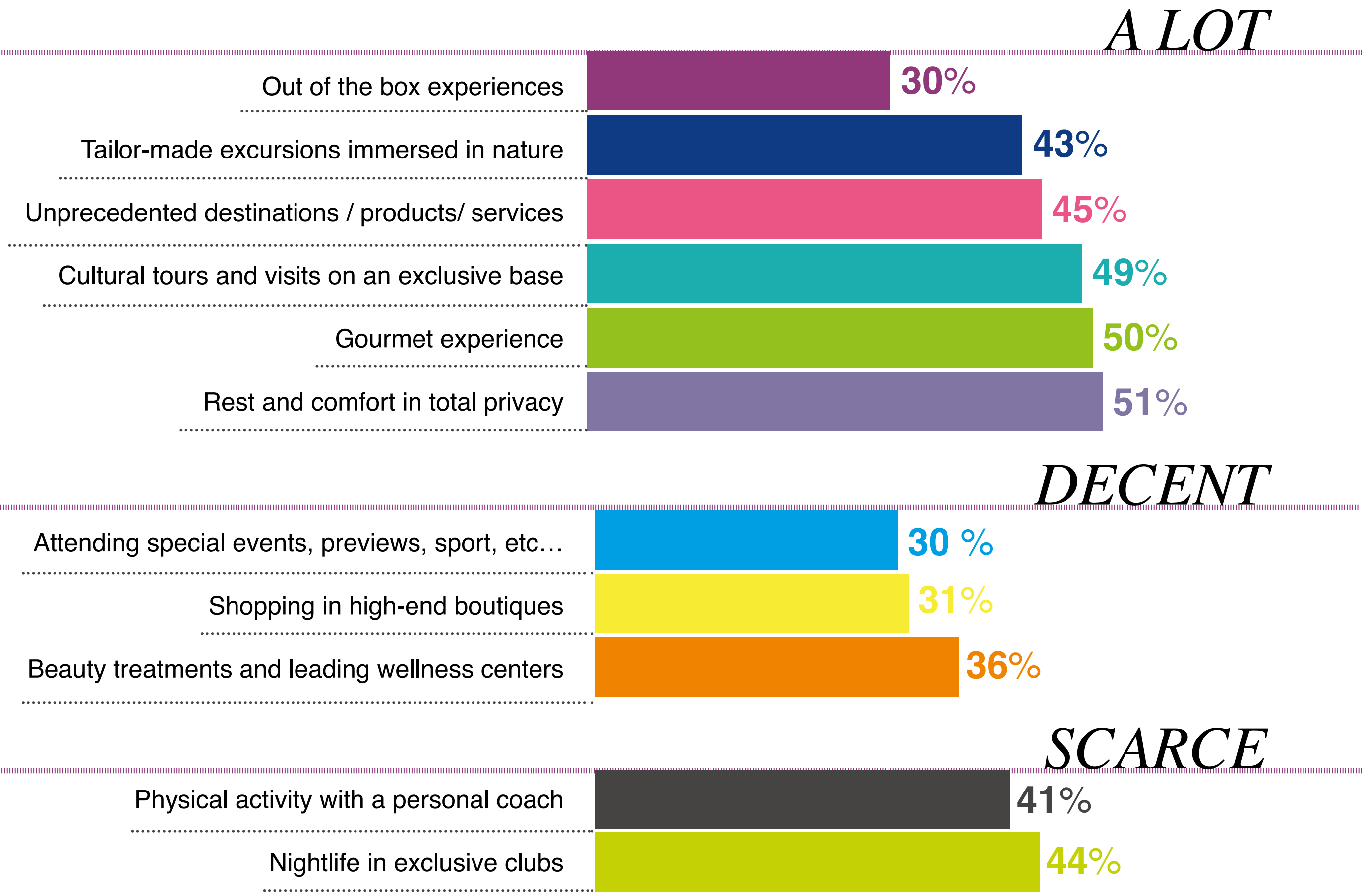




Reputation of destinations is different in each market, with Maldives being mentioned in nearly all cases.

11 *ATTRACTED BY*

We asked our panel, to what extent the experiences below attract luxury travellers on a scale from NONE to ESSENTIAL. Below are the results of the responses.



The breakdown per market shows:

- beauty treatments are worth A LOT across Brazil (61%), France (60%), Italy (47%), the UK (45%) and the USA (39%);
- shopping has SCARCE appeal in Scandinavia (50%), Germany (49%), the Netherlands (40%) and Brazil (38%); while it counts A LOT in the USA (39%), UK (35%), Spain (29%); it scores DECENT only with Italy (33%);
- unprecedented places/products/services are ESSENTIAL in the USA (50%) and Scandinavia (42%);
- gourmet is ESSENTIAL in the USA (42%) and the UK (40%); while it counts a LOT only among French (57%) and Italians (46%), which are normally considered to be food lovers.

12 *PRICE*

Travel professionals largely declared that high-end travellers look for value for money above all else (42%). Another 36% think they are sensitive to added value.

15% believe that top clients do not care about price, while 7% think the opposite.

Alternatively, only French (52%) and Brazilian (50%) professionals put perks in first place.

7% → IMPORTANT

15% → NOT RELEVANT

36% → ADDED VALUE

42% → VALUE FOR MONEY

Note: USA did not answer this question

13 *PURCHASING TECHNOLOGY*

87% of tourism experts strongly believe that the majority of luxury travellers book through travel agents and counsellors. Only 8% declared that high-end consumers tend to purchase services online.

5% didn't know which sales channels these travellers use.

OFFLINE
87%

In Brazil, Scandinavia and the Netherlands, no travel professional stated their high value clients book online.

ONLINE
8%

Smartphone	19%
Tablet	19%
Desktop	62%

NOT KNOWN
5%

However, among those who do book their luxury holiday online, the majority do it through desktop (62%). Mobile, (represented in the survey by tablet and smartphone), received a 38% share only.

14 *THE MOST RELIABLE ONLINE*

When booking online, high-end travellers prefer to use in-target agencies, according to 43% of tourism experts.

Direct reservations through hotel/airline/service provider websites were chosen by 32% of respondents, while OTA websites received 21%. The final 4% identified other websites such as those offering flash sales.

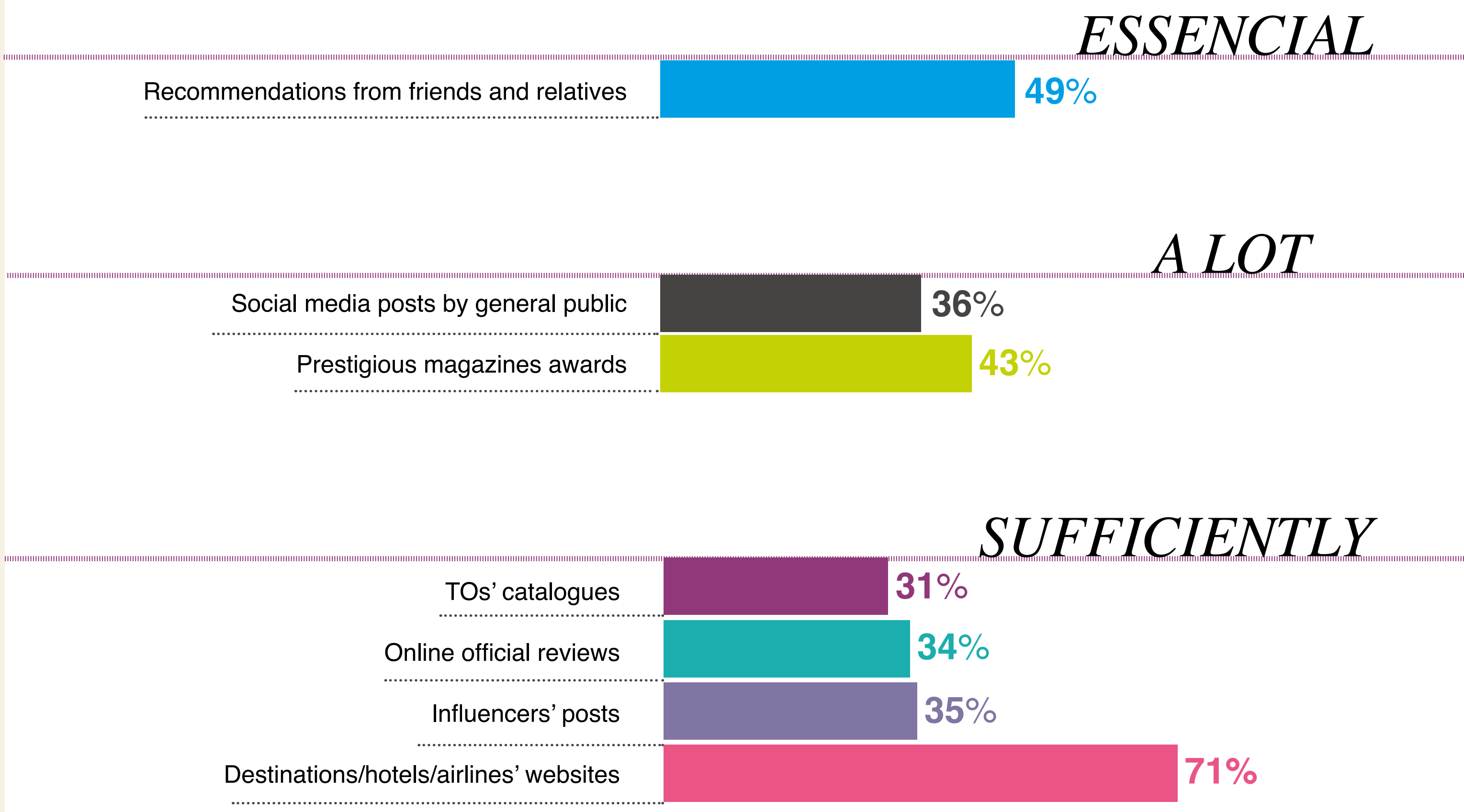
The market cross-section shows that:
- at odds with the trend, Brits are most likely to book direct with hotel/airline/service provider websites (50%) or through OTA websites (50%);
- the majority of Americans (66%) prefer to book direct through hotel/airline/service provider websites.

15/A

SENSITIVE TO

Online official reviews (34%), influencer posts (35%), Tour Operator catalogues (31%), website of destinations/hotels/airlines (71%) SUFFICIENTLY influence the high-end traveller's choice.

Social media posts by the general public (36%) and prestigious awards (43%) affect their decision A LOT. Recommendations from friends and relatives (49%) are ESSENTIAL.



15/B

SENSITIVE TO

The market cross-section highlights that:

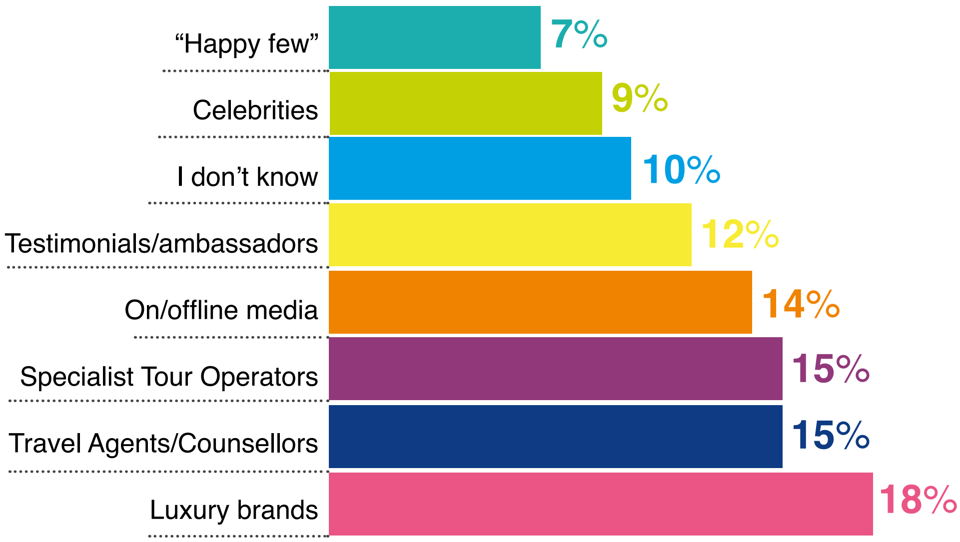
- online official reviews are worth just A LITTLE within Scandinavia (60%) and the United Kingdom (47%);
- posts by influencers only count A LITTLE in Germany (40%) and Italy (38%);
- official websites influence A LOT in Spain (83%) and Germany (67%);
- the importance of Tour Operators' brochures is different in each market: those who think it would sway them A LITTLE are Scandinavians (50%), Brits (42%) and Dutch (36%). While Germans (60%), French (35%) and Spanish (32%) believe promotional communications influence decisions A LOT;
- social media posts by the general public interest Scandinavians (40%) and British (37%) A LITTLE. They are sufficiently considered in Italy (36%);
- prestigious magazine awards are contemplated A LOT by Scandinavians (40%).



16 *WHO SETS THE TRENDS*

A very diverse response resulted from this question.
18% of travel trade believe luxury brands set trends and this was ranked top.
In equal position are TOs and TAs with 15% each, followed by on/offline media at 14%. Testimonials appear in fifth position with 12%, while celebrities gained only 9%. The "privileged few" was indicated by only 7%. Almost one in ten professionals did not give a definitive answer.

While Spanish travel trade (25%) rely on TA's capacity to set trends, UK (33%), Netherlands (29%) and France (19%) rely on TOs. On/off-line media was selected in Scandinavia (33%) and Germany (22%). Celebrities are highly regarded in Brazil (22%), while Italians think luxury brands are most influencial (28%).



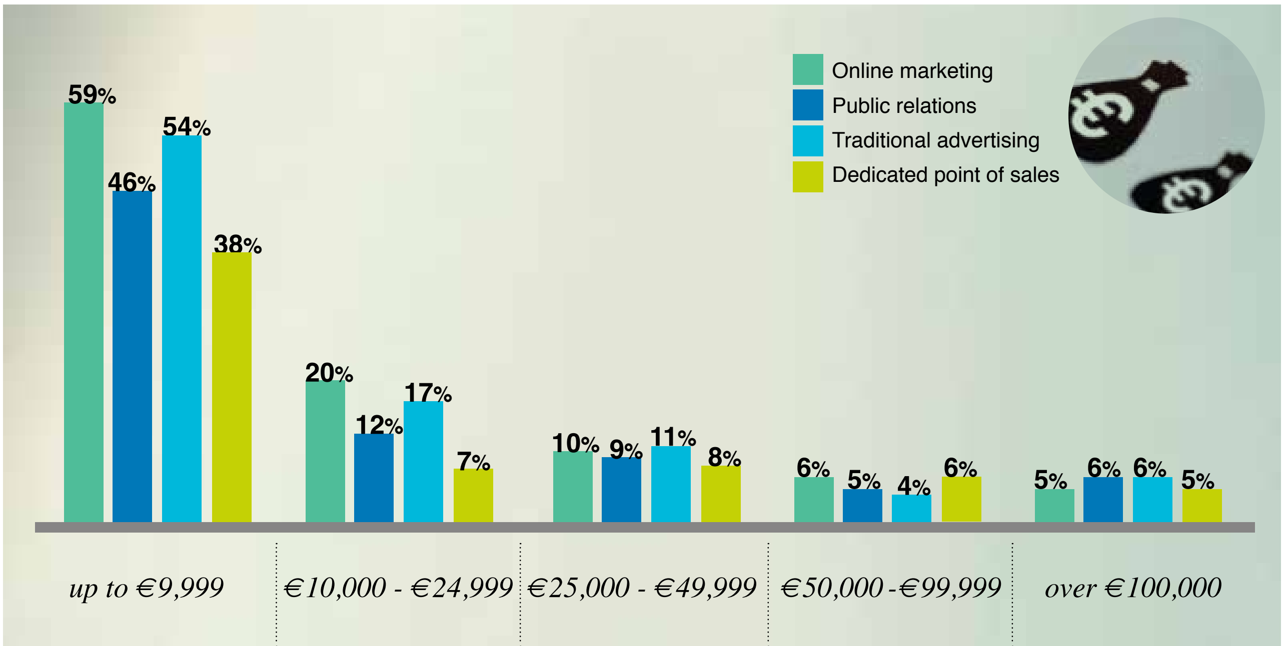
Note: USA did not answer this question

17 *MARKETING BUDGET*

Proposing a scale of value from 'up to €9,999' to 'over €100,000'.

In the lower range, the majority of funds are invested for 59% in online marketing, followed by PR (54%), traditional advertising (46%) and dedicated points of sale (38%)

Even in the other bands up to €99,999, biggest investments are dedicated to online marketing, while for the band over €100,000 traditional advertising and public relations are preferred.



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THE FUTURE

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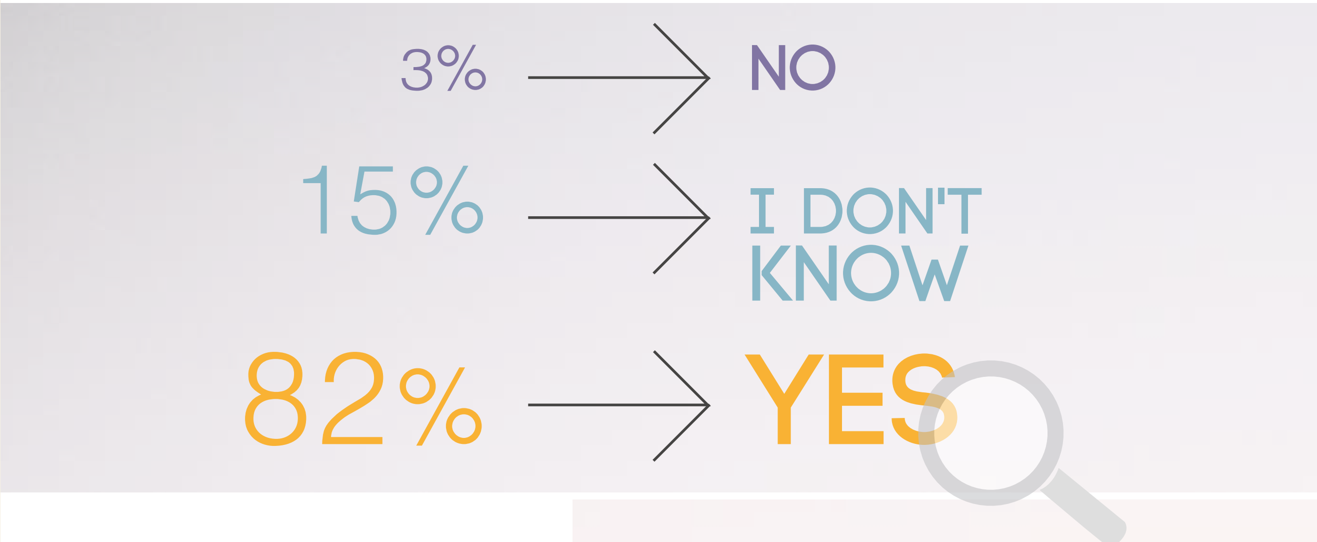
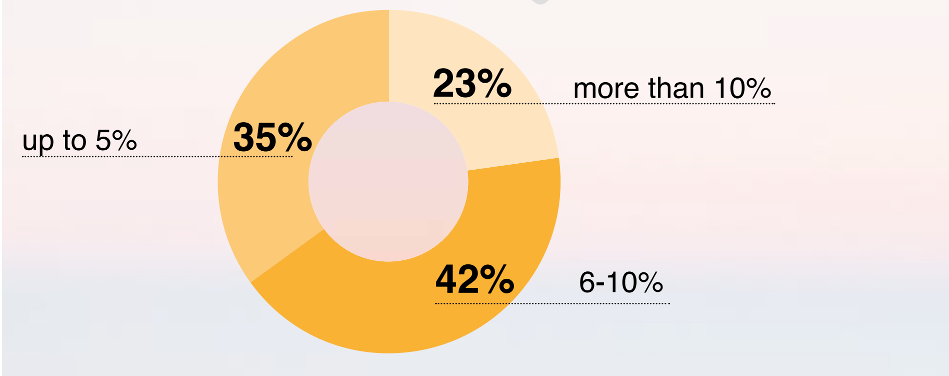
18 *EXPECTED GROWTH*

Most experts (82%) believe that bookings will increase in the next 2-3 years.
15% did not give an opinion, while 3% think this segment will remain stable.
Most of those who replied “Yes” to growth (42%), envision an increase of 6-10%.
Up to 5% growth was indicated by 35%.
The remaining 23% believe this segment will increase by more than 10%.

Experts in France and Brazil were more optimistic and envision a “more than 10%” growth (48% and 41% respectively). The majority of Scandinavians (57%), half of Brits (50%) and 44% of Italians think the increase will be no more than 5%.
61% of Germans, 54% of Americans and half the Dutch and Spanish aligned to the international average response.





19 *FUTURE HIGH-END TRAVELLERS*

For the last question the panel was asked to describe the luxury travellers of the future.

Most experts stated that they will be:

- increasingly demanding;
- attentive to all new destinations and products;
- ultra-connected and well-informed;
- looking for a once-in-a-life experience, away from popular destinations and with a dedicatedservice;
- sensitive to eco-friendly solutions;
- in need of expert guidance.

Note: USA did not answer this question

CONCLUSIONS

20 *AT A GLANCE*

Travel Experts say that:

- luxury travel is associated with exclusive and unique experiences, plus personalised services;
- when making a purchase, high-end travellers choose the destination first, then the onsite service, preferably an exclusive boutique hotel followed by international hotels;
- the number of luxury trips decreased to a max of 3 trips per year;
- the majority of luxury travellers still book offline and rely on the recommendations of a specialist travel professional.

Luxury travellers at a glance:

- generation X is on the rise: most are couples aged between 36 and 55 years;
- while on vacation they look for relaxation and comfort, and also love gourmet food tasting, culture and nature themed private excursions ;
- they are sensitive to value for money and added value, rather than price;
- their budget per trip is between €5,000 and €10,000;
- they trust recommendations from friends and relatives as well as internet reviews.

What to expect over the next few years:

- high-end travellers will become extremely demanding, informed, and increasingly sensitive to eco-friendly travel solutions;
- overall luxury travel will increase by 6-10% in the next 2-3 years.

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