>THE LUXURY TRAVELLER: UNPACKED_

How the definition of luxury is changing - and what it means for your business.

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What is 'luxury' anyway?

Modern luxury brands (and brands that offer luxury products) are increasingly evolving their offer to meet the changing tastes of consumers. But less well understood is how the perception of luxury changes around the globe. And how different product categories are regarded as luxurious in different ways.

In some markets the heritage and timelessness of a product represents the ultimate hallmarks of luxury, while in others the focus is on the experience or exclusivity of the service.

Consumer expectations of luxury continue to rise – for many, things that in the past were seen as luxury are now seen as everyday.

Luxury is no longer defined only by concepts of quality, comfort, elegance and exclusivity.

Nor is it characterised purely by limited supply, or brands that are hard to get hold of.

Increasingly, the perception of luxury is 'earned'. Brands that are seen to have a story or a proven track record of quality are generally perceived to be more luxurious.

And when it comes to exclusivity, the higher price point or the rarity of the brand has less of an impact on the luxury perception of the brand. And the definition for one product category – say automotive – versus another – airlines – is significant based on the relationship the consumer has with the category.

You can't fake it.

11.1m

UK adults intend to spend more on overseas holidays in 2019

Source: Kantar TNS consumer research.

12.5m

UK adults intend to spend the same

Source: Kantar TNS consumer research.

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The Kadence Luxury Index[1] published in 2018 segmented luxury brands into 4 clusters:

How the product categories segment is revealing, with airlines and hotels being perceived and evaluated in very different ways.

One thing is for sure. Luxury stands for something different today than it did a decade ago.

And audiences are changing too.
According to Deloitte, collectively, Millennials and Generation Z will represent more than 40% of the overall luxury goods market by 2025, compared with around 30% in 2016.

As an example, in 2017, Gucci's ecommerce sales rose by 86%. Millennials accounted for about 50% of revenues. Total Gucci brand sales increased by 42% to €6.2 billion.[2]

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In travel, where competitors often look and sound alike, the historical perception that a high price delivers a great experience is long outdated.

Luxury travel today is defined less by thread count and Michelin stars and more by access to the people, places and experiences that represent the true authenticity of a destination.

There's no denying that comfort factors still apply and high standards of accommodation and dining will always feature on the luxury traveller's wish list. However, today's luxury traveller seeks more depth of understanding and immersion into local culture than ever before.

People don't just want to see – they want to participate.

As the majority of sources agree that the Luxury travel market will grow by around 6+% per year over the next 3 or 4 years, *these changes in perception and audience have profound implications for product development & marketing.*

Currently, Baby boomers aged between 51 and 69 years dominate luxury travel, primarily on account of their relatively higher number of annual visits, higher disposable income and savings, priority of the 'travel bucket list' and fewer health constraints vs older groups.
But this is showing signs of change... The Small Group Journey segment accounted for about 44% of the overall luxury travel market revenue, by tour type in 2015, and was the most popular holiday option among young and middle age group travellers.

Sources:

1. Kadence Luxury Index 2018.
2. Kering FY2017 Results Presentation, 13 February 2018 http://www.kering.com/sites/default/files/document/kering_va_presentationfy17_fev18.pdf
3. Deloitte: Global Powers of Luxury Goods 2018
4. Mintel UK Holiday Planning & Booking Process Report 2018

MINT recently repositioned APT River Cruises and Tours for the UK market. This also included solving a long standing issue of how to treat their 'value' sub-brand in relation to their 'luxury' products.

Changes to their brand look and feel, targeted advertising and CRM were driven by an ownable point of difference - differentiated versus competitors - with messaging relevant to its (changing) audience.

The creative work was driven by unique insights gained from MINTSight brand workshops and primary research via MINT:Lab

Read the APT story here:

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This audience are also 'early adopters' of new technology, believing they're likely or very likely to adopt the latest apps and online services before their friends. And right in the centre is social media – itself not without difficulties.

Instagrammable holidays

The 'Instagrammable' holiday is here to stay, over four in ten (43%) travellers admit they like to post about their holidays on social media, rising to 67% of 16-24s.[4]

Technology and booking

The majority of British holidaymakers booked their last holiday on a laptop/desktop computer (64%). However, usage of these devices is declining, down from 70% in 2017.[4]

There's also been a return to more traditional methods such as booking via telephone or in-store (eg travel agency), up from 14% in 2015 to 19% in 2018.[4]

What are you saying?

As audience mindsets and motivations are rapidly changing, brands must lead not follow. Of course, product features & benefits, pricing and itineraries form part of it all. But brands must also ensure their differentiated (and relevant) positioning versus competitors resonates with their audience's evolving needs. This is reflected in the brand's look & feel, tone of voice, messaging - and what the brand stands for. All the while ensuring the effectiveness of every touchpoint of the customers' decision-making journey.

All of this must be lead by accurate and up-to-date insight.

Because in a market where many look and sound the same, the winners will be those that create a true, lasting emotional connection with their audiences.

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69%

of holidaymakers say researching and planning holidays is part of the fun.

Source: Mintel

67%

of milennials say say they have been inspired to visit a place on holiday after seeing it on a TV programme or film.

e.g. Mama Mia - Greece
Love Island - Mallorca

Source: Mintel

MINTSight brand workshops are for business owners and senior team members who want to take a fresh look at their brand. Exploring new growth opportunities. And providing a road map for future brand growth.

Including: a fresh look at differentiation vs competitors, a review of messaging and communications, current and future market trends and moods, identifying any 'quick wins', and really seeing things from a customer's point of view.

Register commitment-free here:

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If you'd like to talk to MINT about how these insights affect you and your brand, or for more information about MINTSight brand workshops, please get in touch with Anna at:

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