Premium Travel Barometer 2016

Premium & Prestige Business Observatory

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Author:

Jörn Gieschen

FOREWORD

The IE Premium and 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. The Observatory has also supported premium and luxury entrepreneurship and has given visibility to sustainable luxury entrepreneurs.

We present our first IE Premium Travel Barometer. It is based on the insight of experts from the ecosystem of Premium travel. Learnings and insights were taken from industry experts in various fields of the travel industry, ranging from hospitality to public institutions, operators, shopping, travel retail, culture or services. We are very grateful to the panel of experts who generously shared their insights and expertise into the keys that shape the priorities of Premium travel by answering our questionnaire and also participating in the face-to-face debate.

Thanks to the author Jörn Gieschen for the rigorous and passionate work and expertise. Thank you, Evelio Acevedo, Managing Director of Thyssen-Bornemisza Museum and Eulogio Bordas, Chairman and CEO of THR Innovative Tourism Advisors for joining us for the presentation of this paper and for sharing your learnings and experience. Thanks to International MBA candidate Michelle Hewryk, who edited this report and helped us improve it, and students Ioana Fechete and Iuliia Reznikova for the support in organizing the presentation.

We envision this first edition of “IE Premium Travel Barometer” as a tool valuable in the generation of knowledge for the Premium and Prestige travel industries with the potential to become an annual research report of reference for the sector.

Maria Eugenia Girón

Executive Director

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1. Executive summary

The Premium Travel Barometer is a new initiative from the IE Premium and Prestige Business Observatory in 2016. The goal of the Barometer is to help better understand the importance of relevant topics for successful business performance in the premium and luxury travel markets. 2016 will be the initial version and the Barometer will be done annually in order to detect trends and changes regarding the analyzed industry drivers.

More precisely, the objectives of the Barometer are:

- Understand the relevance of selected issues for business success in the premium and luxury travel segment according to selected international industry experts
- Uncover the major implications of the chosen topics on the sector development

The study has been conducted in two phases and with two different methods. In Phase 1, over 70 international premium travel market experts have been asked to rate 25 selected topics moving the sector, allowing for a ranking of the most important topics for the sector. In Phase 2, a group of premium travel experts was invited to interpret the results of the survey, discuss different aspects of the chosen topics, and identify possible impacts and actionable items.

The 25 topics to choose from have been identified in internal discussions among the Barometer collaborators, aiming to create a list representative of the most important topics influencing the business. Different categories of topics were chosen in order to find a somewhat balanced approach.

The top 10 premium travel topics 2016 in ranked order are:

1. **Online coverage**
2. **Experience design**
3. **Personalization**
4. **Quality management**
5. **Mobile booking**
6. **Pre-booking experiences**
7. **„Small is beautiful "**
8. **F&B + Gastronomy**
9. **„Back to nature "**
10. **Spirituality & De-connection**

The experts of the consulted panel highlighted different key aspects of the top topics:

1. Online coverage

The high cost of mobile internet use abroad is still highly critical, as it limits the use of mobile apps and web services. Internet connection in cities, sites, and attractions is just as important in premium & luxury as in other markets.

2. Experience design & 3. personalization

More than in other markets Premium travel suppliers need to create innovative, memorable experiences with a high degree of personalization. Experiences are more likely to be demanded only for oneself or for one's own small travel group, rather than accepting group experiences. The booking is often more spontaneous and requires integration of personal preferences.

4. Quality management

Innovation is happening at a fast pace in the sector, often digitally driven. However, often the focus is more on new technologies and channels than on new high quality content that is well-thought, -placed, and -designed – an essential task for nowadays' quality management.

5. Mobile booking

Closely related to the highest ranked topic "Online coverage", places and businesses without mobile interaction and booking options are drastically losing competitiveness.

6. Pre-booking of experiences

In the very high end of the markets luxury often means not needing to pre-book anything before arrival, rather travelers ask to organize something extraordinary "for tomorrow". But often pre-booking also is part of the experience, and also Premium travelers have understood the choice of experiences and activities bookable online becomes bigger and better by the hour.

7. "Small is beautiful"

Related to 3rd ranked Personalization, the concept of "Small is beautiful" is a winning trend as extraordinary travel experiences are often related to a scarce (hence small) resource. The internet has helped to make niche concepts and services available, often with a premium approach. Still, big brands can also enter this field, e.g. Relais & Chateaux, a big global hospitality brand with rather small boutique hotels with local charm.

8. Food & Beverage and Gastronomy

More and more this becomes a key driver for choosing a destination over others. When not a driving force in the decision making process, at least expectations are high that especially during a premium travel creative and premium gastronomy, food & wine experiences are available.

9. "Back to nature" & 10. Spirituality & De-connection

Most premium travelers are from urban areas, which is why when choosing holidays, more often than others, they tend to look for the more solitary locations as a respite from their often hectic lifestyle. In line with this goes the search for a more natural and healthy life style, with organic, natural food and living, but also with spiritual experiences. As the concept of Bleisure (the mixing of business and leisure travel) is gaining more and more space, there obviously also is a countermovement searching some "holy" time totally de-connected from work and the daily grind. Many of the related products and services are premium and more and more of those travelers able to are also willing to pay good money for it.

2. Introduction and background

Every 8th Euro spent on travel worldwide is spent on luxury travel according to IPK Internatinal*. And the share of the high-end markets continues to grow. In the 5 years from 2009 to 2014, international luxury travel increased by 48%, twice as much as all other price segments of travel, according to an IPK research of 2015. And according to latest studies and the global growth of luxury consumption overall, this trend can be considered ongoing. [1]

Competition is fierce in this market, and creating and maintaining a loyal customer base and competitive advantage is a huge challenge. Actually, there is no “this market”. There are large cultural differences among geo-markets and there are even larger differences among the different income/wealth categories, e.g. the affluent, the so-called High Net Worth Individuals or centa-millionaires. But one thing all the segments have in common: customer expectations regarding quality, flexibility, and creativity of services are higher than average, requiring more complex and flexible management and marketing approaches. Furthermore, despite the still high level of the necessary human touch required to deal with the high-end customers, digital services are changing the rules of the game and the speed of rule changing.

Within this highly demanding business environment, prioritization of management and marketing issues is key in order to allocate and empower the critical resources so that customer expectations can be satisfied and excelled.

Our Premium Travel Barometer has been designed to be a guideline and to assist managers in this prioritization process. It shows where the industry currently sees the biggest challenges and opportunities, enabling deciders to contrast their own position and reflect upon own strategic and tactical decisions. In addition, the Barometer is “food for thought”, especially thanks to the enriching comments from our Premium Travel Expert Panel.

[1] * IPK International regards luxury travel as min. 750 Euros spent daily on short trips and more than 500 Euros spent daily on longer trips.

3. Methodology

3.1 Research objectives

The key objectives of the Barometer are the following:

- Understand the relevance of selected issues for business success in the premium and luxury travel segment according to selected international industry experts
- Uncover the major implications of the chosen topics on the sector development

Ultimately, the results are food for thought for deciders in the premium travel sector, helping in the prioritization of strategic and tactic approaches aiming to increase the competitiveness of the business.

3.2 The expert approach

In order to identify, rank, and interpret the key market topics, we decided to use primary research methods based on a balanced selection of international experts in the premium travel markets and related businesses. Experts were consulted at two different stages of the research, a survey and an expert panel (see methodology in 3.4). The experts invited to the panel in stage 2 also took the survey in stage 1.

Experts were selected from within and outside Spain. A balanced approach was important in order to separate the Spanish view from the global view. Around 55% of experts were from abroad (worldwide), while 45% were Spanish.

A diversity of backgrounds was another aim achieved regarding the selection of the expert portfolio. The range of different professional backgrounds was broad:

- Consulting
- Hospitality
- Academics
- Outbound tour operating
- Inbound tour operating
- Media
- Aviation, Gastronomy / F&B, Cruise, Cultural site & attraction management, Activities, Government/tourism authority, NGO, Industry association, Investment, Luxury goods & services, etc.

3.3 Definition of topics

The definition of the topics to rate was crucial 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 fulfill the criteria of being “manageable”, meaning business people 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.

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

Categories were:

- Digital marketing
- Experiences & activities
- Market development
- Sustainability
- Travel style
- Management
- Other

The final list of topics derived from that procedure was as follows:

1	Non-hotel & Sharing	Non-hotel accommodation growth Sharing economy, Airbnb & Co., luxury and premium flats, serviced apartments, etc. (1)
2	Mobile booking	Mobile booking and payment solutions Booking of hotels & flights via mobile, restaurant reservations, activity & experience booking, mobile payment in destination, etc. (2)
3	Mobile apps	Mobile travel apps Mobile destination guides, airport, hotel & attraction apps, augmented reality, etc. (3)
4	Pre-booking experiences	Online booking of activities and experiences Pre-travel booking just like flight & hotel, experience seller platforms like getyourguide.com, sales of activities & experiences through online travel agencies, hotel websites, etc. (4)
5	Personalization	Personalization of services Concierge services, lifestyle management companies, use of customer data, CRM (Customer Relationship Management), etc. (5)

6	Shopping	In-destination shopping Shopping travel, duty-free, shopping clusters, home delivery, shopping guides, tourist-friendly malls & outlets, etc. (6)
7	Social media	Social media marketing Online customer service, social media marketing strategy, reputation management, big data analysis, etc. (7)
8	(Ecological and social) Sustainability	Responsible business Causes and local project support, Eco-resorts, organic, fair, and/or local food, climate friendly solutions, green design, etc. (8)
9	Innovation	Innovation management Innovative customer solutions as competitive advantage, innovative design, innovation culture in companies, hi-tech use, etc. (9)
10	Quality management	Quality management Quality control, customer satisfaction measure- and management, quality brands, etc. (10)
11	New Geo-markets	New geo-market development Market research and targeted marketing in new/non-traditional geo-markets, e.g. on other continents, etc. (11)
12	Established markets	Established markets stimulation Loyalty management, repeat visit strategies, product innovation, new segments in “old” geo-markets, etc. (12)
13	F&B + Gastro	Food & Beverage/Gastronomy concepts New gastronomy concepts, local specialties, food travel/packages, cooking & market experiences, etc. (13)
14	City travel	Big city destination development Development of city packages, smart cities, city clusters, city transport, offer of culture, shopping, dining, etc. (14)
15	Back to nature	“Back to nature” Natural design, hotels/places connected to nature, organic food + products, nature retreats & experiences, etc. (15)
16	Connection with F&F	Connection with family and friends Spaces and times “only for us”, multi-generation family travel, travelling with or visiting friends, family reunion travel, etc. (16)
17	Authenticity & local	Connection with locals and other travelers Meeting with locals-experiences, connecting single travelers, going off the beaten tracks, authentic places and encounters, etc. (17)
18	Spiritual & deconnection	De-connection from stress and re-connection to self Digital detox, spiritual or personal growth, mental health & wellness, meditation, peace of place and peace of mind, etc. (18)

19	Clear segments	Clear segment approaches for Millennials, Seniors, Singles, etc. Better differentiation of products and services according to life stage, life stage marketing, etc. (19)
20	Online coverage	Better online connectivity and services Cheap and omnipresent mobile internet coverage, online customer services and relationship management, etc. (20)
21	Bleisure	"Bleisure" - mixing business and leisure travel Leisure offers for business travelers, upselling, Bleisure packages, work places for leisure travelers, etc. (21)
22	Big global brands	Big brand power Attraction of intl. premium brands (e.g. hotels, F&B, retail, products, etc.), premium brand shopping zones/malls/experiences, etc. (22)
23	Small is beautiful	Small is beautiful Small personal accommodation & service, local & individual restaurants, shops & experiences, etc. (23)
24	Experience design	Experience design Careful design of meaningful, memorable, or even transforming experiences, experience management, etc. (24)
25	HR	Recruiting and training Talent scouting, executive and staff recruiting, training, motivation, participation, leadership, retention, etc. (25)

3.4 Primary research methodology

Two phases of research were conducted, both primary and using a selected sample population of experts.

Phase 1 – Rating of topics by online questionnaire

a. Timing

During the time of mid March 2016 to mid April 2016

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

71 experts from all around the world answered, 45% of them from Spain and 55% of them from abroad, enabling us to contrast the "Spanish view" with the "global view". (insert graphic)

d. Topic presentation

Topics were presented with a title plus some explanatory terms and explanations, helping to gain a similar understanding of the topics. Still, and this was mentioned and very important, an “etc.” at the end of each term explanation left room for own interpretation of the topics. The expert panel later on further played with each topic with a given frame.

In addition, three options to add own topics were given.

e. Rating instructions

Two vital instructions were given in order to ensure a common way of rating each issue:

1. Do not think of the relevance for your company only, but of the premium travel sector in general.
2. Relate to the relevance for the business years 2016 and 2017

Phase 2 – Interpretation of results by expert panel

a. Time & Place

25 April 2016 at IE, Madrid

b. Participation

14 experts from the premium travel, products, and services sectors participated. In order to achieve a broad and diversified feedback on the top topics, also selected experts from sectors like shopping or culture were invited. The participants were:

- Eva Sierra Carballo, Presidenta, Luxury Cluster
- Silvia Ortega Alcorta, Founder, Alcorta Luxury Brands & Premium Lifestyle Consulting
- Eva Ruiz Cendón, Director Marketing Spain & Portugal, Mastercard
- Carlos Chaguaceda, General Tourism Director, Comunidad de Madrid
- Ramón Estalella Halffter, Secretary General, CEHAT (Spanish Confederation of Hotels & Tourist Accommodation)
- Carlos Delso, Director General, Joyería Suárez
- D. Antonio López de Ávila, President, Segitur Tourism & Innovation
- Emilio Saliquet, Executive Creative Director and Partner, Réplica
- Evelio Acevedo, Managing Director, Museum Thyssen Bornemisza
- Bernardo Fuerte, Subdirector, Condenast Traveller Group
- José María Palencia Saucedo, Former CEO, World Duty Free Group
- Juan José Güemes, President, IE Intl. Center of Entrepreneurial Management and Innovation, Vice President of Economic Affairs
- Gildo Seisdedos, Director, IE Urban Management Forum & Professor of Marketing
- Yolanda Regodón, IE Associate Director of Communications

c. Panel systematic

The Top 10 topics were presented one by one, each one discussed with the panelists. The moderated session was guided according to 2 key objectives shared with the group:

1. Interpret the topics with their different aspects mentioned and not mentioned in the questionnaire
2. Discuss tendencies, impacts, and possible management approaches for each topic

A side objective was the collection of hints enabling the possible filtering or refinement of selected topics and their descriptions

4. Research findings

The Top 10 topics will be 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 expert panel, will enrich each topic presented. Quotes from the experts will be used in order to underline the additional input.

Rank 1/25

Better online connectivity and services

Cheap and omnipresent mobile internet coverage, online customer services and relationship management, etc.

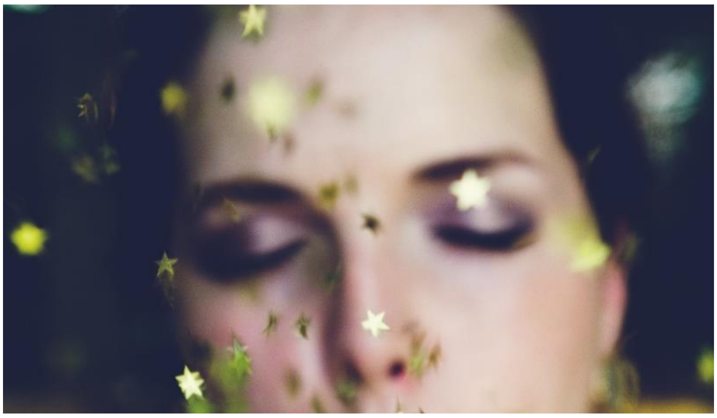
The high cost aspect of using mobile internet abroad was highlighted, but also the complexity of offer and use and the often lacking cost transparency. Within the EU this problem is still of importance, even if not to the degree as when changing the continent. In city destinations the coverage with high speed connectivity is improving a lot, especially within Europe. Still, travelers in many destinations cannot be sure about the availability and quality of mobile internet access. In times of an abundance of helpful guidance, information, and commercial apps and online services, the connectivity of a destination is and will ever be more of critical importance for success.

Selected quotes from the expert panel:

“A destination with poor online connectivity will be a dead destination soon” (Estalella)

“Today’s big luxury is time. Deciding on the spot without preparation thanks to mobile can save a lot of time” (Saliquet)

“The traveler not the destination or business should decide if to be connected or not” (Ortega)



Ranks 2/25

Experience design & Personalization of services

Experience design: Careful design of meaningful, memorable, or even transforming experiences, experience management, etc.

Personalization of services: Concierge services, lifestyle management companies, use of customer data, CRM (Customer Relationship Management), etc.

Especially for the higher end of the market, personalization is a huge aspect of the overall experience. The offer of bookable experiences now is broader and more visible than ever. Experiences of any type and style can be found on the internet nowadays, often surpassing the recommendation capabilities of concierges and usually bookable at the clients' fingertips 24/7. Still, experiences on personal request are still very important and the capability to handle these requests often determines whether something is categorized as luxury or not. This has enabled the rise of Lifestyle Management companies who have specialized on fulfilling travel wishes and dreams on request. More and more, though, we do not see only digital or only personal management/marketing of experiences, but a combination of both. In any case, no matter how amazing on the ground, the experience has to start online, with great design, creativity, high quality content, and time- and nerve-saving user interfaces.

Selected quotes from the expert panel:

"Luxury experiences have a high entry barrier. A good experience is seeing Real Madrid win live in the stadium. Luxury is greeting Cristiano Ronaldo after the game." (Chaguaceda)

"Today you no longer tell where you have been but what you have done." (Estalella)

"The hotel chain Aman creates loyalty not by designing great destinations, but a great experience. The location is second." (López de Ávila)

"Sharing the experience in social networks is the ostentation of the 21st century." (Delso)

"What's personalization today? Achieving access or experiences that are difficult to achieve." (Guëmes)

Rank 4/25

Quality management

Quality control, customer satisfaction measure and management, quality brands, etc.

Travelers leave more "footprints" and data today than ever before. On the one hand, this enables companies to measure different and detailed aspects of customer satisfaction better than ever. On the other hand, managing this rich pool of data in a way that ensures high quality client contact and experience, is a huge opportunity and challenge at the same time. Thanks to big data solutions, a small hotel in rural Spain can now learn about a customer complaint in Chinese social media and immediately react to it before thousands or millions of other people read it. This kind of responsive behavior towards the customers may lead to a "Wow" now, but increasingly premium travelers learn they can expect to be found and approached proactively if something is not as they had expected.

Quality services must be aligned to quality brands nowadays. The brand is a crucial credibility and trust factor in the high end markets. Cross-branding and brand association are important tools in order to create trust amongst premium travelers.

Selected quotes from the expert panel:

“If a luxury hotel cannot build an own strong brand they have Relais & Chateaux, Leading Hotels of the World or other powerfully branded business fellowships.” (Estalella)

“People travelling in luxury always go for quality, and more and more also for authentic smiles.” (Chaguaceda)

“Sometimes quality cannot keep up with innovation, e.g. many use YouTube as communication channel, but miss to make sure what they post there is top quality.” (Ruiz)

Rank 5/25

Mobile booking

Booking of hotels & flights via mobile, restaurant reservations, activity & experience booking, mobile payment in destination, etc.

In many cases, mobile booking by now has surpassed computer bookings, both pre-travel and during a trip. Especially in the destination, mobile is often the most preferred option to get information and make reservations. Most websites are responsive at this point and travelers can choose from an abundance of travel apps that include certain booking functions. Some experts already foresee the end of the mobile app concept, requiring people to download often a multitude of software they only use a few days in order to get the best deals in a certain location or environment. Better and faster web sites and services will take the place.

Selected quotes from the expert panel:

“Our company doubled the investment in mobile technology last year.” (Ruiz)

“There are certain services that best work as apps, but more and more intelligent, responsive web solutions take the place of apps.” (Lopez de Avila)

Rank 6/25

Pre-booking of experiences & activities

Pre-travel booking just like flight & hotel, experience seller platforms like getyourguide.com, sales of activities & experiences through online travel agencies, hotel websites, etc.

The two opposite poles here are best represented by two strongly growing business models. One is that of the experience platforms like getyourguide.com and others, where travelers can book experiences like planes and hotels before their trip. The other approach is that of the lifestyle management companies like Quintessentially, offering their concierge-type services 24/7 and trying to fulfill every spontaneous wish or interest a traveler may have ad hoc. Surely, each model will attract its' preferred customers. Also premium travelers often may go "hybrid", meaning part of the experiences could be pre-booked and others organized ad-hoc by the hotel concierge or lifestyle managers.

Noteworthy is also the fact that hotels more and more take the role of experience providers, many of them also with a buffet of experiences and, on top, concierge services. Others, like high-end hotel brand Explora, even with Experience-all-Inclusive concepts.

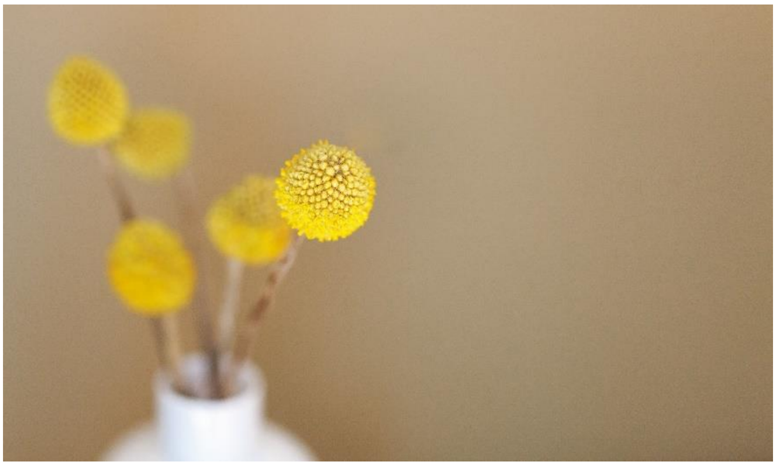
Selected quotes from the expert panel:

"Does the concept of "pre-booking" work in luxury travel? How many times do these very busy people had to cancel reserved experiences due to agenda changes? It certainly does not work with the ultra-rich." (Palencia)

"Pre-booking is part of the experience." (Saliquet)

"For some activities being on the waiting list is part of the experience, like waiting for a flight to the moon or to get a table at some of the world's best restaurants." (Estalella)

"As an experience provider you have to be very well prepared to be able to deliver an experience on demand." (Acevedo)



Rank 7/25

Small is beautiful

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

The online space has allowed also small brands with unique concepts to be visible and easily accessible for the premium travelers. Last year's IE & MasterCard's "High Value City Travel 2015" primary research data clearly show the strong and globally growing interest in the small & authentic. True for hotels, but even more for experiences or even activities like shopping. Despite the fact that today's premium travelers are very experienced and more adventurous than in the past, the challenge for many of the small providers is not only being found, but also being trusted if they are not yet part of a big brand fellowship. The Barometer clearly highlights that the related concept of "authentic & local" is much more important to premium travel and destination managers and marketers than the idea of winning more big global luxury brand investment and collaboration.

Selected quotes from the expert panel:

"Premium travelers are in love with individual places or experiences with a proprietary personality guaranteeing them the standards and protection of a big brand fellowship like in the case of Relais & Chateaux & Co." (Fuertes)

"The exclusive and unique is by definition small." (Regodón)

"The digitalization enables also small business to access customers and sell via the Long Tail."

Rank 8/25

F&B and Gastronomy

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

In recent years, we have read a lot about Shopping Travel, certainly a growing market. What is much higher ranked by premium travel experts now, though, is Food Travel. Not only has Food & Wine become a critical factor for premium traveler satisfaction on any type of trip, it has become a major travel motivation or even a reason to travel. There are different pull factors that must be named: visiting famous restaurants, tastings specific local products and cuisines, local food experiences arranged with top class chefs, visiting culinary regions or landscapes, or tasting and buying local products, to be delivered home after the end of the trip.

In the expert panel, there was a controversy about how much premium travelers are really motivated to choose a certain destination over another for food, with many stating they don't believe that food would often be the primary driver.

Selected quotes from the expert panel:

"It could be that we are mediatized by all the food shows we see on TV. I don't think that this often really is the principal driver." (Ruiz)

"Luxury travelers eat well almost anywhere. Their experience is not in great food, it is in experiencing food in great ways." (Estalella)

Rank 9/25

“Back to nature “…

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

…and Rank 10/25 –

Spirituality & De-connection

De-connection from stress and re-connection to self: Digital detox, spiritual or personal growth, mental health & wellness, meditation, peace of place and peace of mind, etc.

The desire to go “Back to nature” shows in many ways, but only in smaller portions we find the desire for strict or holistic eco-concepts. Often it is about natural design, experiences in contact with nature or healthy, organic food options. In our highly developed world, “purely natural” has become something scarce, something exclusive, not accessible for everyone.

The same is true for spaces cut off from civilization and the daily stress. These spaces can be physical, scarce through their quiet and natural, even secluded, location. They can also be non-physical, created through spiritual exercises like meditation or yoga. Or they even can be created by simple being forced offline, providing for a kind of digital-detox zone.

The experts are convinced that there is still much more potential in designing, providing and marketing such spaces, managing them well and creating experiences and activities around pure and healthy nature, mindfulness, mental health and peace of mind.

Selected quotes from the expert panel:

“There will be more and more value created in this direction and people will be more and more willing to pay for it in the future.” (Palencia)

“The human race feels more and more disconnected to the inner self, they need services to learn to improve this de-connection, and there is no better time than vacation for that.” (Ruiz)

“Most premium travelers are from big cities and lead hectic lives, no wonder they look for nature, mental and physical health. Travelers look for a contrast to their daily life” (Estalella)

“Many people will choose “conscious travel” on one trip, but a totally different concept on another, hardly anyone will look for this type of experience on every trip.” (Fuertes)

Runner-up topics

The two runner-up topics came in at a tie and very close to the Top 10, therefore will be looked at in more detail as well.

Rank 11/25

Clear segments

Clear segment approaches for Millennials, Seniors, Singles, etc.: Better differentiation of products and services according to life stage, life stage marketing, etc.

The “old world” of geo- and demographic-data driven segmentation approaches is slightly losing relevance compared to lifestyle-driven ones, especially in the premium and even more in the luxury segments. Tastes and preferences are usually more similar among luxury travelers from Brazil and France, for example, than they are among “3-star travelers” from those two countries or among a 3-star and a luxury traveler from the same country. When asked in which geo-markets to invest, experts give more relevance to strengthening the more established, traditional geo-markets than the relatively new markets like China or India, for example.

Where demographics still does play a role is in the marketers’ view on two big age groups, specifically, the Baby Boomers and the Millennials. The use of digital services and devices, but also different values and interests drive segment-focused approaches here. In general, though, premium consumers, won’t accept as easily to “be segmented” and favor an individual and personal marketing approach. Grouping them in any visible way is usually a bad idea.

Selected quotes from the expert panel:

“Over all the Millennial marketing news, let’s not forget the time and money rich Baby Boomers, a tremendously important segment for premium travel.” (Palencia)

“For Millennials, the dream destination in line with their lifestyle is Coachella”. (Saliquet)

“Defining segments well is a big challenge, luxury segments are often so small, eclectic, and difficult to tag.” (Palencia)

Rank 11/25

Human Resources

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

The style of personal encounters in luxury travel between clients and service staff has undergone a transformation in the recent years, from serving in an almost subordinate, invisible way to authentic, mutually respectful encounters on eye-level. This also requires new types of personalities and training in high end travel services. Attitude is the magic word, noting it does not replace vast knowledge and skills, but rather complements and completes the required talent profile. Regarding staff preparation this has the consequence that employee motivation, values and corporate culture have become at least as important as training and education measures.

Selected quotes from the expert panel:

“Talent means more attitude than skills these days in our sector.” (Palencia)

Spain vs. Rest of World

The survey sample was split nearly in halves between Spanish premium travel experts and international ones. By comparing the different rates and ranks of topics we see significant differences regarding the prioritization of topics. In general it shows that topics related to sustainability and authenticity rate significantly lower in Spain. The most remarkable differences are listed below:

+++ More important in Spain

Topic	Rank Spain	Rank Other	Diff. Rank	Diff. Rate
Pre-booking experiences	2	10	+8	+0,49
Human Resources	6	19	+13	+0,85
City travel	14	22	+8	+0,52
Shopping	17	24	+7	+1,11
Big global brands	18	25	+7	+1,04

--- Less important in Spain

Topic	Rank Spain	Rank Other	Diff. Rank	Diff. Rate
Mobile apps	22	13	-9	-0,67
Eco & Social sustainability	20	11	-9	-0,69
Authentic & local	19	12	-7	-0,61
„Back to nature“	14	5	-9	-0,82

Appendix 1 – Complete Barometer Evaluation

Rank	Topic	Description	Ave. Rate
1	Online coverage	Better online connectivity and services Cheap and omnipresent mobile internet coverage, online customer services and relationship management, etc. (20)	8,52
2	Personalization	Personalization of services Concierge services, lifestyle management companies, use of customer data, CRM (Customer Relationship Management), etc. (5)	8,08
2	Experience design	Experience design Careful design of meaningful, memorable, or even transforming experiences, experience management, etc. (24)	8,08
4	Quality management	Quality management Quality control, customer satisfaction measure- and management, quality brands, etc. (10)	8,06
5	Mobile booking	Mobile booking and payment solutions Booking of hotels & flights via mobile, restaurant reservations, activity & experience booking, mobile payment in destination, etc. (2)	7,97
6	Pre-booking experiences	Online booking of activities and experiences Pre-travel booking just like flight & hotel, experience seller platforms like getyourguide.com, sales of activities & experiences through online travel agencies, hotel websites, etc. (4)	7,94
7	Small is beautiful	Small is beautiful Small personal accommodation & service, local & individual restaurants, shops & experiences, etc. (23)	7,84
8	F&B + Gastro	Food & Beverage/Gastronomy concepts New gastronomy concepts, local specialties, food travel/packages, cooking & market experiences, etc. (13)	7,77
9	Back to nature	"Back to nature" Natural design, hotels/places connected to nature, organic food + products, nature retreats & experiences, etc. (15)	7,61
10	Spiritual & deconnection	De-connection from stress and re-connection to self Digital detox, spiritual or personal growth, mental health & wellness, meditation, peace of place and peace of mind, etc. (18)	7,49
11	Clear segments	Clear segment approaches for Millennials, Seniors, Singles, etc. Better differentiation of products and services according to life stage, life stage marketing, etc. (19)	7,45
11	HR	Recruiting and training Talent scouting, executive and staff recruiting, training, motivation, participation, leadership, retention, etc. (25)	7,45

13	(Ecological & social) Sustainability	Responsible business Causes and local project support, Eco-resorts, organic, fair, and/or local food, climate friendly solutions, green design, etc. (8)	7,30
14	Authenticity & local	Connection with locals and other travelers Meeting with locals-experiences, connecting single travelers, going off the beaten tracks, authentic places and encounters, etc. (17)	7,28
15	Bleisure	"Bleisure" - mixing business and leisure travel Leisure offers for business travelers, upselling, Bleisure packages, work places for leisure travelers, etc. (21)	7,27
16	Innovation	Innovation management Innovative customer solutions as competitive advantage, innovative design, innovation culture in companies, hi-tech use, etc. (9)	7,23
17	Mobile apps	Mobile travel apps Mobile destination guides, airport, hotel & attraction apps, augmented reality, etc. (3)	7,17
17	Social media	Social media marketing Online customer service, social media marketing strategy, reputation management, big data analysis, etc. (7)	7,17
19	Connection with F&F	Connection with family and friends Spaces and times "only for us", multi-generation family travel, travelling with or visiting friends, family reunion travel, etc. (16)	7,03
20	City travel	Big city destination development Development of city packages, smart cities, city clusters, city transport, offer of culture, shopping, dining, etc. (14)	6,89
21	Established markets	Established markets stimulation Loyalty management, repeat visit strategies, product innovation, new segments in "old" geo-markets, etc. (12)	6,86
22	New Geo-markets	New geo-market development Market research and targeted marketing in new/non-traditional geo-markets, e.g. on other continents, etc. (11)	6,51
23	Non-hotel & Sharing	Non-hotel accommodation growth Sharing economy, Airbnb & Co., luxury and premium flats, serviced apartments, etc. (1)	6,49
24	Shopping	In-destination shopping Shopping travel, duty-free, shopping clusters, home delivery, shopping guides, tourist-friendly malls & outlets, etc. (6)	6,48
25	Big global brands	Big brand power Attraction of intl. premium brands (e.g. hotels, F&B, retail, products, etc.), premium brand shopping zones/malls/experiences, etc. (22)	6,43

Appendix 2 – Questionnaire

Premium Travel Barometer 2016

Trending Topics

Welcome to the IE & Mastercard Premium Travel Barometer 2016 – we're happy you have chosen to be part of the Barometer Expert Panel. It's simple and quick, yet will deliver important results.

What is it about?

The Barometer will show the **relevance of managing well 25 major industry topics** for the success of premium travel businesses nowadays. It will define trending topics and will be repeated on a yearly basis to see how topic relevance changes over time.

How to read?

The list below is a mix of internal (company/industry oriented) and external (traveler oriented) topics. Below each topic you see a few terms or brief explanations. The terms are only a selection, some you may find more relevant, others less or even missing. They are simply a guideline to make sure all experts have a similar understanding.

How to rate?

- Do not think of your company only, but of the **premium travel sector in general**.
- Relate to the relevance in the business **years 2016 and 2017.**
- Consider the entire range of ratings from 1 (not too important) to 5 (top priority).

THANK YOU for sharing your valued expert opinion for the 2016 Premium Travel Barometer. We're all excited to analyze and share the results with you very soon!

1	**Non-hotel accommodation growth** **Sharing economy, Airbnb & Co., luxury and premium flats, serviced apartments, etc.**
2	**Mobile booking and payment solutions** **Booking of hotels & flights via mobile, restaurant reservations, activity & experience booking, mobile payment in destination, etc.**
3	**Mobile travel apps** **Mobile destination guides, airport, hotel & attraction apps, augmented reality, etc.**
4	**Online booking of activities and experiences** **Pre-travel booking just like flight & hotel, experience seller platforms like getyourguide.com, sales of activities & experiences through online travel agencies, hotel websites, etc.**
5	**Personalization of services**

	Concierge services, lifestyle management companies, use of customer data, CRM (Customer Relationship Management), etc.
6	**In-destination shopping** **Shopping travel, duty-free, shopping clusters, home delivery, shopping guides, tourist-friendly malls & outlets, etc.**
7	**Social media marketing** **Online customer service, social media marketing strategy, reputation management, big data analysis, etc.**
8	**Responsible business** **Eco-resorts, organic, fair, and/or local food, causes and local project support, climate friendly solutions, green chic, etc.**
9	**Innovation management** **Innovative customer solutions as competitive advantage, innovative design, innovation culture in companies, hi-tech use, etc.**
10	**Quality management** **Quality control, customer satisfaction measure- and management, quality brands, etc.**
11	**New geo-market development** **Market research and targeted marketing, e.g. in BRIC or other mainly Non-European new markets**
12	**Established markets stimulation** **CRM, loyalty management, repeat visit strategies, product innovation, new segments in "old" geo-markets, etc.**
13	**Food & Beverage/Gastronomy concepts** **New gastronomy concepts, local specialties, food travel/packages, cooking & market experiences, etc.**
14	**Big city destination development** Development of city packages, smart cities, city clusters, city transport, offer of culture, shopping, dining, etc.
15	**"Back to nature"** **Natural design, hotels/places connected to nature, natural food + products, nature retreats & experiences, etc.**
16	**Connection with family and friends** **Spaces and times "only for us", multi-generation family travel, travelling with or visiting friends, family reunion travel, etc.**
17	**Connection with locals and other travelers** **Meeting with locals-experiences, connecting single travelers, getting away from tourist routes, authentic places and encounters, etc.**
18	**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.**
19	**Clear segment approaches for Millennials, Seniors, Singles, etc.** **Better differentiation of products and services according to life stage, life stage marketing, etc.**
20	**Better online connectivity and services** **Cheap and omnipresent mobile internet coverage, online customer services and relationship management, etc.**
21	**"Bleisure" - mixing business and leisure travel** **Leisure offers for business travelers, upselling, Bleisure packages, work places for leisure travelers, etc.**
22	**Big brand power**

	Attraction of intl. premium brands (e.g. hotels, F&B, retail, products, etc.), premium brand shopping zones/malls/experiences, etc.
23	**Small is beautiful** **Small personal accommodation & service, local & individual restaurants, shops & experiences, etc.**
24	**Experience design** **Careful design of meaningful, memorable, or even transforming experiences, experience management, etc.**
25	**Recruiting and training** **Talent scouting, executive and staff recruiting, training, motivation, participation, leadership, retention, etc.**