



2018

# PREMIUM TRAVEL

BAROMETER



By Jörn Gieschen

## FOREWORD

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We present here our third IE/Mastercard Premium Travel Barometer. When we launched the first IE Premium Travel Barometer in 2016, our vision was to provide an annual tool for top executives in the Premium and Prestige travel industries with the potential to become a benchmark annual research report for the sector. We are on our way.

This research is based on a poll and in depth interviews of Premium travel top executives. C-suite executives of various backgrounds ranging from hospitality to public institutions, operators, shopping, travel retail, culture or services offer their insights. We are very grateful to the limited group of experts who generously shared their expertise by taking the time for a one-hour long interview and also very grateful to the almost 100 experts that answered our questionnaire.

A special Thank You to **Javier Arredondo**, Founder and President of **Travesías Media** for being an active participant and allowing us to have a deeper understanding of the US and Latin America Premium travel markets. Another big Merci to **Quentin Desurmont** and his fabulous team at **Traveller Made** for their contributions and to connecting us with experts and industry CEOs to further improve the results of our poll.

This work is part of the annual output of the IE Premium and Prestige Observatory. Started in 2010, the Observatory conducts several lines of research among which premium travel is a main pillar. With the support of **Mastercard**, we have researched the impact of the digital revolution in luxury client behaviour. We have explored the meaning of memorable experiences and their key drivers as well as researched the role of millennials in premium and luxury purchases. The annual IE Luxury Barometer, already in its fourth edition, is a reference for the industry and ranks among the top priorities.

Many thanks to the author **Jörn Gieschen** for his rigorous and passionate work and expertise. Thanks to the members of the panel for joining us at the presentation of this paper and to the IE team that supported in the organization of the event.

**María Eugenia Girón**

Executive Director IE Premium and Prestige Observatory

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# ABOUT THE IE PREMIUM & PRESTIGE BUSINESS OBSERVATORY

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The IE Premium & Prestige Observatory started in 2010 with the goal of generating and sharing knowledge about the premium market and industry worldwide. With the support of **MasterCard** we have done research on the impact of the digital revolution in luxury client behavior and the industry pace of adaptation. We have explored the meaning of memorable experiences and its key drivers as well as key issues for the sector at IE Luxury Barometer.

We have developed tools to better understand premium tourism and the key drivers of our days. The Observatory has also supported premium and luxury entrepreneurship and has given visibility to sustainable Luxury entrepreneurs.

## THE PREMIUM & PRESTIGE BUSINESS OBSERVATORY IS...



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A platform to integrate all activities related to the premium and prestige business industry within IE Business School.

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An observatory of trends and new sources of growth.

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A hub for conducting relevant research on this industry of specific value to the Observatory's partners and the wider business community

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A platform for organizing seminars, conferences, and other events and for promoting high value networking among industry professionals

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An incubator for new ideas and business development within this industry.

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## THE OBSERVATORY AT A GLANCE

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Generating knowledge about the premium and luxury goods industry since 2010

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A hub for premium and luxury international experts

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Supporting sustainable luxury entrepreneurs and honoring leaders in luxury ecosystem since 2014

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Academic cases published by Observatory team

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Hosts events & presentations for industry experts every 2 months

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+ 6000 registered industry professionals receive the bi-monthly newsletter

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More than 200 features in national and international media online



The Observatory's long-standing partner is a world leader in payment solutions with the vision to use their unique expertise and technology to facilitate services in a world beyond cash. **Mastercard** launched the unique "priceless cities" program, offering cardholders one-of-a-kind experiences in cities around the globe.

## THE BAROMETER TEAM

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### THE AUTHOR



**Jörn Gieschen.** The report's author is an experienced international freelance tourism consultant, speaker and IE collaborator. Jörn has been helping companies, countries, and cities around the world in the areas of tourism strategy and marketing. One current consulting focus of his is the design, management, and marketing of experience systems. Jörn is known for his pragmatic, innovative, and empathic project leadership style.

### THE OBSERVATORY DIRECTOR



**María Eugenia Girón.** Founder and Executive Director of IE Premium & Prestige Business Observatory. She is also Associate Professor of IE MBA program teaching “Premium & Luxury Entrepreneurship”. Former CEO, leader, and entrepreneur in premium and luxury, today combines her academic work with a corporate governance focus serving at the boards of leading companies (public and private) and institutions as well as an entrepreneurial approach to the sector as active business angel.

### RESEARCH PARTNERS



**Travesías Media**

**Travesías Media** is a leading multi-platform travel and lifestyle media company that inspires Mexican travelers since 2001. Platforms include award-winning Travesías, Gatopardo and Local.mx. Atelier is the custom projects unit and Club Travesías is the membership-based cultural experiences and travels company.

**Traveller  
Made®**

**Traveller Made** is an influential global luxury travel network of over 310 agencies and 2,000 travel designers in 60 different countries. Its mission is to create tailor-made holidays totally crafted around the clients' wishes, providing for a seal of outstanding quality experiences for ultra-wealthy travelers.

# EXECUTIVE SUMMARY

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## BACKGROUND & APPROACH

The 2018 edition of the **IE Premium Travel Barometer** is again a leap forward regarding quality, depth and diversity of insights. 90 top level premium travel industry experts shared their wisdom, 12 of them also in additional in-depth interviews. Our research partnerships with Traveller Made and Travesías Media were a great help in accessing many of these top executives, mainly from the hospitality and travel trade/design sectors. Also, the geographic spread of responses could be improved, no longer it's a Europe-centric research. The "old continent" now accounts for less than half (46%) of responses, Latin America for 24%, and North America for 13%. This allows for a proper generation and discussion of regionally different hypothesis.

The 25 research topics have remained rather stable compared to last year, it was decided to exchange one topic only. This stability matters in order to compare results over time and detect changes and trends.

The **key objectives** of the Barometer have not changed:

- Understand internal and external key topics for global premium travel top managers.
- Uncover relevant drivers, important aspects, success factors, management approaches, and expectations regarding key topics in the sector.
- Detect trends and topics with rising or falling importance over time.
- Learn about regional and sector differences regarding top management challenges.

## METHODOLOGY

The study has been conducted in two phases and with two different methods. In **Phase 1**, 90 carefully selected international premium travel market experts (mainly CEOs) have been asked to rate online 25 selected key topics according to the importance for their own business success in the coming 1-2 years. Based on the evaluation of Phase 1 results, a ranking of top topics was generated.

In **Phase 2**, a hand-selected group of 12 top level premium travel executives from around the world was asked to interpret the results of Phase 1 during one-on-one interviews of around 60 mins. each, digging deeper into underlying drivers, specific management challenges, best practices, key success factors, and future expectations.



The interviewed experts (in alphabetical order) were:

- **Evelio Acevedo** - Director [Thyssen-Bornemisza Museum](#) Madrid - Spain
- **Javier Arredondo** - Founder & CEO of [Travesias Media](#) - Mexico
- **Steffen Boehnke** - Director [airtours/TUI](#) Group - Germany
- **Alvaro Carrillo de Albornoz** - Director General of Hotel Technology Institute/[ITH](#) - Spain
- **Arnaud Champenois** - CMO & VP Marketing & Branding at [Belmond](#) - UK
- **Quentin Desurmont** - Founder & CEO of [Traveller Made](#) - France
- **Doug Easton & John Ziegler** - Founders & Owners of [Celestielle](#) - USA
- **Gonzalo Gimeno** - Founder & CEO of [Elefant Travel](#) - Spain
- **Jean-Michel Jefferson** - Founder & Owner of [Ahipara Travel](#) - New Zealand
- **Sandra Manresa** - Head of Travel at [Google](#) - Spain
- **Vicky Vilches** - Luxury Travel [Journalist](#) - Spain
- **Jennifer Zhang** - CEO [Asialink](#) - [Ctrip](#) - Spain

## MAJOR CONCLUSIONS

“**Personalization of services**” remains the **most important topic**, with an ongoing key challenge of finding the right balance between high tech and high touch solutions. During the discussions with our experts, especially one close link to another top 10 topic was identified as key in 2018: **finding, hiring, training and retaining the right staff** understanding personalization enhancing tech on the one hand, and the right staff to transfer those new tools and insights into a better customer experience on the other hand. As tech moves on so rapidly and the premium travel market has roughly doubled in the past 10 years, the need for good employees is even more understandable. It also is exemplary for a shift in topic categories of the Barometer 2018: less focus on “Digital evolution” topics and more focus on “**Corporate management**” topics, scoring significantly higher than in 2017.

The **biggest winner concept** in 2018, without any doubt, is **human connection and interaction**; not so much related to “Personalization of services”, but more to **connecting with family & friends** and meaningfully **interacting with interesting locals and peers** during travel. Especially for the often very busy affluent travelers, time with family and good friends is scarce and a luxury they can best afford during holidays. Travel suppliers must understand their crucial role as guardians and managers of guest time to protect and make the most of those slots. Accommodation and related spaces need to cater to these needs, more and more also for non-traditional travel group compositions like multi-generation families or single parents with kids. The other key connection factor is the creation of shared lifetime experiences, stories bonding the participants in very special ways. This is much in line with “**Experience design**” defending the 2nd Barometer rank and, moreover, almost catching up with rank 1 in 2018. Here, meaningful encounters with often pre-selected and trained locals, often non-tourism professionals, are key to letting places and activities come alive and generating a wow-factor.

Both types of connections are about touching guests deep inside, defining who they are in a world that is increasingly dominated by professional and superficial (social media) communication not getting anywhere near our hearts.

The last two years also grounded many destinations and businesses regarding exaggerated growth expectations from younger **geo-markets**, especially China. While Chinese travel to Europe kept growing both in 2016 (6,3%) and 2017 (again in the 5-10% range), many 2nd tier destinations still wait to get their share of the market while businesses in many 1st tier destinations saw changing behaviors, like much lower spending on shopping (around -40% noted in 2017), and younger Chinese travelers preferring to stay in Airbnbs, e.g. At the same time, many - especially mature destinations - benefitted from a perception of growing insecurity in many areas of the world, and had healthy growth rates from established, mostly Western, markets. The Barometer strongly confirms this management perception with a widening gap between focus on “young geo-markets” and **“stimulation of established source markets”**, the latter making it into the Top 10 topics for the first time.

Regarding **destinations**, some of our experts fear a growing perception of **society polarization and cultural confrontation**, a huge challenge for many luxury travel providers of often rather exotic destinations. Another, closely related, hot topic in the travel sector and media of these days clearly is “overtourism”. For the usually very travel-savvy premium travelers it is often vital to get to off-the-beaten-path destinations with cultural traditions still alive. This is a crucial challenge for the sector as this more and more often collides with the perceived lack of a “Westerners welcome” sentiment or even a decreased feeling of safety and security in such places. Possible answers are a very flexible and smart destination portfolio management, increasing destination information and collaboration, as well as an improved and well-communicated crisis management. Many of the interviewed experts see this as one key element marking future competitive advantage and added customer value, justifying their premium positioning.

## TOP 10 RATED TOPICS ONE BY ONE

IE Premium Barometer Ranking 2018			18 vs. 17
Rank	Topic	Rate	
1	Personalization of services	8,6	+0,1
2	Experience design	8,5	+0,4
3	Quality management	8,4	+0,6
4	Recruiting and training	8,3	+0,9
5	Food & Beverage/Gastronomy concepts	8,0	+0,1
6	Small is beautiful	8,0	+0,2
7	Established markets stimulation	7,8	+0,5
8	Innovation management	7,7	+0,3
9	Connection with family and friends	7,7	+0,7
10	Connection with locals and other travelers	7,7	+0,5

### 1. Personalization of services. (+/- 0 ranks / +0,1 points)

**2018 is much about...** still weak access to big data and use of AI solutions - very elaborate consultation processes - all elements of the value chain - from product centric to customer centric culture - the higher the price the higher the degree of personalization needed - even personalized ancillary travel items - high- and low-tech measures letting staff identify clients and their needs & wants detecting remaining "un-personalized" elements of the customer journey...

**Is a higher priority for...** Travel trade & designers.

### 2. Experience design (+/- 0 ranks / +0,4 points)

**2018 is much about...** experiences gaining value over hardware - a topic for all players along the value chain - experiences as communication core - personal destination and partner inspection by agents/designers - lower dependency on DMCs - use of well-selected non-tourism professionals - key factor passionate individuals ...

**Is a higher priority in:** Europe & Travel trade & designers.

### 3. Quality management (+2 ranks / +0,6 points)

**2018 is much about...** a challenge for the large base of SMEs - high complexity of luxury/tailor-made travel - managing multiple partners/individuals - low-infrastructure destinations - managing high degrees of flexibility - comes at a price paid by customer - staff selection and training - sensitive collection of customer feedback - the need to collaborate more among industry peers - elaboration of standards & labels ...

**Is a higher priority in...** North America & Hospitality.

### 4. Recruiting and training (+6 ranks / +0,9 points)

**2018 is much about...** shortage of qualified staff in a rapidly growing market - eye-level encounters with incredibly travel savvy clients - managing and applying new technologies - a hard-to-find and hard-to-train luxury attitude - new professions, e.g. related to experience design + marketing - lack of adaption to market dynamics in tourism schools...

**Is a higher priority in...** North America (and Europe)

### 5. Food & beverage/gastronomy concepts (-2 ranks / +0,1 points)

**2018 is much about...** its role as key travel motivation - a truly global hot topic - authentic local cuisine rather than fancy, global haute cuisine - meaningful interaction with food, producers, places, chefs - culinary experiences and activities - learning and health...

**Has more or less the same priority across regions and sectors**

### 6. Small is beautiful (-2 ranks / +0,2 points)

**2018 is much about...** other terms like detail, personal, intimate, perfection - refers, although not exclusively to buildings like hotels and restaurants - any yet so small details adding to trip value - small gestures, rituals, and surprises - a necessary deep understanding of processes - a good dose of creativity....

**Is a higher priority in...** North America

## **7. Established markets stimulation (+7 ranks / +0,5 points)**

**In 2018 is much about...** learnt, more realistic expectations regarding value generation from young geo-markets – stable growth from mature Western markets in recent years – generally less volatility in these markets – better understanding of those market structures and consumer behavior – higher expectations of “new” travelers regarding value for money...

**Is a higher priority in...** North America / Hospitality

## **8. Innovation management (+1 ranks / +0,3 points)**

**In 2018 is much about...** implementing, mastering, and applying new digital technologies – a (perceived) huge challenge for the many SMEs in luxury travel – far lower professionalism in luxury travel compared to other luxury sectors – lack of awareness regarding the many low-cost and low-complexity solutions available – more advanced technology use in Asia – necessary cultural/leadership changes rather than simply going digital – questioning existing business models...

**Is a higher priority in...** North America / Travel trade & designers.

## **9. Connection with family & friends (+11 ranks / +0,7 points)**

**In 2018 is much about...** lacking time for the people that matter most in hectic daily lives – an oversaturation of merely professional and/or superficial human interaction – time to look up from smartphone displays – careful time protection and time management by travel professionals – non-traditional travel group compositions like multi-generational travel...

**Is a higher priority for...** Travel trade & designers.

## **10. Connection with locals & other travelers (+7 ranks / +0,5 points)**

**In 2018 is much about...** finding stimulating cultural differences in an always more global world – making places come alive – meeting peers and people with shared passions – non-tourism professionals – personal storytelling – the opportunity for luxury travel designers to create tremendous added value compared to standard travel offers...

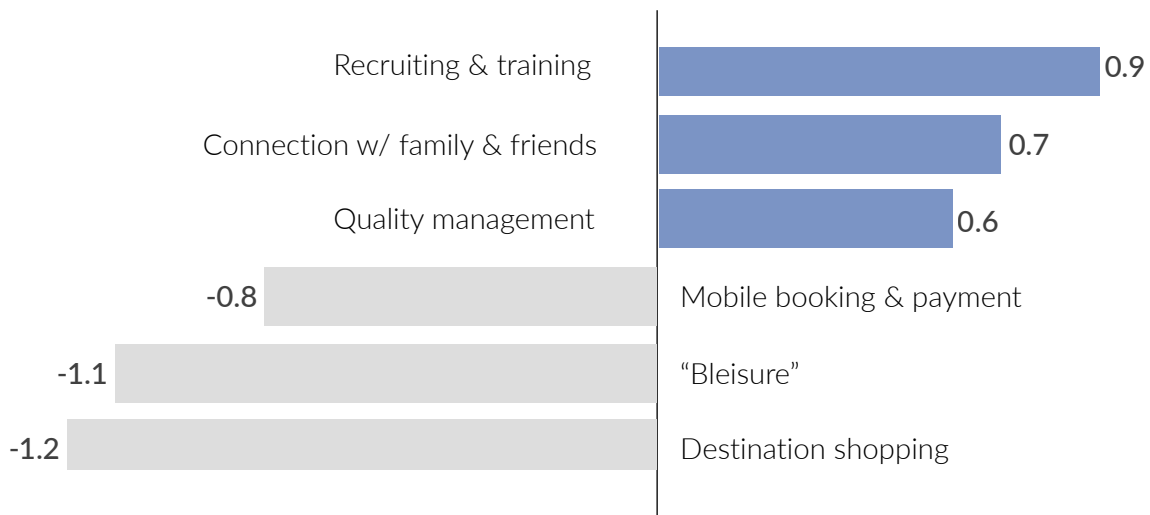
**Is a higher priority for...** Travel trade & designers.

## DEVIATIONS AND DEVELOPMENTS

### Year-on-year

It is remarkable that all Top 10 topics received higher ratings this year, while almost all bottom 10 topics received lower ratings, contributing to a bigger spread of results in 2018 compared to 2017.

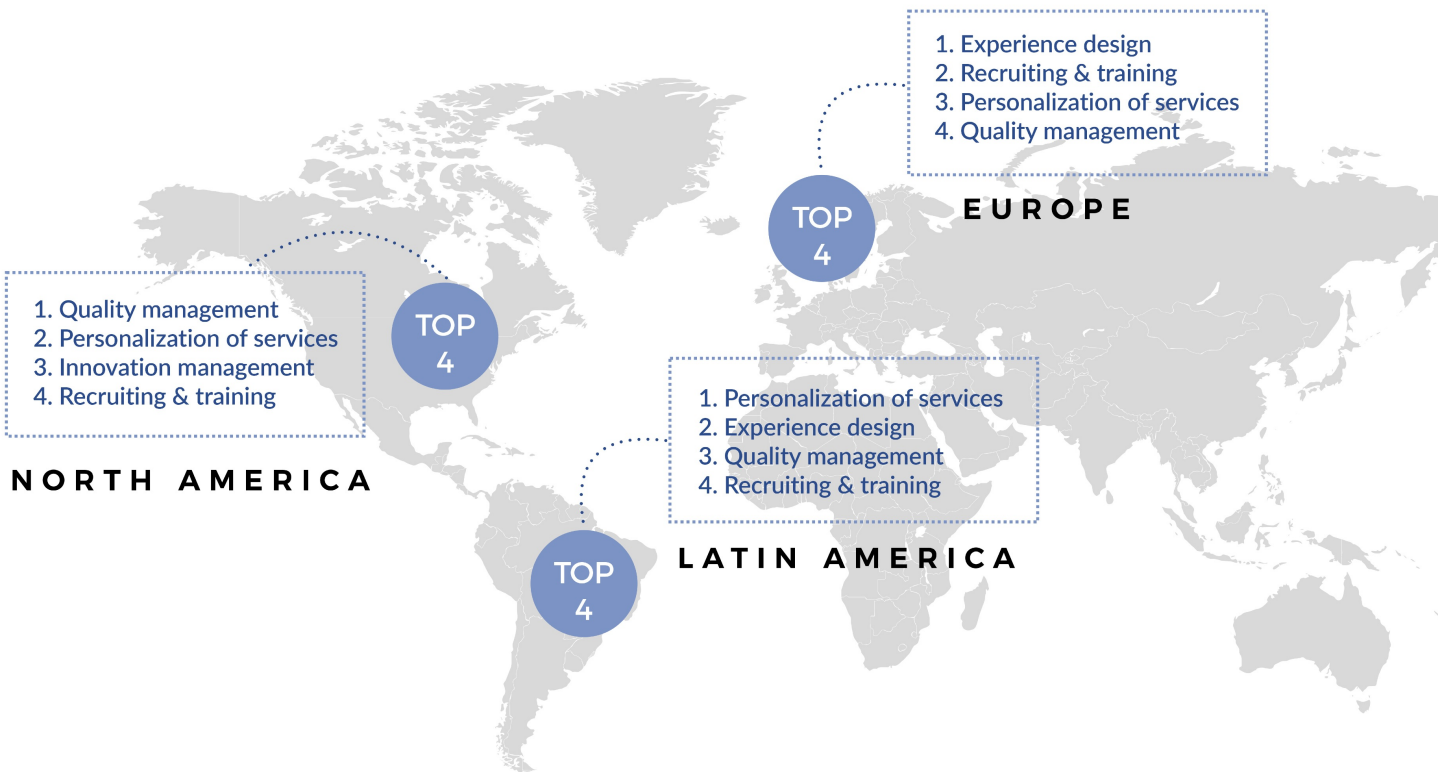
### Top 3 winners & losers vs. 2017 - Change in rating points



### Regional

Overall, there are more similarities between the European and the Latin American results than for any other combination. Each of the three main regions analyzed has a couple of topics rating significantly higher than in other regions. These are not necessarily, but usually also Top 10 topics this year. Regarding categories, we can see that the "Digital evolution" is a much bigger topic in Latin America, while North American priorities clearly are classic "Corporate management" topics like quality, innovation, and HR management.

## Top 4 topics per region



## Across sectors

The two biggest sector groupings, hospitality and travel trade & designers, also show some significant rating differences. Some are less surprising, like the much higher relevance of experience related topics for travel trade & designers. For hospitality professionals, there is a tremendously higher importance of topics related to the “Digital evolution”.

## Top 3 topics with significantly higher sector relevance



### HOSPITALITY SECTOR

1. Mobile booking and payment solutions
2. Online connectivity
3. Quality management



### TRAVEL TRADE & DESIGNERS

1. De-connection from stress and re-connection to self
2. Back to nature
3. Experience design

# FRAMEWORK & METHODOLOGY

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## INTRODUCTION

The IE Premium Travel Barometer shows which topics keep luxury travel business leaders up at night. It's about management focus and highlights the areas with the biggest management challenges or opportunities, or both. A well-selected group of business top executives from around the world year after year rates the current importance of topics for business success in short- to medium-term. The online survey is not a quantitative research exercise, but rather defines strategic hypotheses which are then discussed by a world-class panel of experts, to better understand underlying reasons for the ratings, regional and sector differences, key aspects and management approaches.

## KEY OBJECTIVES

The Barometer was designed with the following over-riding objectives in mind:

- Understand internal and external key topics for global premium travel top managers.
- Uncover relevant drivers, important aspects, success factors, management approaches, and expectations regarding key topics in the sector.
- Detect trends and topics with rising or falling importance over time.
- Learn about regional differences regarding top management challenges.

Ultimately, the results are food for thought for deciders in the premium travel sector, helping in the prioritization of strategic and tactical approaches aimed at increasing the competitiveness of the business.

## FROM EXPERTS TO EXPERTS

The key to the Barometer's insight generation is the careful selection of premium travel experts from around the world. Over 90% of respondents were CEOs, Owners or Presidents of internationally acclaimed premium travel companies, the others in strategic positions, usually in larger companies.

In order to identify, evaluate, and interpret the key topics for premium travel market deciders, the Barometer is based on primary qualitative research methods. Experts were consulted at two different stages of the research process, first through an online survey, then during 1-on-1 in-depth interviews

(see methodology in 3.4). Professionals selected for the in-depth interviews in stage 2 also took the survey in stage 1.

Experts were selected from around the world, with a focus on Europe and Americas in 2018. The 2018 edition is more than ever focused on industry players, reducing the share of specialist media and consultants compared to the previous years. Industry experts were selected from the following backgrounds:

- Travel trade (agencies, travel designers & tour operators)
- Hospitality
- Destination management companies, attractions, etc.
- Other

## BAROMETER TOPICS

The initial definition of key topics back in 2016 was a crucial exercise and the result of a careful internal process of selection, reflection, and filtering. Industry news and reports were scanned, travel industry experts consulted until finally narrowing down the choice to the final list of 25 topics.

The topics have to fulfil the criteria of being “manageable”, meaning business leaders can take advantage of them, solve or manage related problems and challenges, and by doing so gain competitive advantage over other players in their respective field of business.

In order to be able to track changes and even trends, the key topic list must remain relatively stable over time. Some optimizations regarding topic formulation have been applied in 2018, but to a minor degree only in order not to dilute the comparability of results between 2018 and 2017. It also was decided to replace one, the weakest rated topic of 2017, “Sharing economy”, with “Relationship & loyalty marketing”, immediately justifying its nomination with the 16<sup>th</sup> rank.

Some topics are related to others. A categorization approach helped make sure a broad range of aspects are covered on the one hand and certain results from the same category could be compared on the other hand.



## CATEGORIES AND TOPICS 2018



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### PRODUCT AND SERVICES

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1. Relationship & loyalty marketing
2. Personalization of services
3. Experience design
4. Food & Beverage/Gastronomy concepts
5. Activity & experience marketing
6. Destination city development
7. In-destination shopping



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### DIGITAL EVOLUTION

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1. Online connectivity
2. Mobile booking and payment solutions
3. Mobile destination companionship
4. Social media & reputation management



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### CONSUMER TRENDS TO WATCH

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1. Back to nature
2. Small is beautiful
3. De-connection from "it all" and re-connection to self
4. Connection with locals and other travelers
5. Big brand power



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### CORPORATE MANAGEMENT

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1. Quality management
2. Responsible business
3. InnovaCon management
4. Recruiting and training



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### MARKETS AND SEGMENTS

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1. Customer segments
2. "Bleisure" - mixing business and leisure travel
3. Established markets stimulation
4. New/young geo-market development

## PRIMARY RESEARCH METHODOLOGY

Two phases of primary research were conducted using a carefully selected sample population of experts.

### Phase 1 – Rating of topics by online questionnaire

#### a. Timing

During the time of mid-March to mid-May 2018

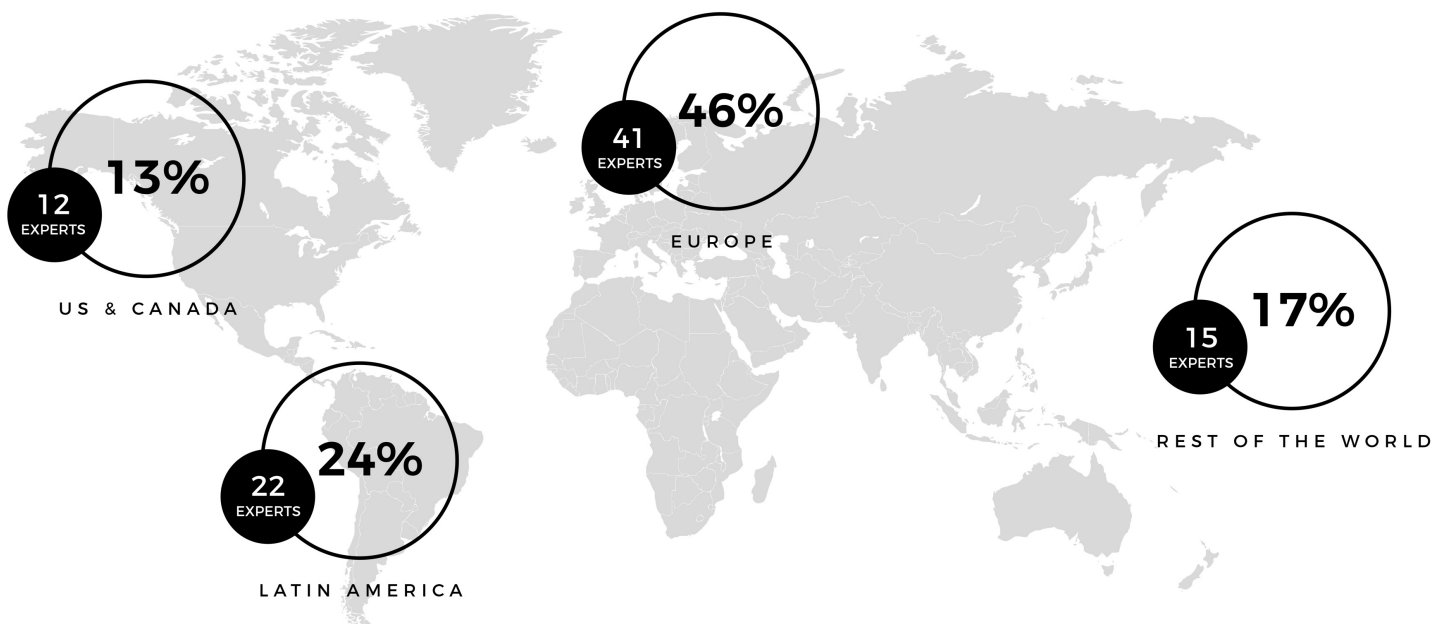
#### b. Rating system

Experts rated the importance of each and every topic on a scale from 1 (not important) to 10 (extremely important).

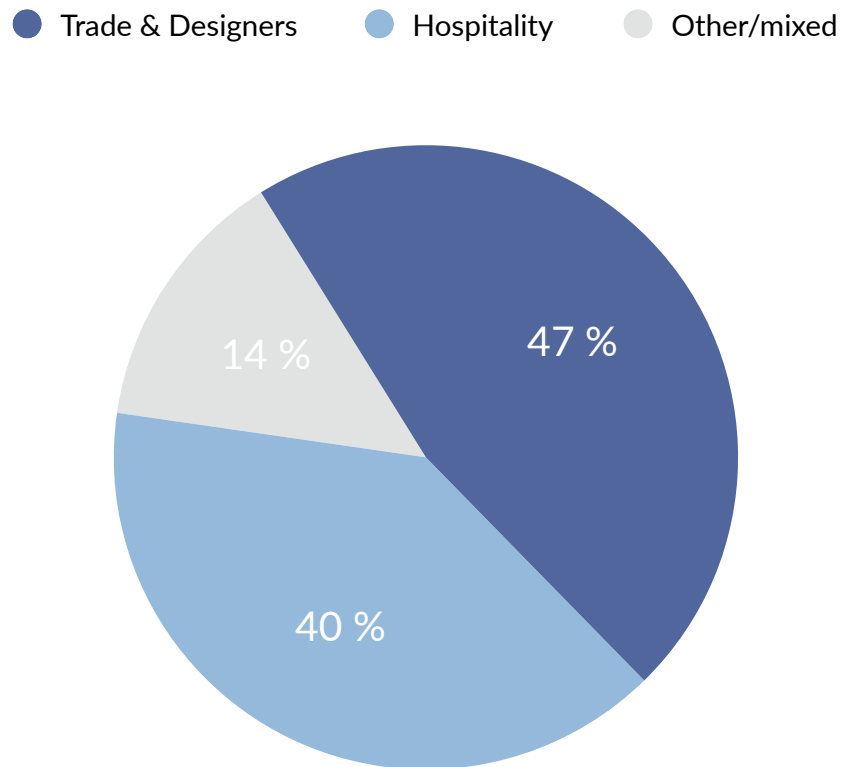
#### c. Sample

90 top executives and business owners from all around the world rated the 25 topics. Mostly, they represent the travel design and trade and hospitality sectors. Special attention was paid to including a relevant number of experts from Europe, North and Latin America, step by step increasing the international coverage of the Barometer and allowing for the analysis of different regional results. The experts were contacted via networks of IE, Traveller Made, and Travesías Media.

Geographical split:



## Sector split:



### d. Topic presentation

Topics were presented with a title plus some explanatory terms and explanations (see questionnaire in Appendix B), helping to rate based on a similar understanding of the topics. Still, and this was mentioned and very important, an “etc.” at the end of each term explanation leaves room for personal interpretation of the topics. The expert panel later on further exploited and interpreted each topic within a given frame.

Automatic order rotation of topics was enabled in order to avoid answers biased on initial ratings. In addition, experts could add further topics or comments.

### e. Evaluation of results

In order to achieve a more valid comparability of ratings between 2017 and 2018, the 2017 ratings were adapted by a factor leading to the same overall rating average as in 2018.

## Phase 2 – Interpretation of results in 12 in-depth interviews with top experts

### a. Time & Place

Via telephone & skype after presentation of preliminary results at the beginning of May. Interviews on average lasted one hour and were conducted by the author of this study.

### b. The Experts

12 top experts from the premium travel, products, and services sectors took the time to interpret the top-rated Barometer topics. A big Thank You to (in alphabetical order):

- **Evelio Acevedo** - Director [Thyssen-Bornemisza Museum](#) Madrid - Spain
- **Javier Arredondo** - Founder & CEO of [Travesias Media](#) - Mexico
- **Steffen Boehnke** - Director [airtours/TUI](#) Group - Germany
- **Alvaro Carrillo de Albornoz** - Director General of Hotel Technology Institute/[ITH](#) - Spain
- **Arnaud Champenois** - CMO & VP Marketing & Branding [Belmond](#) - UK
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- **Doug Easton & John Ziegler** - Founders & Owners of [Celestielle](#) - USA
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- **Jean-Michel Jefferson** - Founder & Owner of [Ahipara Travel](#) - New Zealand
- **Sandra Manresa** - Head of Travel at [Google](#) - Spain
- **Vicky Vilches** - Luxury Travel [Journalist](#) - Spain
- **Jennifer Zhang** - CEO [Asialink](#) - [Ctrip](#) - Spain

# RESEARCH FINDINGS

## THE TOP 10 INDUSTRY TOPICS 2018 IN OVERVIEW

IE Premium Barometer Ranking 2018			18 vs. 17
Rank	Topic	Rate	
1	Personalization of services	8,6	+0,1
2	Experience design	8,5	+0,4
3	Quality management	8,4	+0,6
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9	Connection with family and friends	7,7	+0,7
10	Connection with locals and other travelers	7,7	+0,5

### General observations

- With Personalization of services we have a clear winner again
- 3 strong runner-ups with Experience design, Quality management, and Recruiting & training
- All top 10 topics have increased their rating compared to last year (almost all bottom 10 topics show decreased rates)
- Strongest growth for Recruiting & Training, then Connection with family & friends
- Three new entries into the Top 10
  - Established markets stimulation
  - Connection with family & friends
  - Connections with locals & other travelers

In the following, the Top 10 topics are presented ranked according to their average rating received in Phase 1 of the research. The additional insights and remarks gathered in research Phase 2, resulting from the in-depth expert interviews, will enrich each topic presented.

*Concierge services, lifestyle managers, local experts, "go-to-persons" along the customer journey, etc.*

**Changes vs. 2017** / Rank +/-0, Rate +0,1



Personalization of services again took the first rank this year, maintaining more or less the same rating as last year. Our experts see this area as the most important one for performing well in the competitive arena in the coming 1-2 years.

Some of the most discussed aspects brought up during the in-depth interviews include the still rather weak access to big data and its consequent use, and to AI and relevant tools enabling better customer knowledge. On the other hand, many luxury travel designers have developed highly sophisticated personal consultation processes in order to maximize the personalization of their offer.

Personalization plays a key role along all elements of the value chain nowadays. In order to have personalized travel experiences, a highly personalized and professional customer consulting process is needed in order to identify those very personal dreams, needs, and wants. As a rule of thumb, the higher the travel price, the higher the expected personalization, leading to travel professionals coming up with personalization approaches for the most unlikely elements of the whole experience, e.g. personalized pre-travel inspiration books, napkins with embroidered initials, etc.

## Selected in-depth interview extracts

### **The power of personalization...**

One of the most powerful design elements for us is surprise. Based on the trust our clients confer in our company, we are able to leave certain components of the trip untold. Our clients (without exception, so far) love this element. A surprise lunch on an iceberg in a glacier lagoon in Iceland is just one of many examples I could give. Many of our customers have no room for surprises in their hectic daily lives but love well-designed surprise elements when traveling. It goes without saying that the degree of surprise varies with each client and requires that we have a strong understanding of the client's taste and personality.

**Doug Easton & John Ziegler** – Founders & Owners of Celestielle - USA

### **Personalization through digital technologies...**

Unlike in most Western markets, mobile in China by now is the main channel along all stages of the customer journey. 70% of Ctrip bookings are from mobile by now, the App counts with 600 mn. active users. There is a tremendous amount of big data turned into highly relevant marketing intelligence. Ctrip customers are analyzed and segmented according to over 200 different criteria far beyond socio-demographic data, including motivations, preferences, and behavioral data all along the customer journey. Chinese travelers are also more keen on using their mobile devices during the trip, but they mostly use proprietary Chinese apps not very well known and understood by foreign travel managers: Wechat is the predominant app, and mobile payment in big cities has become the predominant way for purchases of any kind, for example.

**Jennifer Zhang** – CEO Asialink - Ctrip - Spain

### **“Show them you know them”...**

I am so fortunate to visit many of the best hotels around the world professionally and analyze the ways they work hard on optimizing both personalization and personality. All their guests want a certain VIP feeling. The staff recognizing guests is the foundation, of course, for any personalized act. There are different ways to do that, I saw hotels where guest pictures were hanging on the kitchen walls. A beach hotel handing out beautiful and handy beach bags used by their guests, for every segment a different color, so staff could easily identify different clusters, etc. And as they say, “the music we love most is the sound of our names”. The Ritz in Paris had napkins with my initials embroidered on them, for example, and in other places all of the staff greets me by name. But there also is a danger in overusing client's names when there is no personalized knowledge and action behind.

**Vicky Vilches** - Luxury Travel Journalist - Spain

### **Identifying what great value is for each client...**

At Elefant Travel, this is an extremely elaborate process, we have rehearsed and refined throughout many test sessions with the entire team. We meet up whenever and wherever our clients want, often in their private homes, also late at night if desired. We learn a lot about them when simply seeing their homes already, observing the way they interact with family members or staff, the way they play their role as host, the style and art pieces, pets, etc. So even before we enter into the consultation process, we already pick up crucial information about the way they probably like to be served, possible styles of accommodation, etc. When we talk we often suggest not naming specific destinations, we want to understand what value they are really searching for with their upcoming trip.

**Gonzalo Gimeno** – Founder & CEO of Elefant Travel - Spain.

### **Segmentation is not being replaced by personalization, it still is a very necessary step before...**

I am a bit surprised by the low ranking and the descent of segmentation compared with the last two years. And I've heard the arguments: luxury travelers don't want to be clustered, we're in the era of personalized marketing, etc. At Google we strongly believe in the power of segmentation, especially in the pre-travel phases and even more the pre-booking stages. Socio-demographic data are still important in this process, but in addition interests, lifestyles, values have to be taken into consideration, of course. This segmentation job needs to be done properly: when wanting to inspire and inform new potential clients about travel products you usually don't know enough about people to personalize your marketing and need to rely on segmentation.

**Sandra Manresa** - Head of Travel at Google - Spain



*Careful design & management of meaningful, memorable, or even transforming activities & experiences, etc.*

**Changes vs. 2017** / Rank +/-0, Rate +0,4



“Experience design” again made it into second place while improving its rating significantly and almost reaching the same level as Personalization. The big trend towards experiential travel and the consumer focus shift towards powerful experiences rather than luxury hotels or services is ongoing, even more in the luxury travel sector. Tour operators and agents are more and more shifting both their complimentary and core content towards experiences and this shift also is clearly visible in their communication. In particular, visual content is more focused on experiences and people than on hardware nowadays, with videos playing a key role here.

Many high-end agencies do not rely on DMCs (or only to limited degree) and stress that they only recommend what they have built and lived themselves. Often, they prefer to create experiences with non-tourism professionals with tremendous passion and knowledge in very specific fields, for example, nature, cultural heritage, food, arts, business, healing.

## Selected in-depth interview extracts

### Why experience design still grows in importance...

With a steadily increasing world population and a growing individualism, people feel a great desire nowadays to tell a unique story. As on the internet we've seen "it all", this is becoming harder and harder, especially in our busy and routine-driven day-to-day lives. Travel experiences are an amazing way to generate unique experiences to share and build and shape your own personal story.

**Doug Easton & John Ziegler** – Founders & Owners of Celestielle – USA

### A vital type of luxury travel experience these days...

In this densely populated world, solitude, living off the grid, away from other people or at least travelers, more and more has become a true luxury; and a challenge for travel designers in times of overtourism. This is one of the reasons why we at Celestielle keep exploring less traveled places, especially in Africa, South America, and Asia. Another reason for this strategy is the loss of authentic local traditions in more mature markets and destinations. We prefer to propose places where amazing and pure cultural experiences are still possible.

**Doug Easton & John Ziegler** – Founders & Owners of Celestielle Travel - USA

### Back to basics...

One of our key segments is what we call "natural luxury", a concept which is much about smart reduction to the basics, focussing on the essentials that really count and about reducing unnecessarydistracting factors. Those type of, usually younger, customers typically are very much interested in living truly memorable experiences. Those experiences are less and less about superlatives, but ratherabout "back to basics", to nature, to oneself, to time with loved ones.

**Steffen Boehnke** - Director airtours/TUI Group – Germany

### Experiences core for new Chinese travelers...

This is probably the one area where we see the widest gap between traditional and modern Chinese premium travelers: On the one hand, we need guided tours with Chinese language all around, Chinese food, organized shopping sprees for European luxury brands, low-tech communication, etc. Other hand, and this is growing much faster, younger travelers, extremely tech-savvy, well-traveled, English-speaking, with a cosmopolitan mindset, that look for true authentic experiences. They want to mingle with locals in unstaged ways, even prefer private places over hotels. They want to learn how to prepare local dishes, hate group tours, and look for extraordinary low-key local experiences as offered by Airbnb, for example.

**Jennifer Zhang** – CEO Asialink - Ctrip - Spain

### **Why “Back to nature” experiences rank significantly higher in Latin America...**

This rating has to be seen from both destination and market perspectives. First of all, many Central and South American destinations have discovered premium eco-resorts as one of the most successful concepts, primarily fashionable among European and North American travelers coming to Latin America to experience pure and wild nature. Costa Rica has led the way and many other destinations now follow, always trying to learn from existing projects and improve their sustainable business practices and exciting nature experiences. Many cases can now be found in destinations like Colombia or Ecuador, for example. This way, also Latin American travelers become more acquainted with this type of tourism product in their own homelands.

**Javier Arredondo** – Founder & CEO of Travesías Media - Mexico

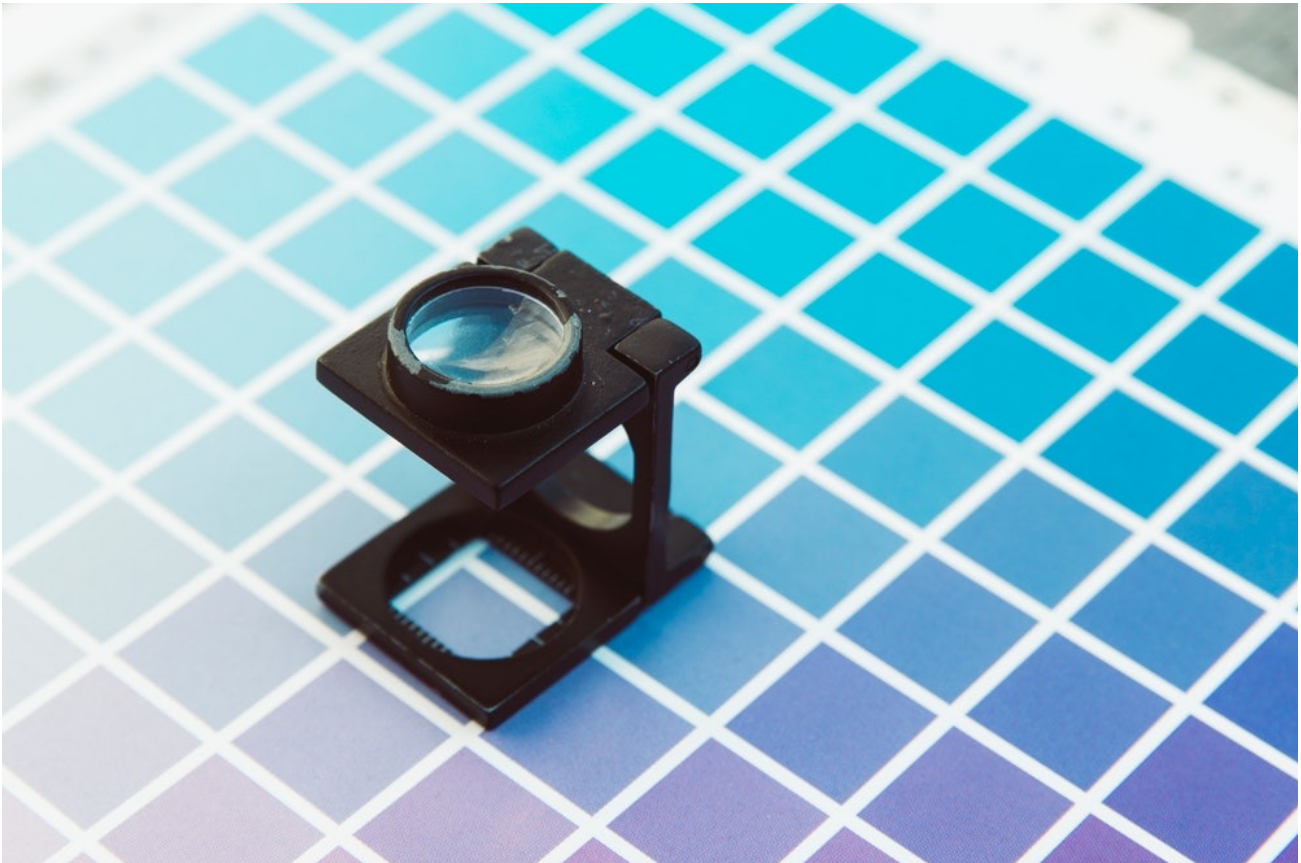
### **A hotel approach to experiences and activities...**

We offer inspiring menus of experiences on our websites and in our hotels. We have built them with great care and a strong focus on local gems. Nowadays, guests sometimes are more knowledgeable about experiences within their special fields of interest than concierges. So we have to dedicate time and effort to create those money-can't-buy or 'in-the-know' only experiences. We do this in 3 big categories: nature, culture, and well-being/good-living (includes culinary). Of course, we don't stop there. Whether custom-designing experiences on the spot, or inspiring with bespoke editorial before arrival we are on hand to help our guests discover the fantastic local experiences that often only we can uncover for them.

**Arnaud Champenois** - CMO & VP Marketing & Branding Belmond - UK

*Product & service quality control, quality label & certification systems, customer satisfaction measurement & management, etc.*

**Changes vs. 2017** / Rank +2, Rate +0,6



Many companies in the luxury travel sector are rather small companies and quality management hence is based much more on the human factor than on highly standardized processes and tools as seen in larger, mass-market companies. The challenge is enormous, though, as trips are often tailor-made and never the same and the customers are the most demanding in the marketplace. Furthermore, luxury travelers often prefer rather exotic destinations with sometimes low quality of local tourism and general infrastructure and services. The solutions often require a tremendous effort and use of resources reflected in the pricing: personal testing of providers and experiences, training and coaching of suppliers, hiring of extra staff in the destinations, etc.

Also, the high degree of flexibility desired and needed must be guaranteed in the luxury travel market, usually through personal effort on the part of the agency and partners. Successful small agencies have optimized these human-led processes, also in the pre-booking stages, in order to guarantee top quality, e.g. with frequent team rehearsals fine-tuning the different elements of the optimal consultation process for the client. Also very important is the professional collection of customer feedback, a challenge to be managed as many luxury travelers would not take the time to fill in a customer satisfaction survey as known by mass tour operators. Customer interaction at this stage must also be well-prepared and requires very attentive communication during and after the trip.

## Selected in-depth interview extracts

### When quality means simplicity...

Our clients value great food and accommodations. But for some clients, exceptional comfort is not essential. To have a once-in-a-lifetime experience far from their daily lives, many are more than willing to sleep in a tent and have the most basic local food. Quality for our clients is mostly about the uniqueness of their experience, the surprises, the stories they build for themselves while on one of our tailor-made tours.

**Doug Easton & John Ziegler** – Founders & Owners of Celestielle - USA

### The evolution towards a system of guaranteed travel excellence on the highest level...

Of course, tailor-made is the crucial element in our service and we're always on the hunt for novelties for each esteemed guest. At the same time, we're working on establishing a label all of us luxury travel designers and agents and our customers can trust when scanning hotels, services, and experiences. I call it Haute Villégiature, following the concepts of Haute Couture or Haute Cuisine, for example. It is a highly professional approach towards certified and labeled outstanding travel experiences. Compared to the 5 stars a hotel can achieve, Haute Villégiature goes far beyond: we're working on a complex set of criteria focusing on the wow-factor, on people skills, innovation, surprise, and uniqueness, to name a few. Because luxury today is not about hardware anymore, it is about wow-moments, unique and memorable experiences, stories for a lifetime.

**Quentin Desurmont** – Founder & CEO of Traveller Made - France

### How to manage outstanding quality in a small company...

There is a very elementary basis for delivering top quality in our business: passion! Cultivating this passion yourself and for your staff is the single most important driver of quality. Of course, it is not enough, in order to deliver excellent craftsmanship five components of management are key in our business. They are

- focus on a tailor-made approach
- deep client knowledge based on the art of professional listening
- destination and local culture know-how fed by extensive personal travel
- supplier knowledge and connection to the partner company leaders
- crisis and challenge management for any unforeseen development

**Quentin Desurmont** – Founder & CEO of Traveller Made - France

## **How a B2B network like Traveller Made contributes to quality management in the sector....**

The power of community we generate all together at Traveller Made is tremendous. There is a deep understanding and spirit of win-win, of sharing knowledge and helping each other to grow and become better. We help each other finding or assessing destination partners, we cross-recommend clients if we feel someone else can fulfil those specific travel dreams better, we exchange information, research, and best practices. As a community we strive to establish more professional processes and standards, applying research and exchange with professionals from other luxury sectors or academia. We all benefit from a set of tools, from agency certificates, surveys, meetings, webinars, forums, fam trips, extranet, etc. This special spirit we share at Traveller Made has not only helped us to stimulate excellence, but also led to enriching personal connections and friendships with other “luxury travel freaks” around the world.

**Quentin Desurmont** – Founder & CEO of Traveller Made - France

## **The relevance of a star-based hotel classification system...**

The stars are still a good basic guidance system, they're a bit like the Oscars and make choice somewhat easier in a world with a huge offer of luxury accommodation. Yet there is so much more diversification in luxury accommodation nowadays which is not reflected in a star-based system. Here, the definition of very clear brand attributes and authentic and credible storytelling come into place. Consumers must understand which type of luxury to expect when booking a certain brand. Especially well-done visual storytelling, seducing and inspiring, is extremely powerful. I see a long way to go here for many luxury accommodation providers, though. It is incredible how sloppily this is done at times, how poor the visual aesthetics of pictures and videos and how uninspiring social media use still is all too often. Also, especially in the Mediterranean, I still find too many bad 5-star and too few good 4-star hotels, showing that the criteria for a 5-star hotel should probably be updated.

**Vicky Vilches** - Luxury Travel Journalist - Spain

## **Ensure continued quality at the point-of-sale...**

We go new ways in B2B seminars, never seen before in the German luxury travel market. With the “airtours & friends” luxury academy we host 1-2-day workshops in 5 different modules for sales agents, training them in topics like travel storytelling (including storybooks, examples, checklists, etc., done by a journalist), body language and personal presence (done by professional actors, incl. video trainings) or creative consultation and sales processes, including the generation of Wow-moments (based on a so-called “Wow-guide”). These workshops are always overbooked and the feedback is that nearly all agencies increase their airtours luxury travel sales afterward. We put the same effort into special trainings for our hotel partners, by the way, with workshops led by the German President of Le Clefs d'Or, for example (as part of “airtours&friends”). We have redesigned all trainings and B2B communication 4-5 years ago, taking into consideration the need for always more inspiration and experiential elements in luxury travel. And we're trying to improve all our sales tools and measures every year. The feedback from all participants is the energy driving our improvement.

**Steffen Boehnke** - Director airtours/TUI Group – Germany

*Talent scouting, executive and staff recruiting, training, motivation, participation, leadership, retention, etc.*

**Changes vs. 2017** / Rank +6, Rate +0,9



The Human Resources challenge seems to still grow more severe in luxury travel. The topic keeps climbing, from rank 12 in 2016 to rank 10 in 2017, now to rank 6 in 2018. The reasons are manifold, but some stand out. First of all, luxury travel is booming all around, estimations are that the market doubled in the past 10 years, needing more and more qualified personnel, too, of course. Furthermore, travel experience and knowledge keep growing, many younger clients and Millennials have “learnt” to travel globally with their parents already, and Empty Nesters keep traveling longer and longer and often don’t stop cruising the world at 80.

The other big issue is related to the technical requirements and skills needed nowadays, not only relating to increased traveler savviness and demands. New skill sets are required in order to deal with the complex topic of experience design and management on the one hand, and with increased use of new technologies on the other hand. Many of the jobs needed nowadays did not even exist 5 or 10 years ago and most tourism schools clearly cannot keep up with the rapid changes on the travel tech side.

## Selected in-depth interview extracts

### On the increasing relevance of Recruiting & Training...

With all the new technologies available, two types of jobs or functions are vital to sector development: those understanding, implementing and running the latest technologies in companies and those being able to take advantage of those technologies for the good of the customer experience quality and improved internal processes. This requires new jobs, new skills and training methods, and ultimately, a new way of thinking. Hence, we can only achieve a beneficial digital transformation if we define those jobs well, attract good people, and educate and train them accordingly. This is a huge challenge in Spain, but also in other countries, especially, considering the high demands of today's incredible travel savvy premium travelers.

**Alvaro Carrillo de Albornoz** - Director General of Hotel Technology Institute/ITH - Spain

### The essential role of staff...

One of the greatest challenges is finding people with a luxury attitude, a background that allows for the detection of common ground, for eye-level conversation, for the creation of personal chemistry with our clients. Most of our staff have visited private schools, studied abroad, and are in some way already familiar with the High Net Worth world from the inside, their codes of behavior and communication. We sell a promise and people need to trust the designer and messenger of that promise. This luxury understanding plus a professional business approach and passion for travel is hard to find in a person. Passion for travel also means traveling a lot yourself, 200 days a year or more, so that each one of us personally knows the people, experiences, and places we present. We tell about those places, we are into telling, not selling. We run a very clear process to develop our staff personally and professionally, building key competencies, using KPIs, in order to take them from one to the next seniority level, a bit like in a consulting firm.

**Gonzalo Gimeno** - Founder & CEO of Elefant Travel - Spain

### Training our staff...

Rather than the usual technical trainings, we put a strong emphasis on letting our staff learn, embrace, and own our brand philosophy. Our people are part of the unique Belmond family, a small but global family, who know each other well and instinctively know how to service our guests.

This service philosophy is reflected in our Belmond 'Art of Hosting' training - there is no training manual, it has simply been designed to surface and cultivate the character traits and intrinsic skills of our talented teams. It is in no way prescriptive, but rather a more natural and inspiring approach to real, luxury service than you would probably expect when first entering one of our palaces. All of our staff have incredible stories to tell and we sometimes integrate those into our marketing and create not only beautiful stories for our guests, but also a special sense of belonging for our people. Many of our employees have been part of our family for a long time; changing continents and hotels within the group are no rarity at Belmond.

**Arnaud Champenois** - CMO & VP Marketing & Branding Belmond - UK



### **Key factor staff...**

Of course, we train and coach our people, but people we recruit need to already bring a very specific mindset. Let's call it luxury attitude, an eye for detail, thoroughness and thoughtfulness, a certain elegance, and most importantly, a capability to understand and communicate also with UHNWIs. It's the kind of people that would first see and jump to help an elderly lady trying to cross a busy traffic light. This luxury attitude to me is paramount. We need to recruit from schools that offer programs teaching luxury attitude and marketing and business when hiring grads. When looking for senior professionals we also look in other luxury industries. These people can bring in interesting contacts and fresh ideas.

**Quentin Desurmont** – Founder & CEO of Traveller Made - France

*New gastronomy concepts, local specialties, food travel/packages, cooking & market experiences, etc.*

**Changes vs. 2017** / Rank -2, Rate +0,1



Culinary tourism and tourism experiences continue to be a huge motivation for travelers when selecting destinations and sometimes even hotels. And tourism managers have understood, culinary experiences nowadays are omnipresent and often well elaborated. The reason why the topic lost two ranks may indicate, though, that fantastic gastronomy and related activities are on their way from being a USP to becoming an attraction that many premium travelers expect in any destination, anywhere in this world, or at least in more developed regions.

Two concepts are key in this sense: authenticity and interaction. Authenticity as a trend clearly means less global Haute Cuisine and more simple, truly local food prepared using excellent ingredients by local chefs. Interaction with food and certain beverages can take place on different levels: interaction with the producers of the key ingredients, the people behind, interaction with the processing or elaboration of the final product, and interaction with the place, the origin of the food. This interaction can be physical and go as far as harvesting, producing or preparing the food learning-by-doing.

## Selected in-depth interview extracts

### Gastronomy as key travel motivation for the Chinese market...

Chinese are crazy about food; the more sophisticated the traveler, the more about local food. Gastronomy experiences are even key motivators for many travelers, giving a destination like Italy, for example, a tremendous competitive edge. Spain still needs to elaborate its positioning better here.

[Jennifer Zhang](#) - CEO Asialink - Ctrip - Spain

### The role of gastronomy...

We have a very clear approach to that: our guests have eaten in the best Michelin star restaurants around the world, they are familiar with Japanese, Italian and Ethiopian food, with molecular and fusion cuisine. We don't want to give them any of that here, we want them to experience truly local food in its best way. We support the building of an enormous traditional Maori recipe database by a Maori chief and hunter, for example, much to the joy and pride of many Maori families familiar. We engage Maori chefs and families because only this way we stimulate a connection with the place and with local culture. The other powerful component we add is our spectacular nature, eating where the food was grown or caught, sometimes far off civilization, no tablecloth anywhere near.

[Jean-Michel Jefferson](#) – Founder & Owner of Ahipara Travel – New Zealand

### The power of origin in Food & Beverage...

In no other aspect of travel, the power of origin is as obvious nowadays as in Food & Beverage. Many luxury travelers are tired of having a similar food styles, despite receiving top quality and beautiful design, all around the world. In a world of increasingly similar global tastes and brands, in food, many places successfully preserve, cultivate, and take pride in their very own unique local recipes and traditions. More and more chefs focus on local cuisine or even ban non-local dishes from the menu. Many culinary experiences nowadays even take travelers to the origin of the ingredients, visiting farms or food manufacturers in the countryside, and combining these visits with learning, harvesting, cooking or other similar experiences with chefs and owners.

[Vicky Vilches](#) - Luxury Travel Journalist - Spain

## “SMALL IS BEAUTIFUL”

RANK **6/25** - **8,0/10**

*Small personal accommodation & service, local & individual restaurants, shops & experiences, etc.*

**Changes vs. 2017** / Rank -2, Rate +0,2



The concept of “small” as used in this research brought up some other key terms. Detail. Personal. Intimate. Perfection. “Small” does not only relate to buildings like boutique hotels or restaurants, it also refers to seeing and taking care of all the yet so small and seemingly irrelevant elements of a trip or stay. Think of the saying “the devil is in the detail”. Luxury travel and hospitality professionals have to manage all the extremely small yet critical details on the one hand, while generating and delivering small often unexpected positive details on the other hand. This requires training and experience in order to understand all the micro elements responsible for customer satisfaction and a good dose of creativity in order to come up with little surprises that add to customer happiness and the feeling of going beyond expectations.

## Selected in-depth interview extracts

### How personalization shows in small details...

The basis of building a high-value travel experience is our well-structured process of understanding the customer. Value shows in the type of services, places, and experiences we offer, including private drivers, the best airport lounges, upgrades wherever possible, etc. But we go beyond that: before the trip, our customers receive a beautifully elaborated individual travel magazine featuring their unique trip, with their names in it. They receive luxury travel accessories, personalized stationery and more. This way we make the promise tangible and create joy and credibility up front.

**Gonzalo Gimeno** – Founder & CEO of Elefant Travel - Spain

### Indeed, small is beautiful...

We strongly believe in this concept and are glad to see it confirmed in the Barometer ranking. Our hotels typically have fewer than 100 rooms which sets the stage for each guest stay to feel more like a 'coming home'. There is a natural but special familiarity among guests – old and new - but also between guests and staff that you can only generate in a small hotel. We also take pride in taking great care of small details when servicing, often personalized based on our excellent guest knowledge which is cultivated through every customer interaction, be it on or offline.

**Arnaud Champenois** - CMO & VP Marketing & Branding Belmond - UK

### The myth that digital innovation mainly benefits large companies...

It is correct that especially among SMEs there is a big lack of awareness, understanding, and use of new digital technologies, especially in travel. It is not correct that some of the most interesting new technologies have high entry barriers both tech- and resource-wise. Many are based on simple APIs and have a direct positive economic impact or at least very low cost while having a positive impact on customer satisfaction, process efficiency or marketing reach, for example.

**Sandra Manresa** - Head of Travel at Google - Spain

*CRM, loyalty management, repeat visit strategies, product innovation, new segments development in established geo-markets, etc.*

Changes vs. 2017 / Rank +7, Rate +0,5



Established markets first, then let's take care of the rather young, often Asian, markets. This seems to be the clear understanding among business leaders in 2018. The topic rose 7 ranks compared to 2017. Also, its gap with the complementary topic "New geo-market development" widened significantly as the latter topic received a lower rating this year. While the difference was 0,7 rating points in 2017, it is 1,4 points now.

The last 2 years have shown strong growth from most established European and American markets. Some of the younger geo-markets like Russia have shown considerable volatility in the past. Also, many travel companies are now more realistic about revenue growth from the Chinese market, which keeps growing in volume but also has seen lower per-head spending recently. This is true especially for shopping, due to economic development in China, but also thanks to shifting behavior patterns by ever more experienced Chinese travelers.

## Selected in-depth interview extracts

### How to grow business in an established market as Spain...

Spain is not a highly developed market. Luxury travel brands practically do not exist, ours is no exception, but we are on our way to create such a brand. The word-of-mouth of our clients plays a key role as we play in a very small and exclusive niche where direct approaches and aggressive marketing never work. Word-of-mouth accounts for the vast majority of new clients. Our clients are in touch with one of our staff only. Always. For everything. Ideally for the rest of their lives, being THE go-to person for exclusive travel experiences. We do use social media also to share ideas and inspirational material, it is important to be visible there as well. To get to new customers, we design and host also very exclusive and intriguing events for our customers. They invite their friends to listen to fascinating speakers on different topics and fantastic travel experiences, all with an exceptional gastronomic experience. This has proven to be a successful intimate way to reach new customers, very important as many of our clients are public figures or even celebrities.

**Gonzalo Gimeno** – Founder & CEO of Elefant Travel - Spain

### Cultivating loyalty among guests from established markets...

Today, around two thirds of our customers are from the US and UK. We don't see dramatic shifts in guest structure, because we don't stimulate such shifts. We rather cultivate our loyal customers and capture their kids, families and friends, a more organic and we feel healthier growth for our brand. It's not only that our guests know about the value of Belmond for them, we also know about the value of them for Belmond. We can maximize this value because we know our customers so well, how to please and also how to surprise them. On this foundation, we are excited to bring our brand to new markets – something we have started to do more proactively since the launch of our global brand campaign, last year. As our brand gains tractions in important markets such as Asia, Middle-East, Africa and further afield, we can not wait to welcome the next wave of discerning travelers as they discover and rediscover our wonderful world.

**Arnaud Champenois** - CMO & VP Marketing & Branding Belmond - UK

### On customer segmentation in a rather mature market like Germany...

Our clients are almost entirely from Germanic Europe, ranging from mass affluent to UHNWIs. We use different labels to represent the big two basic groups we find across all levels of higher incomes: those going after “classic” luxury, where luxury mainly is about featuring “more” of everything (more glamour, more service, bigger rooms, more expensive ancillary items, etc.) and those going after “natural” luxury, where the concept is about “less”/smart reduction to the basics, focus on what really counts and reducing all distracting factors, sometimes even WiFi or a closed room. The latter concept attracts rather young travelers or “social climbers”, people that have successfully placed a start-up, consultants, but also footballers. They usually are more interested in this concept, which also strongly includes memorable experiences. Experiences are less and less about superlatives, but rather about “back to basics”, to nature, to oneself, to time with loved ones. The “classic” luxury approach remains

important, too, though, usually attracting more mature travelers like the “empty nesters”. With our much discussed entry into social media, especially Instagram and Facebook, we managed to reduce the average age of our guests by 5 years, though, in the past 5 years, and the “natural/less is more” concept is, albeit very slowly, outperforming the classic approach at airtours. To further cluster guests, we offer an “airtours Finest” selection featuring only the very best hotels in the world and have an “Inner Circle” club for loyal premium clients with a set of additional benefits both while traveling and at home.

**Steffen Boehnke** - Director airtours/TUI Group – Germany

### **How to (not) wow a Latin American premium traveler...**

As an unfortunate matter of fact, the income disparity in Latin America is huge. As a consequence, many premium travelers employ service staff and are used to totally personalized, warm 24/7 attention on a day-to-day basis. Wowing them with service quality will be very difficult. Most will also own a private beach, mountain or farmhouse, so visiting a social eco-papaya farm project in Sri Lanka, for example, will not appeal to them as much as to a traveler from Paris, Moscow, or New York. Also, warm and sunny weather, great beaches or landscapes are often nearby and no key motivation to travel far unless there is a truly exceptional beach or ambience. A prime motivation is cultural experiences, with a strong affinity towards European and increasingly also Asian cultures, local food & gastronomy being a key aspect. With Latin Americans usually being very communicative and open travelers, authentic local culture experiences in contact with locals and other travelers are great ways to engage with and wow them.

**Javier Arredondo** – Founder & CEO of Travesias Media - Mexico

### **Segmentation between established and young geo-markets...**

Segmentation is extremely important for us as on the one hand we have a tremendous span of global tourist source markets present in Madrid and on the other hand, we have a social and educational mission for Spaniards, especially Madrileños, reaching from upper-class culture buffs to underprivileged families and kids. In line with the Barometer result of the increased importance to take good care of the established markets, we put one focus on product innovation in order to make repeat visitors to Madrid also repeat visitors of our museum. Of course, we also have adapted communication, themes, tours, museum shop and gastronomy to cater to Chinese and Russian visitors, for example. Overall, though, and this may explain the wide gap between the Barometer topics “established markets stimulation” and “young source markets development” efforts, the influx of Chinese visitors has not been as massive as expected some years ago. European and American source markets still dominate our business.

**Evelio Acevedo** - Director Thyssen-Bornemisza Museum Madrid - Spain



*Corporate innovation culture and management, out-of-the-box thinking, error tolerance, high tech, cross-industry collaboration, etc.*

Changes vs. 2017 / Rank +1, Rate +0,3



Innovation management maintained its spot in the Top 10 and even climbed up one rank compared to 2017. The topic is much associated with the implementation of new, mainly digital, technologies. Our experts share the opinion that the premium travel sector, especially the many small and medium-sized companies which dominate the competitive landscape, in the smart use of hi-tech are far behind other luxury sectors like fashion or retail, for example. Despite an abundant offer of low-cost and low-complexity solutions with proven success cases from other industries, the perceived tech barrier is still high.

Consumers, especially from Asia, are far ahead of many companies. The latter miss out on improving their market position and performance while new technologies , e.g. voice, rapidly change the way travelers search, book, and behave pre, post and during travel.

Yet, there is a clear warning to the many companies believing that innovation simply means going digital and integrating the latest tech tools. The transfer into better/leaner business processes and improved customer experiences deserves just as much, usually even more attention. Technology

should be seen as a means, not the goal. This requires sometimes radical changes to traditional ways of leadership, corporate culture, and business models.

## Selected in-depth interview extracts

### What to expect in tech for luxury travel...

Voice is definitely changing the way we look up travel options, leading to more sophisticated searches and service interactions. Already, 20-30% of search worldwide is now done via voice. Our research shows that the way people search is very different from type-in. Voice search is so much richer, in particular by integrating more descriptive terms.

Artificial Intelligence and machine learning will as well have a big impact on Luxury Travel, e.g. helping hoteliers to deliver more personalized experiences based on individual choices and passions. The technologies are already available, and more and more companies explore the opportunities. We expect this to pick up market speed in near future.

[Sandra Manresa](#) - Head of Travel at Google - Spain

### How to constantly innovate around a topic like classic arts...

Much is based on professional observation, of culture, of life in our city, society, travel, etc. We teamed up with an observatory of the University of Navarra – C4E -, to professionalize and process this kind of observation frequently. In bi-monthly meetings, we review everything the team has found out about initiatives of other museums and other industries around the world, for example. Innovation at our museum is about novel experiences and events, but it is also needed regarding marketing and loyalty management, for example. A good reason for us to include research also on these aspects and look at relevant cases and best practices of successful companies and institutions around the world. Careful and organized observation is also important for the timely detection of interesting global, national or local events we use to come up with interesting themes and temporary experiences, from Women's Day to Fashion Week Madrid.

[Evelio Acevedo](#) - Director Thyssen-Bornemisza Museum Madrid - Spain

### How ITH stimulates this development...

We focus on two things: making sure hospitality and technology providers find and understand each other and secondly fostering the understanding that technology is an important tool, but not the ultimate goal. Its implementation must carry staff with them and often must even result in leadership mind-shifts and changed business models. We run events like FiturtechY where we bring professionals together to discuss proper technologies and related management approaches that can lead to improved performance and customer experiences in our sector.

[Alvaro Carrillo de Albornoz](#) - Director General of Hotel Technology Institute/ITH - Spain

### **On innovation management...**

I talked a lot about technology, but innovation is not only about the latest digital technologies. More than that and more than ever, innovation is about understanding that tech only is the means and that the innovation challenge is mainly cultural. How can we use technology to disrupt traditional business models, how to be faster and more efficient than the competition, and ultimately, how to use it for the improved creation and customization of outstanding travel experiences? In Spain, we have a huge Latin cultural challenge, in addition, it is hard to sell the need for change after decades of continued success as a tourist destination.

**Alvaro Carrillo de Albornoz** - Director General of Hotel Technology Institute/ITH - Spain

*Multi-generation family travel offers, family or friends reunion travel, special activities, spaces, settings, and offers, etc.*

Changes vs. 2017 / Rank +11, Rate +0,7



The topic of human connection is THE big winner in this year's Barometer. Connection with family & friends climbed 11 ranks compared to 2017, more than any other topic. There are two big reasons for that development. Lack of time for the people that matter most to us in our increasingly hectic lives is one. This is especially true among affluent travelers, often top executives or business owners. The other reason is the huge and still growing volume of social interactions due to ever more interactive work styles and the strong use of digital communication means, usually on a mere professional or rather superficial level, not connecting with our hearts.

That's why holidays, the time away from many of those day-to-day connections, is such an important opportunity to connect with those people that are most important in our lives. Luxury travel providers must understand their role also as managers and protectors of time slots and settings ideal to stimulate meaningful connection with each other.

More and more often the approaches, in terms of both hardware and software, need to be adapted to non-traditional family travel group compositions: 15 people from 4 generations, single parent with kid(s), or family reunions with members arriving from many different corners of the world, for example.

## Selected in-depth interview extracts

### **Time to connect with the loved ones...**

Multi-generational travel has become a big field for us. We consider ourselves facilitators of rich encounters among family members, no matter if it's two people from two generations or 20 people from four generations. The soul of luxury is based on time, which usually is a very scarce good for our guests. To a certain degree, we are managers of our guest's time and we take this job very seriously. We make sure they don't lose any unnecessary time with the unpleasant side-effects of traveling and we maximize the time for whatever matters most to them when on holidays.

**Arnaud Champenois** - CMO & VP Marketing & Branding Belmond - UK

### **About the biggest winner in this year's ranking: Connecting with family & friends...**

This is no surprise for us. With more and more people interacting with each other, both in professional life – think of the many meetings, business networks and emails nowadays – and in private life – think of connections via social media, people find it a luxury to be able to look more inward, to focus only on the inner circle of persons around them: family and friends. This is hard to achieve in daily life, but a key desire for many when traveling. We provide the bonding and meaningful experiences, which provides a sort of “social glue.”

**Doug Easton & John Ziegler** – Founders & Owners of Celestielle - USA

### **Connecting people and places....**

The research highlights “Connecting with family + friends”, but also “...with locals and other travelers”. I would like to add the concept of connecting with a place. We are facilitators of all of these three types of connections, and they do overlap to a certain degree. It's not the things we see that define us as human beings, it's how we connect with other people. Connecting to places also happens through connecting with people. Example: we fly some guests by helicopter to one of the best and most beautiful fishing places for lobsters, abalone, or types of fish only present in New Zealand, incredibly tasty ones by the way. The helicopter pilot is a true local fishing freak, who teaches them everything about the fish, this, his favorite place on earth, the process and they all finish the experience grilling the fresh catch on the spot in the middle of the most beautiful Nowhere you can imagine. All this beauty only comes alive because they connect to it through this unique local.

**Jean-Michel Jefferson** – Founder & Owner of Ahipara Travel – New Zealand

*Enabling authentic, eye-level encounters with local peers or experts, connecting single travelers or people sharing a certain passion, etc.*

**Changes vs. 2017** / Rank +7, Rate +0,5



From the outside, more and more destinations look alike: similar brands, similar architecture, fashion, retail, and foods. New and stimulating travel impressions become increasingly hard to find at first sight. The more experienced, the more travelers understand that the best way to live unique, moving, or even transforming experiences usually happen through meaningful interactions with people from different cultural backgrounds, with different views and stories to tell.

The experience market places are selling this type of service more and more – true experiences instead of plain, fun activities, both for smaller and, in more refined versions, larger budgets. Many unique experiences, though, by their very nature are not scalable. Luxury travel designers have totally different skills and resources to invest in the selection or design, adaption, and preparation of meaningful encounters. It is one of the areas where premium travel companies can create a real experience premium, the biggest added value compared to standard travel arrangements.

## Selected in-depth interview extracts

### Chinese want to mingle...

On the other hand, and this is growing much faster, younger travelers, extremely tech-savvy, well-traveled, English-speaking, with a cosmopolitan mindset, that look for true authentic experiences. They want to mingle with locals in un-staged ways, even prefer private places over hotels. They want to learn how to prepare local dishes, hate group tours, and look for extraordinary low-key local experiences as offered by Airbnb, for example.

**Jennifer Zhang** – CEO Asialink - Ctrip - Spain

### How to stimulate connection...

We mostly choose non-travel professionals as hosts for the experiences. I mentioned the local fishing expert, he is not a tour guide or a tourism expert. But he is the most passionate guy about fishing and about the waters in his area, you can't teach that to anyone, it's in his DNA. Other types of people include a Doctor and his wife that have studied the healthiest cuisines in the world, published books about it and sometimes host guests from us that want to learn about their approach to healing food. We let foreign CEOs meet local CEOs interested in exchanging views with global peers over dinner. We select Maori people able to transmit the very soul and root of New Zealand's culture. Of course, we have to and we do coach these unique locals to make sure both they and our guests enjoy and make the most of the encounters.

**Jean-Michel Jefferson** – Founder & Owner of Ahipara Travel – New Zealand

### How to connect families and strangers through arts...

Families' travel agendas are often somewhat dictated by the kids' interests. One more good reason for us to create family- and kid-friendly experiences. We organize fun workshops, for example, and it is great to see how sometimes local and tourist visitors mingle in our English-speaking workshops, especially families with higher incomes. Another important target is millennial travelers. We often decide for a thematic Leitmotif appealing to them, e.g. fashion, , wine, love, , environment, etc. Here we are especially challenged to use lots of creativity, imagination and also technology to make it attractive for younger audiences. One way is involving other senses, e.g. making famous pictures come alive through virtual reality, storytelling and the creation of sound arrangements incl. voices, natural sounds, and music letting you "travel" into a specific picture scene.

**Evelio Acevedo** - Director Thyssen-Bornemisza Museum Madrid - Spain

# EXPERTS IN FOCUS

**EVELIO  
ACEVEDO**

#innovation #connection #established\_markets #culturaltravel  
#segmentation #new\_markets

**QUENTIN  
DESURMONT**

#quality\_management #recruiting #training #trends #SMEs  
#b2b\_networking #labeling #professionalization

**SANDRA  
MANRESA**

#innovation #technology #social\_media #segmentation #personalization  
#SMEs #AI

**JEAN-MICHEL  
JEFFERSON**

#connection #gastronomy #personalization #experiences #wow-factor  
#authenticity #industry\_outsiders

**VICKY  
VILCHES**

#personalization #quality\_management #hospitality #gastronomy #origin  
#authenticity #technology

**GONZALO  
GIMENO**

#recruiting #training #personalization #small\_is\_beautiful  
#established\_markets #client-centric

**STEFFEN  
BOEHNKE**

#quality\_management #distribution #segmentation  
#premium\_vs\_standard #training

**ÁLVARO  
CARRILLO DE  
ALBORNOZ**

#personalization #innovation #hospitality #technology #recruiting  
#training

**DOUG EASTON  
JOHN ZIEGLER**

#experiences #quality\_management #connection #personalization  
#safety #simplicity

**ARNAUD  
CHAMPENOIS**

#experiences #storytelling #training #small\_is\_beautiful  
#established\_markets #connection



## EXPERT IN FOCUS

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### EVELIO ACEVEDO

DIRECTOR THYSSEN BORNEMISZA MUSEUM.  
Madrid, Spain

“ ...uses arts for the art of attracting tourists and fulfilling a social local mission at the same time

#innovation #connection #established\_markets #culturaltravel #segmentation  
#new\_markets

#### How to constantly innovate around a topic like classic arts...

Much is based on professional observation, of culture, of life in our city, society, travel, etc. We teamed up with an observatory of the University of Navarra – C4E -, to professionalize and process this kind of observation frequently. In bi-monthly meetings, we scan through all the team has found out about initiatives of other museums and other industries around the world, for example. Innovation at our museum is about novel experiences and events, but also needed regarding marketing and loyalty management, for example. A good reason for us to include research also on these aspects and look at relevant cases and best practices of successful companies and institutions around the world. Careful and organized observation is also important to timely detect interesting global, national or local events we use to come up with interesting themes and temporary experiences, from Women's Day to Fashion Week Madrid.

#### Segmentation between established and young geo-markets...

Segmentation is extremely important for us as on the one hand we have a tremendous span of global tourist source markets present in Madrid and on the other hand, we have a social and educational mission for Spaniards, especially Madrileños, reaching from upper-class culture buffs to underprivileged families and kids. In line with the Barometer result of the increased importance to take good care of the established markets, we put one focus on product innovation in order to make repeat visitors to Madrid also repeat visitors of our museum. Of course, we also have adapted communication, themes, tours, museum shop and gastronomy to cater to Chinese and Russian

visitors, for example. Overall, though, and this may explain the wide gap between the Barometer topics “established markets stimulation” and “young source markets development” efforts, the influx of Chinese visitors has not been as massive as expected some years ago. European and American source markets still dominate our business

### **How to attract also younger targets and families to classic arts...**

Families' travel agendas are often somewhat dictated by the kids' interests. One more good reason for us to create family- and kid-friendly experiences. We organize fun workshops, for example, and it is great to see how sometimes local and tourist visitors mingle in our English-speaking workshops, especially families with higher incomes. Another important target is millennial travelers. We often decide for a thematic Leitmotif appealing to them, e.g. fashion, , wine, love, , environment, etc. Here we are especially challenged to use lots of creativity, imagination and also technology to make it attractive for younger audiences. One way is involving other senses, e.g. making famous pictures come alive through virtual reality, storytelling and the creation of sound arrangements incl. voices, natural sounds, and music letting you “travel” into a specific picture scene.

### **On the necessity of marketing in times of overtourism in many top European cities...**

We usually don't have capacity problems with the permanent exhibition and have learned to manage crowds very well. It often is a problem with popular temporary exhibitions, though. Especially here in Spain, visitors are not yet used to online-reservations (currently 18% at the Thyssen-Bornemisza), but we expect this to change in the future. It would also be interesting to better collaborate with other museums making the collection travel and can be known in other cities of Spain and through world. The city council could be more supportive here, all marketing, bureaucracy and funding wise. We cannot forget the economical value of culture for Madrid. Our marketing is often very targeted, e.g. we run a successful campaign granting free entry to people shooting a great selfie with one our campaign posters across subway stations in Madrid. This was a great success among younger visitors.

## EXPERT IN FOCUS

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## QUENTIN DESURMONT

FOUNDER & CEO OF TRAVELLER MADE  
France

“ ...we need business networking driving the professionalization of the global luxury travel sector

#quality\_management #recruiting #training #trends #SMEs #b2b\_networking #labeling  
#professionalization

### The value of a business network like Traveller Made...

Luxury travel is suffering from a lack of transparency and understanding. First, regarding the true value outstanding travel designers can create for the so-called High and Ultra High Networth Individuals. Secondly, there is a lack of best practices and tools shared among the mostly small companies in this highly complex field of business. Finally, there is way too little research, industry data and business intelligence available. All this is much needed in a market that has roughly doubled in the past 10 years. Only by leveraging the mentioned aspects together, the many small companies can continue to improve business performance and service quality in such a quickly growing market.

### Key factor staff...

Of course, we train and coach our people, but people we recruit need to already bring a very specific mindset. Let's call it luxury attitude, an eye for detail, thoroughness and thoughtfulness, a certain elegance, and most importantly, a capability to understand and communicate also with UHNWIs. It's the kind of people that would first see and jump to help an elderly lady trying to cross a busy traffic light. This luxury attitude to me is paramount. We need to recruit from schools that offer programs teaching luxury attitude and marketing and business when hiring grads. Also, when looking for senior professionals we also look in other luxury industries. These people can bring in interesting contacts and fresh ideas.

## **The evolution towards a system of guaranteed travel excellence on the highest level...**

Of course, tailormade is the crucial element in our service and we're always on the hunt for novelties for each esteemed guest. At the same time, we're working on establishing a label all of us luxury travel designers and agents and our customers can trust when scanning hotels, services, and experiences. I call it Haute Villégiature, following the concepts of Haute Couture or Haute Cuisine, for example. It is a highly professional approach towards certified and labeled outstanding travel experiences. Compared to the 5 stars a hotel can achieve, Haute Villégiature goes far beyond: we're working on a complex set of criteria focusing on the wow-factor, on people skills, innovation, surprise, and uniqueness, to name a few. Because luxury today is not about hardware anymore, it is about wow-moments, unique and memorable experiences, stories for a lifetime.

## **How to manage outstanding quality in a small company...**

There is a very elementary basis for delivering top quality in our business: passion! Cultivating this passion yourself and for your staff is the single most important driver of quality. Of course, it is not enough, in order to deliver excellent craftsmanship five components of management are key in our business. They are:

- focus on a tailor-made approach
- deep client knowledge based on the art of professional listening
- destination and local culture know-how fed by extensive personal travel
- supplier knowledge and connection to the partner company leaders
- crisis and challenge management for any unforeseen development

## **On current ultra-luxury trends...**

Many of our members are fully or partially active in the ultra-luxury segment. And here we have some very particular trends I gladly share with you. We identified six in our research:

1. Emotional travel. Travel as means of emotional fulfillment, like love and arts. The creation of memorable wow-moments.
2. Pioneering. But the safe and comfortable way, expedition-like travel, i.e. with scientists to places where few have been before.
3. Privacy & intimacy. Giving the option to fully withdraw from other people. Private places like villas or luxury flats are on the rise.
4. Slow travel. The way is the goal or at least arriving to the destination not the fastest way but in a way that allows for "being away from it all" already the moment you arrive.
5. Last chance to see. Visiting places that are being lost soon, endangered cultural or natural places, changing landscapes due to climate change or places losing their soul to mass tourism.
6. Feel the universe. Through magic encounters with outstanding other individuals, connection through shared or inspiring interests, origins, or stories, from CEO to Maori chief.

## **How Traveller Made contributes to quality management in the sector....**

The power of community we generate all together at Traveller Made is tremendous. There is a deep understanding and spirit of win-win, of sharing knowledge and helping each other to grow and become better. We help each other finding or assessing destination partners, we cross-recommend clients if we feel someone else can fulfill those specific travel dreams better, we exchange information, research, and best practices. As a community we strive to establish more professional processes and standards, applying research and exchange with professionals from other luxury sectors or academia. We all benefit from a set of tools, from agency certificates, surveys, meetings, webinars, forums, fam trips, extranet, etc. This special spirit we share at Traveller Made has not only helped us to stimulate excellence, but also led to enriching personal connections and friendships with other “luxury travel freaks” around the world.

## EXPERT IN FOCUS

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### SANDRA MANRESA

HEAD OF TRAVEL AT GOOGLE  
Spain

“...luxury travel companies can learn so much from other, far more advanced luxury sectors

#innovation #technology #social\_media #segmentation #personalization #SMEs #AI

#### **Segmentation is not being replaced by personalization, it still is a very necessary step before...**

I am a bit surprised by the low ranking and the descent of segmentation compared with the last two years. And I've heard the arguments: luxury travelers don't want to be clustered, we're in the era of personalized marketing, etc. At google we strongly believe in the power of segmentation, especially in the pre-travel phases and even more the pre-booking stages. Sociodemographic data are still important in this process, but in addition interests, lifestyles, values have to be taken into consideration, of course. This segmentation job needs to be done properly: when wanting to inspire and inform new potential clients about travel products you usually don't know enough about people to personalize your marketing and need to trust in segmentation.

#### **The use of social media in luxury marketing...**

We see a great difference in the use of social media between luxury travel brands and luxury fashion brands, for example. Retail and fashion brands show luxury consumers do value social media marketing if done well and placed well. Especially well-segmented youtube marketing campaigns have been very successful for many of those brands. Segmentation is applied here through lifestyle but also geographic criteria as tastes and interests do differ also among luxury consumers worldwide.

## **The myth that digital innovation mainly benefits large companies...**

It is correct that especially among SMEs there is a big lack of awareness, understanding, and use of new digital technologies, especially in travel. It is not correct that some of the most interesting new technologies have high entry barriers both tech- and resource-wise. Many are based on simple APIs and have a direct positive economic impact or at least very low cost while having a positive impact on customer satisfaction, process efficiency or marketing reach, for example.

## **What to expect from tech for luxury travel...**

Voice is definitely changing the way look up travel options, leading to more sophisticated searches and service interactions. Already now, 20-30% of search worldwide is done via voice and our research shows that the way people search is very different from type-in. Voice search is so much richer, especially by integrating more descriptive terms usually.

Artificial Intelligence and machine learning will as well have a big impact on Luxury Travel, e.g. helping hoteliers to deliver more personalized experiences based on individual choices and passions. The technologies are already available, and more and more companies explore the opportunities. We expect this to pick up market speed in near future.

## EXPERT IN FOCUS

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### JEAN-MICHEL JEFFERSON

FOUNDER & OWNER OF AHIPARA TRAVEL  
New Zealand

“...is a radical when it comes to interpreting luxury the experiential way

#connection #gastronomy #personalization #experiences #wow-factor #authenticity  
#industry\_outsiders

#### The experiential approach to luxury...

At Ahipara we look beyond material stuff, we blow away the fluff often still associated with luxury travel. Our customer approach is casual, on eye-level, friendly and fun. Traveling is also a lot about having fun, we try to convey this starting with the first client interaction. This kind of interaction is also what we coach our staff and partners so that it is consistent from the first contact to flying home again. Our goal is to provide our customers with Wow-moments every day. A day without a true wow-moment is a lost day. And I can relate so much to the highly rated topic of connection in the Barometer.

#### What connection means at Ahipara....

The research highlights “Connecting with family + friends”, but also “...with locals and other travelers”. I would like to add the concept of connecting with a place. We are facilitators of all of these three types of connections, and they do overlap to a certain degree. It’s not the things we see that define us as human beings, it’s how we connect with other people. Connecting to places also happens through connecting with people. Example: we fly some guests by helicopter to one of the best and most beautiful fishing places for lobsters, abalone, or types of fish only present in New Zealand, incredibly tasty ones by the way. The helicopter pilot is a true local fishing freak, who teaches them everything about the fish, this, his favorite place on earth, the process and they all finish the experience grilling the fresh catch on the spot in the middle of the most beautiful Nowhere you can imagine. All this beauty only comes alive because they connect to it through this unique local.



### **How to stimulate connection...**

We mostly choose non-travel professionals as hosts for the experiences. I mentioned the local fishing expert, he is not a tour guide or a tourism expert. But he is the most passionate guy about fishing and about the waters in his area, you can't teach that to anyone, it's in his DNA. Other types of people include a Doctor and his wife that have studied the healthiest cuisines in the world, published books about it and sometimes host guests from us that want to learn about their approach to healing food. We let foreign CEOs meet local CEOs interested in exchanging views with global peers over dinner. We select Maori people able to transmit the very soul and root of New Zealand's culture. Of course, we have to and we do coach these unique locals to make sure both they and our guests enjoy and make the most of the encounters.

### **The role of gastronomy...**

We have a very clear approach to that: our guests have eaten in the best Michelin star restaurants around the world, they are familiar with Japanese, Italian and Ethiopian food, with molecular and fusion cuisine. We don't want to give them any of that here, we want them to experience truly local food in its best way. We support the building of an enormous traditional Maori recipe database by a Maori chief and hunter, for example, much to the joy and pride of many Maori families familiar. We engage Maori chefs and families because only this way we stimulate a connection with the place and with local culture. The other powerful component we add is our spectacular nature, eating where the food was grown or caught, sometimes far off civilization, no tablecloth anywhere near.

### **On lacking market awareness about the value provided by custom travel designers...**

This is a constant challenge as even some of the most affluent travelers compare custom designer offers with prices they find on the internet. We need to create awareness of the extra value we provide. We don't offer them trips to their dream destinations or simply covering their biggest interests. We dig deeper and try to cater to those needs behind preferred places and interests. That is where we can find the wow-factor. We make sure the travel experience is smooth and seamless. We change plans on the spot if desired or needed, we visit all the places and people beforehand and we prepare that magic connection I mentioned before, we turn on a place for you. This is our value, but it still needs to be communicated better.

## EXPERT IN FOCUS

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### VICKY VILCHES

LUXURY TRAVEL JOURNALIST  
Spain

“...the most fascinating place to sit and observe the world of luxury travel is a hotel lobby

#personalization #quality\_management #hospitality #gastronomy #origin #authenticity #technology

#### The power of origin in Food & Beverage...

In no other aspect of travel, the power of origin is as obvious nowadays as in Food & Beverage. Many luxury travelers are tired of having a similar food styles, despite receiving top quality and beautiful design, all around the world. In a world of increasingly similar global tastes and brands, in food, many places successfully preserve, cultivate, and take pride in their very own unique local recipes and traditions. More and more chefs focus on local cuisine or even ban non-local dishes from the menu. Many culinary experiences nowadays even take travelers to the origin of the ingredients, visiting farms or food manufacturers in the countryside, and combining these visits with learning, harvesting, cooking or other similar experiences with chefs and owners.

#### The power of origin in accommodation...

Origin can be interpreted in two ways. Origin referring to the place of the accommodation and origin as birthplace of a brand. On the one hand, many hospitality brands less and less push a corporate design for their hotels around the world and rather integrate more and more local elements, regarding both architecture and interior design. On the other hand, a brand like Bulgari operates one of the most acclaimed hotels in Dubai, totally celebrating the Dolce Vita of Italy, its homeland. Both approaches also give personality to hotels in various other ways, thinking through very well welcome gifts, amenities, mini-bar, etc. By the way, unlike Italy, Spain is not nearly as much taking advantage of

its world-famous lifestyle and food as Italy. I believe the potential is tremendous, we're talking about the world's biggest international travel destination, and the time is right.

### **“Show them you know them”...**

I am so fortunate to visit many of the best hotels around the world professionally and analyze the ways they work hard on optimizing both personalization and personality. All their guests want a certain VIP feeling. The staff recognizing guests is the foundation, of course, for any personalized act. There are different ways to do that, I saw hotels where guest pictures were hanging on the kitchen walls. A beach hotel handing out beautiful and handy beach bags used by their guests, for every segment a different color, so staff could easily identify different clusters, etc. And as they say, “the music we love most is the sound of our names”. The Ritz in Paris had napkins with my stitched initials, for example, and in other places all of the staff greets me by name. But there also is a danger in overusing client's names when there is no personalized knowledge and action behind.

### **On high-tech vs. high-touch and tradition...**

It is out of the question that we will see more use of big data and AI, also in luxury travel, at the back-end but also carefully at the front-end. It is also out of the question that luxury travelers will accept more and more virtual services. This means two things for high touch. One, the expectations regarding personal attention and service will be higher than ever, as also guests know and learn how high-tech can and should help to improve high-touch; and two, as slowly human service quantity becomes less, its quality must go up. Furthermore, it is important to not lose valuable traditions and classic cultural elements vs. technology in this “great new world”. Japan is a great case study here, where high tech is very advanced while old tradition is kept up. Not only in museums, but visibly for travelers also in many of the best Japanese hotels.

### **The relevance of a star-based hotel classification system...**

The stars are still a good basic guidance system, they're a bit like the Oscars and make choice somewhat easier in a world with a huge offer of luxury accommodation. Yet there is so much more diversification in luxury accommodation nowadays which is not reflected in a star-based system. Here, the definition of very clear brand attributes and authentic and credible storytelling come into place. Consumers must understand which type of luxury to expect when booking a certain brand. Especially well-done visual storytelling, seducing and inspiring, is extremely powerful. I see a long way to go here for many luxury accommodation providers, though. It is incredible how sloppy this is done at times, how poor the visual aesthetics of pictures and videos and how uninspiring social media use still is all too often. Also, especially in the Mediterranean, I still find too many bad 5-star and too few good 4-star hotels, showing that the criteria for a 5-star hotel probably should be updated.

## EXPERT IN FOCUS

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### **GONZALO GIMENO**

FOUNDER OF ELEFANT TRAVEL  
Spain

“...large parts of the sector are still stuck in  
the product-centric 80s

#recruiting #training #personalization #small\_is\_beautiful #established\_markets #client-centric #professionalization

#### **On the big flaws in traditional approaches to luxury travel...**

Many suppliers, also in the luxury sector, still follow a clearly product-centric approach and have not made the shift towards the much needed client-centric approach. They sell what they know and have in their portfolios, but have not cultivated the art of carefully asking and listening to their clients. Many still put destinations into the center of the consulting process, but travel is much bigger than destinations. It's about what you live and experience, and often the place is of minor importance. Also many mistake the concept of luxury for finding the extraordinary. While I agree that surprise is an interesting element, the (Ultra) High Networth Individuals we have as customers are merely looking for added value, the kind they cherish. That's what we travel designers have to identify and build for them.

#### **Identifying what great value is for each client...**

At Elefant Travel that is an extremely elaborate process, we have rehearsed and refined throughout many test sessions with the entire team. We meet up when and where our clients want, often in their private homes, also late at night if desired. We learn a lot about them when simply seeing their homes already, observing the way they interact with family members or staff, the way they play their role as host, the style and art pieces, pets, etc. So even before we enter into the consultation process, we already pick up crucial information about the way they probably like to be served, possible styles of accommodation, etc. When we talk we often suggest not to name specific destinations, we want to understand what value they are really searching for with that upcoming trip.

### **The essential role of staff...**

One of the greatest challenges is finding people with a luxury attitude, a background that allows for the detection of common ground, for eye-level conversation, for the creation of personal chemistry with our clients. Most of our staff have visited private schools, studied abroad, and are in some way already familiar with the High Networth world from the inside, their codes of behavior and communication. We sell a promise and people need to trust the designer and messenger of that promise. This luxury understanding plus a professional business approach and passion for travel is hard to find in a person. Passion for travel also means traveling a lot yourself, 200 days a year or more, so that each of us personally know the people, experiences, and places we present. We tell about those places, we are into telling, not selling. We run a very clear process to develop our staff personally and professionally, building key competencies, using KPIs, in order to take them from one to the next seniority level, a bit like in a consulting firm.

### **How personalization shows in small details...**

The basis of building a high-value travel experience is our well-structured process of understanding the customer. Value shows in the type of services, places, and experiences we offer, including private drivers, the best airport lounges, upgrades wherever possible, etc. But we go beyond that: before the trip, our customers receive a beautifully elaborated individual travel magazine featuring their unique trip, with their names in it. They receive luxury travel accessories, personalized stationery and more. This way we make the promise tangible and create joy and credibility up front.

### **How to grow business in an established market as Spain...**

Spain is not a highly developed market. Luxury travel brands practically do not exist, ours is no exception, but we are on our way to create such a brand. The word-of-mouth of our clients plays a key role as we play in a very small and exclusive niche where direct approaches and aggressive marketing never work. Word-of-mouth accounts for the vast majority of new clients. Our clients are in touch with one of our staff only. Always. For everything. Ideally for the rest of their lives, being THE go-to person for exclusive travel experiences. We do use social media also to share ideas and inspirational material, it is important to be visible there as well. To get to new customers, we design and host also very exclusive and intriguing events for our customers. They invite their friends to listen to fascinating speakers on different topics and fantastic travel experiences, all with an exceptional gastronomic experience. This has proven to be a successful intimate way to reach new customers, very important as many of our clients are public figures or even celebrities.

## EXPERT IN FOCUS

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**STEFFEN BOEHNKE**  
DIRECTOR AIRTOURS/TUI GROUP  
Germany

“...embracing a huge trend called “back to basic” at airtours

#quality\_management #distribution #segmentation #premium\_vs\_standard #training

### The role of 3<sup>rd</sup> party distribution partners...

At airtours, we largely depend on our strong network of distribution partners, many of them still brick-and-mortar agencies. We have a two-level filter system to decide about possible partner agencies. On the one hand, we benefit from being part of the huge TUI distribution system which already has high legal, financial, quality and location-based entry barriers. The second filter is the capability to sell a certain minimum (100k €/year) of airtours luxury products and pass the test executed by an airtours distribution expert visiting the agency. Once approved as airtours partner, these well-selected agencies benefit from outstanding direct distribution support and service. Of course, we also sell via our website and have a strong call center with extremely well-prepared staff, including designers for totally custom-made trips on demand.

### Ensure continued quality at the point-of-sale...

We go new ways in B2B seminars, unseen so far in German luxury travel marketing. With the “airtours & friends” luxury academy we host 1-2-day workshops in 5 different moduls for sales agents, training them in topics like travel storytelling (including storybooks, examples, checklists, etc., done by a journalist), body language and personal presence (done by professional actor, incl. video trainings) or creative consultation and sales processes, including the generation of Wow-moments (based on a so-called “Wow-guide”). These workshops are always overbooked and the feedback is that nearly all agencies increase their airtours luxury travel sales afterward. We put the same effort in special trainings for our hotel partners, by the way, with workshops led by the German President of Le Clefs

d'Or, for example (as part of "airtours&friends" program). We have redesigned all trainings and B2B communication 4-5 years ago, taking into consideration the need for ever more inspiration and experiential elements in luxury travel. And we're trying to improve all our sales tools and measures year by year. The feedback from all participants is our driving energy for continued improvement.

### **How to differentiate from the already above-average positioned quality brand TUI...**

We are part of the TUI group – the largest travel company of the world ;o) - and that brings along certain competitive advantages, as mentioned in the distribution strategy earlier on. We don't actively show this association with the brand, though, the TUI "Smiley" is not visible on our website and print material, for example (airtours isn't endorsed). We only feature 4,5- 6 star (own categories) hotels in our portfolio and have different airtours benefits for our guests in all hotels, from room upgrades to Spa treatments, for example. Also, our clients after arrival are picked-up by a private Limo always, have 1<sup>st</sup> class train tickets to the airports in Germany or optionally a limo pick-up. Optionally also, they could choose for a private jet, too. All our guests are contacted on the first day by our local representative who is available 24/7 via different channels, telephone, app, also sometimes at hotel reception, etc.

### **On customer segmentation in a rather mature market ...**

Our clients are almost entirely from Germanic Europe, ranging from mass affluent to UHNWIs. We use different labels to represent the big two basic groups we find across all levels of higher incomes: those going after "classic" luxury, where luxury mainly is about featuring "more" of everything (more glamour, more service, bigger rooms, more expensive ancillary items, etc.) and those going after "natural" luxury, where the concept is about "less"/smart reduction to the basics, focus on what really counts and reducing all distracting factors, sometimes even WiFi or a closed room. The latter concept attracts rather young travelers or "social climbers", people that have successfully placed a start-up, consultants, but also footballers. They usually are more interested in this concept, which also strongly includes memorable experiences. Experiences are less and less about superlatives, but rather about "back to basics", to nature, to oneself, to time with loved ones. The "classic" luxury approach remains important, too, though, usually attracting more mature travelers like the "empty nesters". With our much discussed entry into social media, especially Instagram and Facebook, we managed to reduce the average age of our guests by 5 years, though, in the past 5 years, and the "natural/less is more" concept is, albeit very slowly, outperforming the classic approach at airtours. To further cluster guests, we offer an "airtours Finest" selection featuring only the very best hotels in the world and have an "Inner Circle" club for loyal premium clients with a set of additional benefits both while traveling and at home.

## EXPERT IN FOCUS

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# ÁLVARO CARRILLO DE ALBORNOZ

DIRECTOR GENERAL OF HOTEL TECHNOLOGY INSTITUTE/ITH  
Spain

“...aligned technology, innovation, and change management for the spanish hotel sector

#personalization #innovation #hospitality #technology #recruiting #training

### Why experience design and personalization made it to the top again...

Technology plays a key role here, as the gathering and smart analysis of big data, but also the growing role of AI, allow for a better customization of experiences and services than ever before. The optimization of background processes through these technologies is visible all along the tourism value chain nowadays, and more and more businesses are learning how to transfer the improved customer knowledge and background processes to always better tailored individual experiences, especially in premium travel.

### How ITH stimulates this development...

We focus on two things: making sure hospitality and technology providers find and understand each other and secondly fostering the understanding that technology is an important tool, but not the ultimate goal. Its implementation must take staff with them and often must even result in leadership mind-shifts and changed business models. We run events like FiturtechY where we bring professionals together to discuss proper technologies and related management approaches leading to improved performance and customer experiences.

### On the increasing relevance of Recruiting & Training...

With all the new technologies available, two types of jobs or functions are vital to sector development: those understanding, implementing and running the latest technologies in companies and those being able to take advantage of those technologies for the good of the customer



experience quality and improved internal processes. This requires new jobs, new skills and training methods, and ultimately, a new way of thinking. Hence, we can only achieve a beneficial digital transformation if we define those jobs well, attract good people, and educate and train them accordingly. This is a huge challenge in Spain, but also in other countries, especially, considering the high demands of today's incredible travel savvy premium travelers.

### **A surprise to see the lower rating of customer segmentation compared to 2017...**

Thanks to all the new technologies, big data, AI, etc., there is a huge hype around truly personalized, tailor-made services and offers. Let's not forget, though, that for many people and/or elements of travel true individual customization is not possible or a long way to go. The logical way from rough socio-demographic clustering to total personalization of offers is via always smarter and smaller segments. This is a tremendous intellectual, technological and management challenge, but it is the only way forward to further increasing marketing efficiency and experience excellence.

### **On innovation management...**

I talked a lot about technology, but innovation is not only about the latest digital technologies. More than that and more than ever, innovation is about understanding that tech only is the means and that the innovation challenge is mainly cultural. How can we use technology to disrupt traditional business models, how to be faster and more efficient than the competition, and ultimately, how to use it for the improved creation and customization of outstanding travel experiences? In Spain, we have a huge Latin cultural challenge, in addition, it is hard to sell the need for change after decades of continued success as a tourist destination.

### **Future business challenges in premium travel...**

I expect great changes ahead, mainly driven by non-travel companies, thinking of Amazon, Google, and the likes, or start-ups following in the disruptor footsteps of companies like Airbnb or Uber. One area where I see a big chance for totally new approaches is at the stage of travel inspiration and search. My youngest kid only knows a TV remote controlled by voice. How will he want to search or get inspired to travel later on? There is so much room for rethinking traditional processes in travel, and it is exciting to accompany businesses along this way into the future.

## EXPERT IN FOCUS

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## DOUG EASTON & JOHN ZIEGLER

FOUNDERS & OWNERS OF CELESTIELLE  
USA

“...run the world’s (probably) best traveled  
luxury travel design firm

#experiences #quality\_management #connection #personalization #safety #simplicity

### Why experience design still grows in importance...

With a steadily increasing world population and a growing individualism, people feel a great desire nowadays to tell a unique story. As on the internet we’ve seen “it all”, this is becoming harder and harder, especially in our busy and routine-driven day-to-day lives. Travel experiences are an amazing way to generate unique experiences to share and build and shape your own personal story.

### A vital type of luxury travel experience these days...

In this densely populated world, solitude, living off the grid, away from other people or at least travelers, more and more has become a true luxury; and a challenge for travel designers in times of overtourism. This is one of the reasons why we at Celestielle keep exploring less traveled places, especially in Africa, South America, and Asia. Another reason for this strategy is the loss of authentic local traditions in more mature markets and destinations. We prefer to propose places where amazing and pure cultural experiences are still possible.

### The most important success factor in both travel design and marketing...

Generating trust! Trust in us personally and as trust as travel designers. How do we generate this faith? We ourselves travel to all the places which we propose, and we are curious and daring when doing so. Thus, we suggest to our clients that which we have experienced ourselves. We have traveled to more than 200 countries and territories and are on the road almost the whole year to

build this confidence. Through social media, we document ourselves in all of these places, which adds enormous credibility to our marketing.

### **What quality management means at Celestielle...**

Our clients value great food and accommodations. But for some clients, exceptional comfort is not essential. To have a once-in-a-lifetime experience far from their daily lives, many are more than willing to sleep in a tent and have the most basic local food. Quality for our clients is mostly about the uniqueness of their experience, the surprises, the stories they build for themselves while on one of our tailor-made tours.

### **About the biggest winner in this year's ranking: Connecting with family & friends...**

This is no surprise for us. With more and more people interacting with each other, both in professional life – think of the many meetings, business networks and emails nowadays – and in private life – think of connections via social media, people find it a luxury to be able to look more inward, to focus only on the inner circle of persons around them: family and friends. This is hard to achieve in daily life, but a key desire for many when traveling. We provide the bonding and meaningful experiences, which provides a sort of “social glue.”

### **The power of personalization...**

One of the most powerful design elements for us is surprise. Based on the trust our clients confer in our company, we are able to leave certain components of the trip untold. Our clients (without exception, so far) love this element. A surprise lunch on an iceberg in a glacier lagoon in Iceland is just one of many examples I could give. Many of our customers have no room for surprises in their hectic daily lives but love well-designed surprise elements when traveling. It goes without saying that the degree of surprise varies with each client and requires that we have a strong understanding of the client's taste and personality.

### **Biggest future challenge...**

The growing political polarization in the US, as well as worldwide, is certainly a huge threat. More and more of our guests are concerned about safety and security issues in many countries. Our wealthy customers are well informed about growing internal and international tensions around the globe. More conservative travelers, even more than in the past, will focus on traditional holiday destinations with less experiential potential, i.e. “mature destinations” such as in the Caribbean, the Mediterranean, Hawaii, Europe, etc.

## EXPERT IN FOCUS

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## ARNAUD CHAMPENOIS

CMO & VP MARKETING & BRANDING BELMOND  
UK

“ ...storytelling between old glamour and experiential luxury

#experiences #storytelling #training #small\_is\_beautiful #established\_markets #connection

### The challenge to refresh and revive a very traditional luxury brand...

Belmond has been established for more than 40 years, previously under the Orient Express moniker, and now a brand of force in its own right. Our portfolio of hotels, trains, and river cruises all around the world has helped to define luxury travel since the times of Thomas Cook. The rake of our legendary Venice Simplon-Orient-Express train still includes the original carriages that have run since 1883 and most of our hotels are, in fact, former palaces in buildings not much younger than that. With this rich heritage as our foundation, I was hired to be daring with the brand and to celebrate our past while fully embracing 21<sup>st</sup>-century marketing. It's a fantastic job to be able to challenge the old way of understanding our brand and to amplify the strong message we have to tell around the world.

Critical to raising brand awareness is storytelling; we spent a lot of time surfacing our own stories and those of our employees, guests, places, as well as the objets d'art contained within our much-storied buildings. This process has enabled us to tap into a whole library of powerful and inspiring content that is reflected in our portfolio of travel ideas and experiences, and that we now use to enrich our offer in a very original and authentic way. When you visit us and/or our website you will also feel that humorous touch we add to our stories. Belmond is a quirky brand by nature and this shines best in the personality of our people and the unique style of luxury service they have become famed for. We take service and quality very seriously but what sets us apart is something that is better experienced than it is described. Conceptually, I call it 'The Art of Belmond' and this was the inspiration behind our global brand campaign launched in October last year.

### **Indeed, small is beautiful...**

We strongly believe in this concept and are glad to see it confirmed in the Barometer ranking. Our hotels typically have less than 100 rooms which sets the stage for each guest stay to feel more like a 'coming home'. There is a natural but special familiarity among guests – old and new – but also between guests and staff that you can only generate in a small hotel. We also take pride in taking great care of small details when servicing, often personalized based on our excellent guest knowledge which is cultivated through every customer interaction, be it on or offline.

### **Training our staff...**

Rather than the usual technical trainings, we put a strong emphasis on letting our staff learn, embrace, and own our brand philosophy. Our people are part of the unique Belmond family, a small but global family, who know each other well and instinctively know how to service our guests. This service philosophy is reflected in our Belmond 'Art of Hosting' training – there is no training manual, it has simply been designed to surface and cultivate the character traits and intrinsic skills of our talented teams. It is in no way prescriptive, but rather a more natural and inspiring approach to real, luxury service than you would probably expect when first entering one of our palaces. All of our staff have incredible stories to tell and we sometimes integrate those into our marketing and create not only beautiful stories for our guests, but also a special sense of belonging for our people. Many of our employees have been part of our family for a long time; changing continents and hotels within the group are no rarity at Belmond.

### **Cultivating loyalty among guests from established markets...**

Today, around two thirds of our customers are from the US and UK. We don't see dramatic shifts in guest structure, because we don't stimulate such shifts. We rather cultivate our loyal customers and capture their kids, families and friends, a more organic and we feel healthier growth for our brand. It's not only that our guests know about the value of Belmond for them, we also know about the value of them for Belmond. We can maximize this value because we know our customers so well, how to please and also how to surprise them. On this foundation, we are excited to bring our brand to new markets – something we have started to do more proactively since the launch of our global brand campaign, last year. As our brand gains traction in important markets such as Asia, Middle-East, Africa and further afield, we can not wait to welcome the next wave of discerning travelers as they discover and rediscover our wonderful world.

### **The Belmond approach to experiences and activities...**

We offer inspiring menus of experiences on our websites and in our hotels. We have built them with great care and a strong focus on local gems. Nowadays, guests sometimes are more knowledgeable about experiences within their special fields of interest than concierges. So we have to dedicate time and effort to create those money-can't-buy or 'in-the-know' only experiences. We do this in 3 big categories: nature, culture, and well-being/good-living (includes culinary). Of course, we don't stop there. Whether custom-designing experiences on the spot, or inspiring with bespoke editorial

before arrival we are on hand to help our guests discover the fantastic local experiences that often only we can uncover for them.

### **Time to connect with the loved ones...**

Multi-generational travel has become a big field for us. We consider ourselves facilitators of rich encounters among close friends and family members, no matter if it's two people from two generations or 20 people from four generations. The soul of luxury is based on time, which usually is a very scarce commodity for our guests. To a certain degree, we are the custodians trusted to take the very best care of our guest's time and we take this job very seriously. We help our guests to reconnect to whatever matters most to them when travelling.

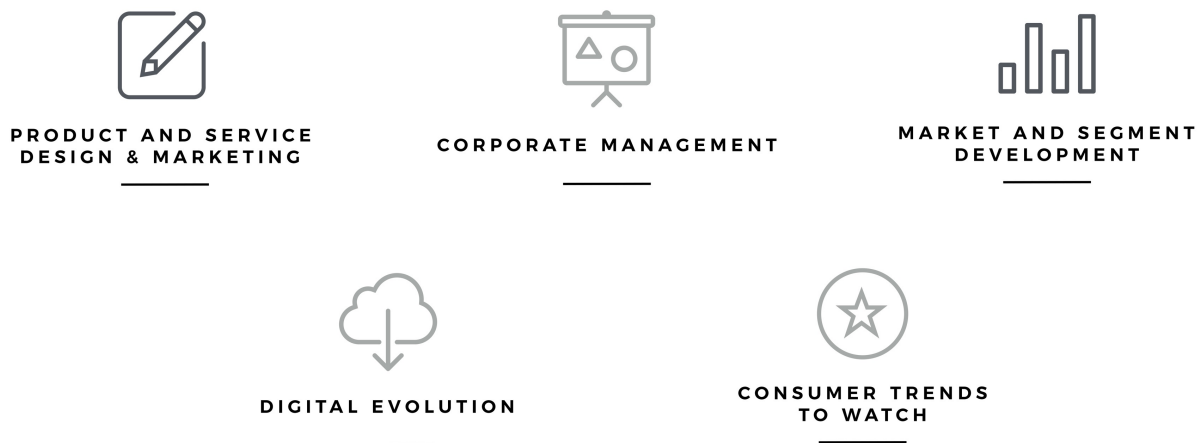
# RESULT DIMENSIONS & DETAILS

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## TOPIC CATEGORIES

All chosen topics were grouped in 5 different categories in order to allow for a broader understanding of factors gaining or losing relevance for business deciders. While all categories to a certain degree depend on each other and some topics are connected to various categories, the exercise does give an interesting notion of what's hot and what's not on a higher strategic level. It is also helpful for the detection and comparison of directly related topics, for example "Stimulation of established markets" vs. "New/young geo-market development" in the "Market and segment" development category.

The categories identified were the following:



The category ranking 2018 is again topped by Corporate management topics this year, with an average rating of 8,0. Three of the Top 8 Barometer topics belong to this category, namely

- Quality management (Rank 3)
- Recruiting and training (Rank 4) and
- Innovation management (Rank 8)

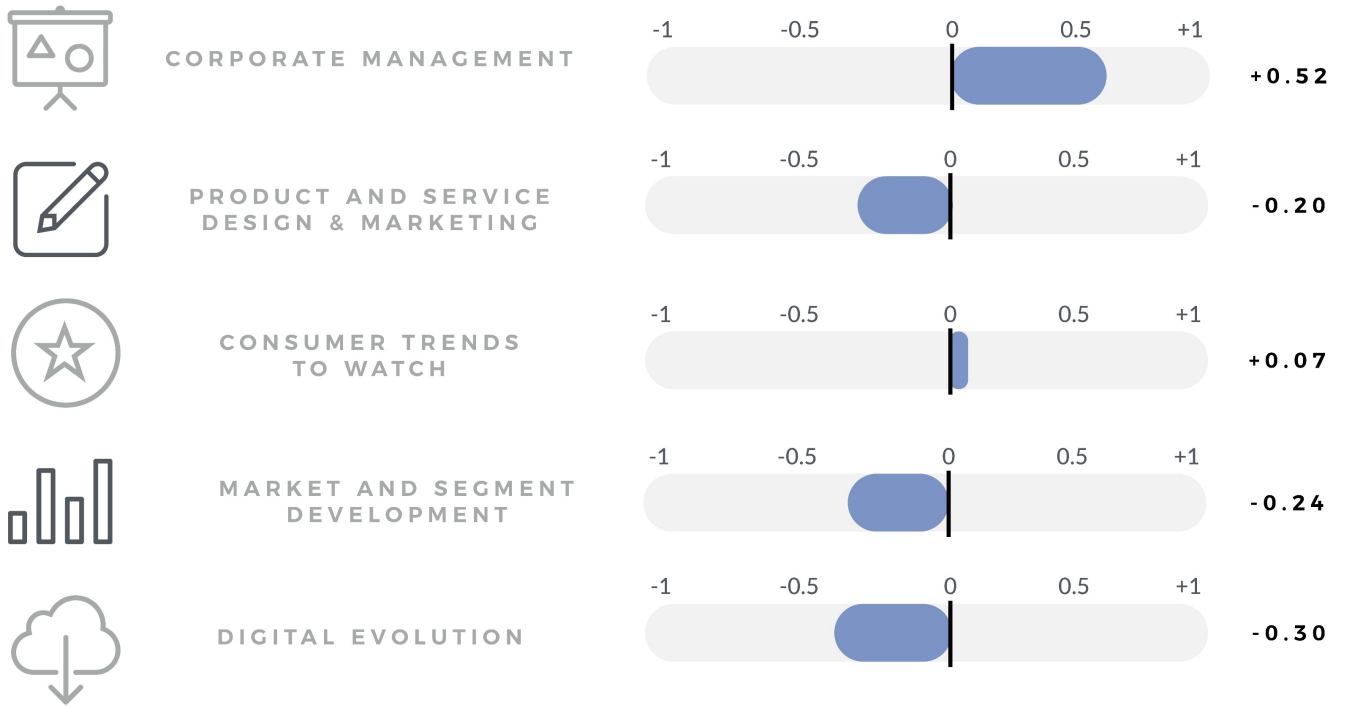
## Category ranking 2018:



**Corporate management** topics even experienced a steep climb compared to last year, with an average rating over 0,5/10 points higher. Especially **“Digital evolution”** topics lost importance on average. Our experts indicate this is a good sign, mentioning there was sometimes excessive industry focus and especially media focus on digital solutions and too little on managing customers, people, and business models and processes. Also, the best digital solutions are worth nothing unless they are: well aligned with corporate and innovation strategy; well implemented by carefully selected and trained people; and translated into leaner processes or higher customer happiness.



Changes of category ratings 2018 vs 2017:



## WINNERS & LOSERS

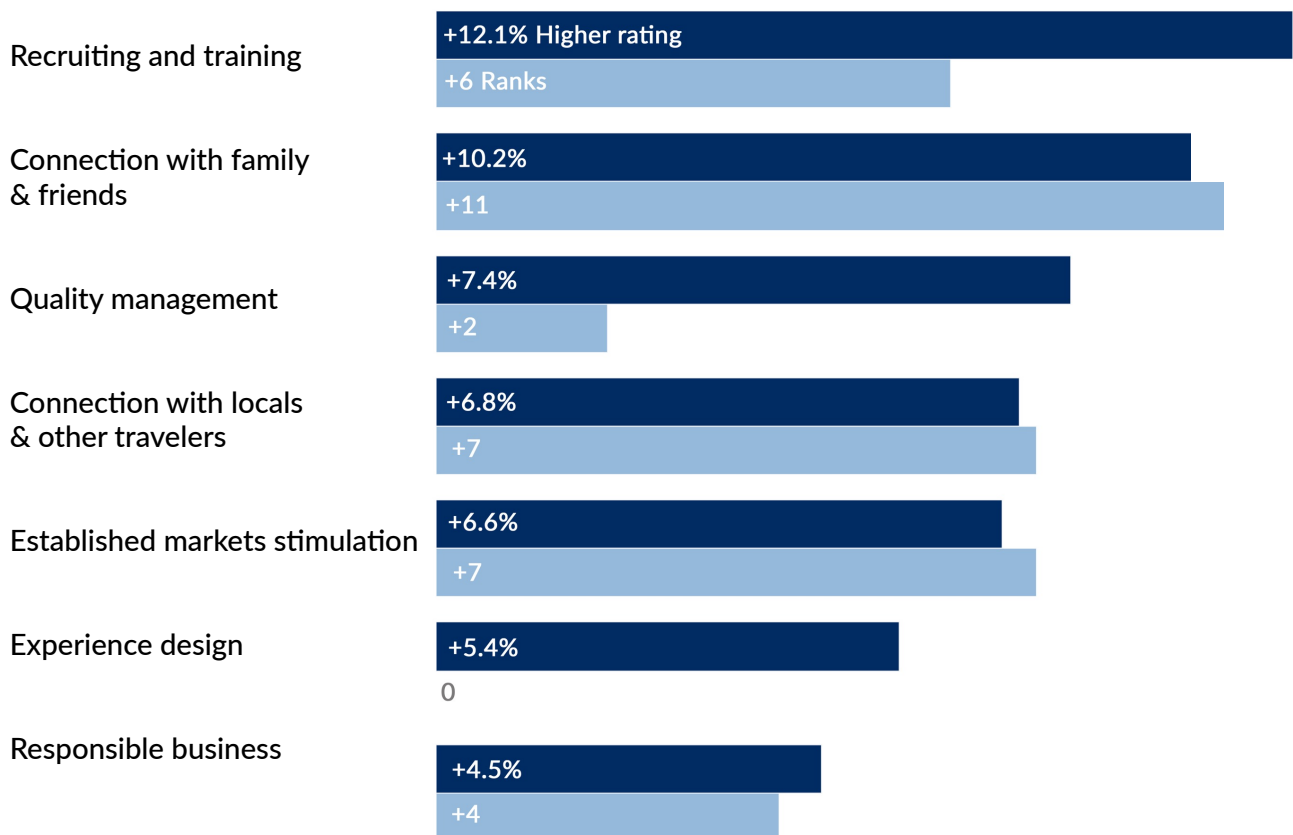
In general, we saw a slightly bigger spread of ratings this year. In addition, it is remarkable that all **Top 10 topics** gained importance compared to last year and 9 out of top of the bottom ranked topics (one is a newcomer topic) lost point compared to 2017.

As can be seen below, 6 of the Top 7 rising stars have been highlighted already in the presentation of the Top 10 topics.

The two corporate management challenges “**Recruiting and Training**” and “**Quality management**” are two of the strongest climbers. We already mentioned the strongly increasing relevance of managing human connection, both inside the travel group, usually family and friends, and of meaningful connections with locals or traveling peers.

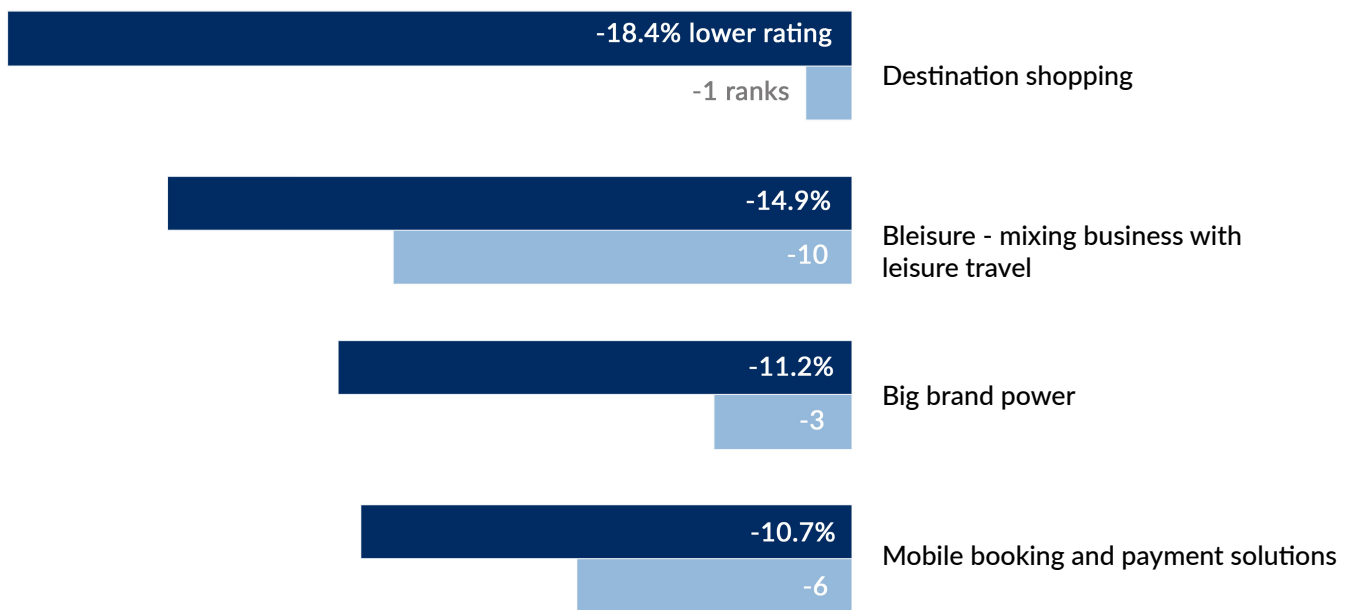
Ranking closely behind those top 4 topics, established markets stimulation is a big climber and so is, following the biggest movements in the travel market landscapes of the recent years, experience design.

Last but not least, another rising star topic as rated by the experts and obviously going beyond the usual greenwashing communication, is the increasing importance of responsible business practices, relating to all ecologic, economic, and social/cultural sustainability.



The biggest losers are “**Destination shopping**” and “**Bleisure-mixing business & leisure travel**”, both with losses of more than one entire rating point. Many destinations have seen changed behavior from both Russian and Chinese visitors, very important shopping markets, due to economic reasons as well as slowly changing behaviors.

Severe losses also for the topics “**Mobile booking and payment solutions**” and “**Big brand power**”. The first topic will continue a big one, especially facing higher complexity as Western and Eastern payment behavior is still very different, both related to the use of mobile pay and the brands/solutions used. Obviously, though, other topics enjoy more attention right now. “**Big brand power**” is not one of them, clearly lagging behind, the counter-concepts “small” and “local” are again big winners this year.



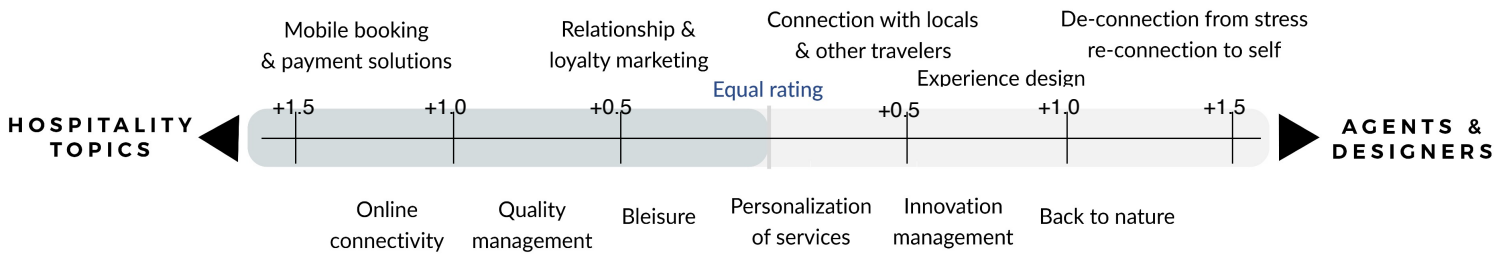
## SECTOR DIFFERENCES

The sample shows a nice split of top level executives from the hospitality sector (40%) and the travel design & trade sector (47%). This allowed us to also research possible differences regarding strategic topics sector wise.

Differences clearly do exist. At a category level, this is especially true for “**Digital evolution**”, ranking significantly higher among hospitality professionals, and “**Consumer trends to watch**”, receiving much more attention from travel designers and agents.

At topic level, especially two challenges stand out for hospitality executives, and both are digital: “**Mobile booking & payment solutions**” and “**Online connectivity**”. The latter even made it into the Hospitality Top 10, so did the topic of “**Social media marketing**”, ranking higher 4 and 11 ranks, respectively. Relationship and loyalty management also seems to be a bigger challenge for hotels than

for travel designers + agents. Interestingly, finding good solutions for “Bleisure” travelers still seems to remain a hotel opportunity/challenge rather than an agent’s issue. This may be a missed opportunity, especially for corporate travel agencies, serving many premium travelers.



On the other end of the spectrum, naturally, travel designer and agents deal more with relevant consumer trends. They do this much more especially in the areas of “De-connection from stress and re-connection to self” and “Back to nature”. Related to this is the other one of the top 3 different topics for agents and designers: “Experience design”. Aligned with this, they realize that creating happiness with these and other types of experiences requires a good degree of in-house innovation management, also rated much higher than in the hospitality sector. Also, the big winning concept of 2018, “Connection” is a clear agent & designer topic.

## GEOGRAPHICAL DIFFERENCES

The Barometer Expert Panel is becoming more and more global, allowing for a certain degree of regional analysis. It was decided to focus on 3 key regions this year: Europe, North America and Latin America. For the other regions the sample size was still too small, an issue addressed in our growth strategy for the Premium Travel Barometer.

The quality of each of the respondents of the survey has been a key factor for the validity of this approach, and the methodology of only coming up with regional hypothesis to be discussed in-depth during the interviews with our top partners from the regions was another.

Interestingly, the study detected a greater overall similarity of ratings between Europe and Latin America than for the other two pairs.

### Total difference in regional ratings across all 25 topics

#### EUROPE VS LATIN AMERICA



7,5

#### EUROPE VS NORTH AMERICA



14,6

#### NORTH AMERICA VS LATIN AMERICA



15,6

### Category differences

Category-wise we see two more relevant differences between Latin America and North America, in general. While the “**Digital evolution**” topics enjoy well above average ratings in Latin America, in the US & CAN this topic received the lowest overall ratings. The opposite situation is seen with “**Corporate management**” topics, which received much higher attention in North America and below-average attention in Latin America.

## Biggest regional differences on topic level

### EUROPE

Very clearly, the hype around experiences and activities is far from weakening. On the contrary, the two biggest rating differences compared to both of the Americas and the rest of the world are in

“Experience design”, which even takes Rank 1 in Europe, and “Activity & experience marketing”, both with significantly higher average rates than the rest. The third biggest positive deviation was found for the topic “Back to Nature”, not a too big surprise considering the comparably higher population density and degree of urbanization in Europe. Another highly rated topic is “Relationship & loyalty marketing” as European travel companies deal with many very mature destinations and markets alike. Furthermore, “Recruiting & training” is perceived as a higher challenge than elsewhere.

#### Highest positive deviations from overall average (higher ratings)



At the low end, topics that received much lower rates than elsewhere, we find “**Destination city development**” and “**Destination shopping**”, two topics closely related to urban tourism. This may be fuelled by the rising industry and media focus on the challenges of overtourism, where the discussion is not about making and presenting destinations in ever more attractive ways, but about managing and even reducing tourism's footprint.

### Highest negative deviations from overall average (lower ratings)

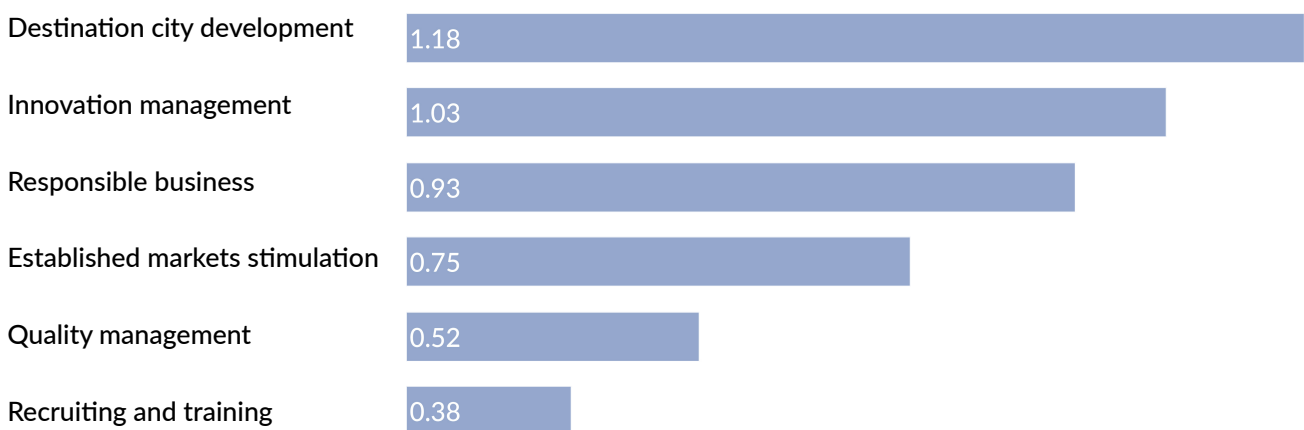


### NORTH AMERICA (US/CAN)

Of the European topics receiving above-average ratings, one also can be found among the North American top topics: recruiting and training seem to be just as big a challenge there. Category wise there is a clearly stronger tendency to value higher corporate management topics. All four of them, Innovation management (2<sup>nd</sup> biggest positive deviation), Responsible business practices (3<sup>rd</sup>), Quality management (5<sup>th</sup>) and the already mentioned Recruiting and training received ratings well above the overall average.

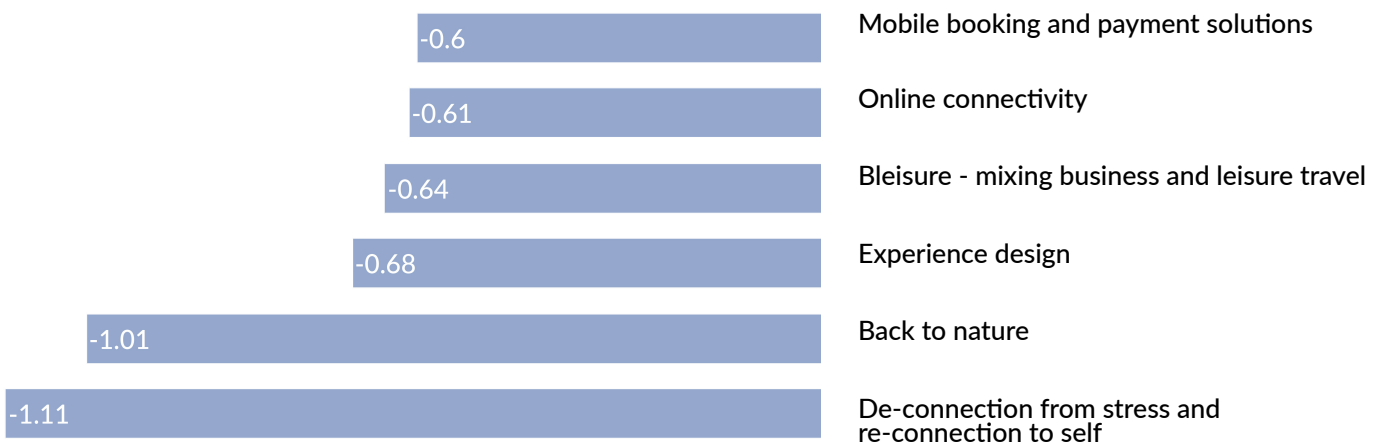
One topic is in sharp contrast to the European rating, though: Destination city development has the biggest negative deviation overall in Europe, but the most positive in the US & CAN. The topic even made it into the North American Top 10, ranking 9<sup>th</sup>.

### Highest positive deviations from overall average (higher ratings)



Also, the topics rated much lower than average have a clear message: human interaction and city travel (see also biggest overall deviation above) seem to be much more important than in the other regions as there are major negative deviations for topics like “De-connection from stress & re-connection to self” and “Back to nature”, both finishing over one entire rating point lower than the overall average. Also “Experience design” is among the weaker topics in North America and so are the hightech topics “Online connectivity” and “Mobile booking & payment solutions”, obviously not perceived as big challenges anymore. Both topics were also overall losers compared to 2017.

**Highest negative deviations from overall average (lower ratings)**



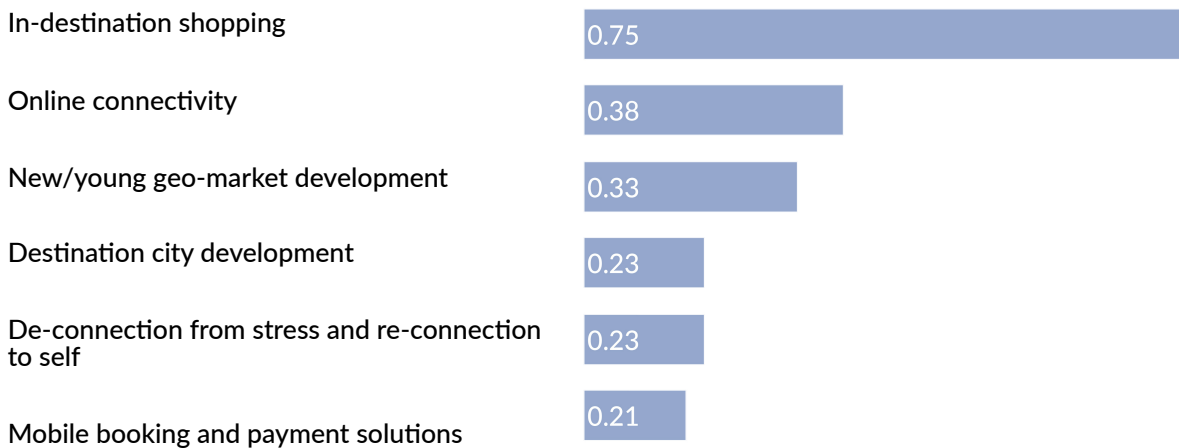
**LATIN AMERICA**

Latin Americans love destination shopping more than Europeans and North Americans, and the topic accounts for the biggest positive difference to the overall average. The same topic has an average rating in North America and one far below average in Europe. This is in line with other studies on destination shopping that included the entire travel market, and the Barometer confirms this to be true also for the premium markets.

Also, digital evolution topics are almost all above average, especially “Online connectivity” and “Mobile booking & payment solutions”. Very interesting also is the deviation regarding geo-market focus: Latin America is the only region with a well-above average rating for the “New/young geo-markets development”. It needs to be added, though, that overall in Latin America the focus on established markets is also still significantly stronger than on the young markets.

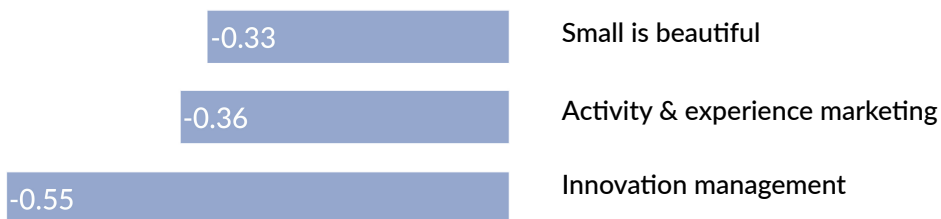


### Highest positive deviations from overall average (higher ratings)



On the negative side, corporate topics enjoy less attention in Latin America than elsewhere. This is especially true for “Innovation management”, the topic with the biggest negative deviation from the overall average. The other big negative deviation is found in the area of travel experiences: both “Experience design” and “Activity & experience marketing” rate significantly lower in LATAM. This could be related to a relatively high degree of travel experience and independence from tour operators among Latin America’s upper class.

### Highest negative deviations from overall average (lower ratings)





# EXPERTS IN FOCUS

REGIONAL SPECIALISTS

**JAVIER  
ARREDONDO**

#Latin\_America #Back\_to\_nature #travel\_motivations #wow\_factor  
#marketing #social\_media

**JENNIFER  
ZHANG**

#China #personalization #innovation #mobile #segmentation  
#experiences #marketing

## SPECIAL FOCUS ON... LATIN AMERICA

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### JAVIER ARREDONDO

FOUNDERS & CEO OF TRAVESIAS MEDIA  
Mexico

“...it's quite a challenge to wow Latin  
American luxury travelers

#Latin\_America #Back\_to\_nature #travel\_motivations #wow\_factor #marketing  
#social\_media

*In the Latin American upper classes we find incredibly mature and travel experienced globetrotters, very interesting target groups many premium travel companies from around the world do not understand well. They tend to look at European and North American source markets first, or on Asian and Middle Eastern markets. The Barometer survey has a strong base of Latin American participants, it's great to count on the interpretation of some key results by Javier Arredondo, who has been studying the Latin American premium travel markets for over 20 years now.*

#### **How to (not) wow a Latin American premium traveler...**

As an unfortunate matter of fact, the income disparity in Latin America is huge. As a consequence, many premium travelers employ service staff and are used to totally personalized, warm 24/7 attention on a day-to-day basis. Wowing them with service quality will be very difficult. Most will also own a private beach, mountain or farmhouse, so visiting a social eco-papaya farm project in Sri Lanka, for example, will not appeal to them as much as to a traveler from Paris, Moscow, or New York. Also, warm and sunny weather, great beaches or landscapes are often nearby and no key motivation to travel far unless there is a truly exceptional beach or ambience. A prime motivation is cultural experiences, with a strong affinity towards European and increasingly also Asian cultures, local food & gastronomy being a key aspect. With Latin Americans usually being very communicative and open travelers, authentic local culture experiences in contact with locals and other travelers are great ways to engage and wow them.

### **Why “Back to nature” ranks significantly higher in Latin America...**

This rating has to be seen from both destination and market perspective. First of all, many Central and South American destinations have discovered premium eco-resorts as one of the most successful concepts, primarily fashionable among European and North American travelers coming to Latin America to experience pure nature. Costa Rica has led the way and many other destinations now follow, always trying to learn from existing projects and improve their sustainable business practices. Many cases can now be found in destinations like Colombia or Ecuador. This way, also Latin American travelers get more acquainted with these products in their own homelands.

### **Different destinations, different motivations...**

The biggest positive difference from the Latin American compared to the total rating is “destination shopping”. In general, Latin American premium travelers are interested in the more refined, diverse and bigger shopping opportunities abroad, but when traveling to the US, shopping often is a key motivation. So is skiing. Both types are usually associated with shorter trips like long weekends, etc. Europe, and increasingly also Asia, host many often fashionable destinations, highly valued for their cultural experiences and very own luxury culture. “European style” is a strong selling-point. In addition, Latin American luxury travel markets, are among the most resilient facing political and/or security crises in certain destinations. They are used to higher security risks in their own countries, much more than their affluent peers in Europe or North America.

### **(Social media) reputation management and the power of word-of-mouth...**

In social media, the Latin American affluent have a tendency to follow people and niche local brands rather than international brands or media. The marketing impact of using well-selected influencers and high end niche media is bigger than in other parts of the world. As the different income levels of society are more strictly separated than in more mature economies, word-of-mouth marketing is even more powerful as the upper circles often are relatively overseeable and “everybody knows everybody”. Fashions and trends spread quickly. For example, for one of the best hotels in Tokyo, the Aman, Mexico all of the sudden became the 2<sup>nd</sup> most important international market. This is also part of the explanation why “customer segmentation” as a management challenge ranks so much lower than in Europe, for example.

## SPECIAL FOCUS ON... CHINA

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### JENNIFER ZHANG

CEO ASIALINK - CTRIP  
Spain

“... there is no “Chinese premium traveler”, there are dramatic differences in travel preferences & behavior between younger 1st tier city and more traditional 2nd tier city Chinese travelers.

#China #personalization #innovation #mobile #segmentation #experiences #marketing

With the survey mainly being conducted in Europe and Americas, we're very glad we can share the views of Jennifer Zhang, CEO Asialink - Ctrip in Spain, and extremely knowledgeable in the Chinese travel market, the largest in the world. She helps to shed light on some significant differences between China and Western markets regarding the listed topics and related drivers, aspects, and management approaches.

#### Personalization through digital technologies...

Unlike in most Western markets, mobile in China by now is the main channel along all stages of the customer journey. 70% of Ctrip bookings are from mobile by now, the App counts with 600 mn. active users. There is a tremendous amount of big data turned into highly relevant marketing intelligence. Ctrip customers are analyzed and segmented according to over 200 different criteria far beyond sociodemographic data, including motivations, preferences, and behavioral data all along the customer journey. Chinese travelers are also more keen on using their mobile devices during the trip, but they mostly use proprietary Chinese apps not very well known and understood by foreign travel managers: Wechat is the predominant app, and mobile payment in big cities has become the predominant way for purchases of any kind, for example.

## **Approaches to premium travel...**

Of course, there are more and more luxury travel agencies also in China, and also Ctrip in 2016 opened a proprietary Customized Travel platform. It is led by a specific unit within Ctrip focusing on the smart combination of first-class hotels, seat bookings, and experiences, maximizing personalization as much as possible. We use individually adapted microsites built on customer data, for example. Also, the agents are specially trained in order to speak on eye level with more and more experienced wealthy Chinese travelers. The specialists usually build 1-on-1 relations with the top clients. While digital tools are well accepted even by many wealthier Chinese, the personal contact via telephone is crucial as an additional channel or, especially with more traditional affluent customers, as the main means of communication.

## **Segmentation....**

Let's not forget, that a traveling upper class only has been established in China during the past 10 to 15 years. Having said that, there are 60 mn. Chinese living abroad, many of the younger wealthy are well traveled and studied abroad. These are mainly people from the top 4-5 Chinese metropolitan areas such as Beijing, Shanghai, or Guangzhou. They have totally different needs and wants than more conservative rich travelers from 2<sup>nd</sup> or 3<sup>rd</sup> tier cities like Chengdu (14 mn. inhabitants) or Wuhan (10 mn.), for example. This heavily impacts the use of digital tools, preferred destinations, autonomy, food, motivations, interests, etc.

## **Experiences...**

This is probably the one area where we see the widest gap between traditional and modern Chinese premium travelers: On the one hand, we need guided tours with Chinese language all around, Chinese food, organized shopping sprees for European luxury brands, low-tech communication, etc. On the other hand, and this is growing much faster, younger travelers, extremely tech-savvy, well-traveled, English-speaking, with a cosmopolitan mindset, that look for true authentic experiences. They want to mingle with locals in unstaged ways, even prefer private places over hotels. They want to learn how to prepare local dishes, hate group tours, and look for extraordinary low-key local experiences as offered by Airbnb, for example.

## **The top 3 topics expected if this was a Chinese rating...**

1. Online connectivity, because Chinese travelers want to connect in and to stores, restaurants, on the street, everywhere. And not only in big cities. They are used to more advanced mobile use like beacon-led shopping or discovery, for example, and much less concerned about data protection and privacy.
2. Social media marketing, because word-of-mouth is very important in the premium travel segments, but this heavily includes online reviews and recommendations from colleagues, family, friends, and acquaintants. And while Tripadvisor is the go-to website for Westerners, it has no relevance in China, where sites like Mafengwo and Qyer are the reference traveler forums.

3. Gastronomy, as Chinese are crazy about food; the more sophisticated the traveler, the more about local food. Gastronomy experiences are even key motivators for many travelers, giving a destination like Italy, for example, a tremendous competitive edge. Spain still needs to elaborate its positioning better here.

### **The Chinese traveler approach to luxury ...**

Wealthy Chinese travelers are probably among the most demanding world-wide. They have a rather pragmatic, value-for-money driven approach. Many are happy to spend a fortune on top hotels, tours, and experiences, but then they demand true service and product excellence and are not willing to pay simply for top brand premiums or status symbols. Also, the flexibility and ability to organize things on the spot is key to not upset them and make them feel the price they paid is justified.



# **APPENDIX**



## APPENDIX 1 - COMPLETE BAROMETER EVALUATION

IE Premium Barometer Ranking 2018			18 vs. 17
Rank	Topic	Rate	
1	Personalization of services	8,6	+0,1
2	Experience design	8,5	+0,4
3	Quality management	8,4	+0,6
4	Recruiting and training	8,3	+0,9
5	Food & Beverage/Gastronomy concepts	8,0	+0,1
6	Small is beautiful	8,0	+0,2
7	Established markets stimulation	7,8	+0,5
8	Innovation management	7,7	+0,3
9	Connection with family and friends	7,7	+0,7
10	Connection with locals and other travelers	7,7	+0,5
11	Customer segmentation	7,55	-0,1
12	Social media & reputation management	7,51	0,0
13	Back to nature	7,50	0,2
14	Responsible business	7,45	0,3
15	Online connectivity	7,43	-0,1
16	Relationship & loyalty marketing	7,07	na
17	Activity & experience marketing	7,01	-0,4
18	De-connection from stress and re-connection to self	6,83	-0,4
19	Destination city development	6,83	-0,2
20	Mobile booking and payment solutions	6,49	-0,8
21	New/young geo-market development	6,32	-0,3
22	Bleisure - mixing business and leisure travel	6,27	-1,1
23	Mobile destination companionship	6,13	-0,4
24	Big brand power	5,93	-0,7
25	Destination shopping	5,27	-1,2

## Winners & losers compared to 2017

Growth Ranking 2018 vs. 2017		18 vs. 17
Topic	Rate	
Recruiting and training	8,3	+0,9
Connection with family and friends	7,7	+0,7
Quality management	8,4	+0,6
Connection with locals and other travelers	7,7	+0,5
Established markets stimulation	7,8	+0,5
Experience design	8,5	+0,4
Responsible business	7,4	+0,3
Innovation management	7,7	+0,3
Small is beautiful	8,0	+0,2
Back to nature	7,5	+0,2
Food & Beverage/Gastronomy concepts	8,0	+0,1
Personalization of services	8,6	+0,1
Social media & reputation management	7,5	0,0
Customer segmentation	7,6	-0,1
Online connectivity	7,4	-0,1
Destination city development	6,8	-0,2
New/young geo-market development	6,3	-0,3
Activity & experience marketing	7,0	-0,4
De-connection from stress and re-connection to self	6,8	-0,4
Mobile destination companionship	6,1	-0,4
Big brand power	5,9	-0,7
Mobile booking and payment solutions	6,5	-0,8
Bleisure - mixing business and leisure travel	6,3	-1,1
Destination shopping	5,3	-1,2
Relationship & loyalty marketing	7,1	na

## APPENDIX 2 - QUESTIONNAIRE

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### PREMIUM TRAVEL BAROMETER 2017 - TRENDING TOPICS

#### **Welcome to the IE Premium Travel Barometer 2018.**

As part of a carefully selected group of global top experts, we welcome you to the Global Barometer Expert Panel. The questionnaire is short & simple, yet delivers vital insights on key topics moving sector leaders most these days.

#### **About the study**

The Barometer unveils priorities in managing well 25 major industry topics for premium travel businesses in the next 1-2 years. Top topics are analyzed in greater detail later on in order to understand key aspects, challenges and management approaches. Regional and sub-sector differences are uncovered as well as trending topics over time.

**Let's start, it won't cost you more than 5-8 minutes of your precious time.**

#### **How to read**

The list below is a mix of internal (company/industry oriented) & external (consumer oriented) topics. Below each topic you see a few terms/explanations. Some you may find more relevant, others less or even missing for your company. They are just hints ensuring everyone has a similar understanding of the topic.

#### **How to rate**

How much attention should managers dedicate to each of the topics below for success in your field of business? Relate to the business years 2018 and 2019.

Consider the entire range of ratings from 1 - "No special attention" to 10 - "Very strong attention"

## Rotating topics:

### DIGITAL EVOLUTION

- **Online connectivity**

Cheap and omnipresent mobile internet coverage at destination, attraction and business level with helpful service apps and webs

- **Mobile booking and payment solutions**

Mobile optimized booking systems, mobile payment at restaurants, shops, attractions, etc.

- **Mobile destination companionship**

Mobile destination guidance, apps, on-the-spot offers, augmented reality, iBeacons, artificial & cognitive intelligence solutions, digital concierges, etc.

- **Social media & reputation management**

Social media marketing, online reputation management, big data analysis, online customer service, online advertising, etc.

### CONSUMER TRENDS

- **“Back to nature”**

Natural design, hotels/places connected to nature, organic food + products, nature retreats & experiences, etc.

- **Small is beautiful**

Small personal accommodation & service, local & individual restaurants, shops & experiences, etc.

- **De-connection from “it all” and re-connection to self**

Digital detox, spiritual or personal growth, mental health & wellness, meditation, peace of place and peace of mind, etc.

- **Connection with locals and other traveler**

Enabling authentic, eye-level encounters with local peers or experts, connecting single travelers or people sharing a certain passion, etc.

- **Connection with family and friends**

Multi-generation family travel offers, family or friends reunion travel, special activities, spaces, settings, and offers, etc.

- **Big brand power**

Attraction of global premium brands (e.g. hotels, F&B, retail, products, etc.), luxury brand experiences, luxury shopping malls + zones

## CORPORATE MANAGEMENT TOPICS

- **Quality management**

Product & service quality control, quality label & certification systems, customer satisfaction measurement and management, etc.

- **Responsible business**

Eco-resorts, organic, fair, and/or local food, causes and local project support, climate friendly solutions, green design, etc.

- **Innovation management**

Corporate innovation culture and management, out-of-the-box thinking, error tolerance, high tech, cross-industry collaboration, etc.

- **Recruiting and training**

Talent scouting, executive and staff recruiting, training, motivation, participation, leadership, retention, etc.

## MARKETS & SEGMENTS

- **Customer segmentation**

Better differentiation of products & services & targeted marketing according to life stage, psychographics, etc., micro-segmentation

- **“Bleisure” - mixing business and leisure travel**

Leisure offers for business travelers, work places for leisure travelers, Bleisure packages, promotions, etc.

- **Established markets stimulation**

CRM, loyalty management, repeat visit strategies, product innovation, new segments development in established geo-markets, etc.

- **New/young geo-market development**

Research, marketing, and business development in rather young intl. geo-markets with interesting additional potential.

## PRODUCTS & SERVICES

- **Relationship & loyalty marketing**

Two-way customer communication, loyalty & premium programs and incentives, personalized opt-in marketing, etc.

- **Personalization of services**

Concierge services, lifestyle managers, local experts, "go-to-persons" along the customer journey, etc.

- **Experience design**

Careful design & management of meaningful, memorable, or even transforming activities & experiences

- **Food & Beverage/Gastronomy concepts**

New gastronomy concepts, local specialties, food travel/packages, cooking & market experiences, etc.

- **Activity & experience marketing**

Establish both, pre-travel A&E sales, and in-destination/mobile bookings; integration of meaningful A&E offer by hotels, airlines, tour operators, etc.

- **Destination city development**

Development of city packages, smart cities, city clusters & packages, city transport, urban culture, shopping, dining, etc.

- **Destination shopping**

Shopping travel, duty-free, shopping zones & clusters, shopping guides, tourist-friendly malls & outlets, local products, etc.