

Luxury Makes a Comeback in Travel

By Karen Weiner Escalera

Luxury is making a comeback in the travel industry as we go into the last six months of 2004. High-priced boat sales increased 9.5% last year, concierge floors on ships and in pricey hotels are selling out first, the bar on restaurant purchases has been raised to \$300 prix fixes, and a major private jet rental firm reports sales not seen since the mid-1990's. And Americans traveling overseas for the first five months of this year are up 19% over last year.

Luxury is well again, capturing the headlines in its traditional wise, with new spins and with many new media markets. Taking its cue from our celebrity mania, the extravagant is once again politically acceptable news. Whether it's a widely reported \$1000 omelette at a New York hotel or Leading Hotels' "Out of This World " programs such as our over \$16 million, 4 day/3 night package for the Marquis los Cabos Resort in Mexico complete with private concert with Santana and private jet transport from anywhere in the world, over the top is making the headlines. The new battlefield for the luxury message is in design and service. Travel and fashion continue to meld, with big names in fashion choosing to make their mark in the hospitality industry. Ferragamo has several successful small, exclusive hostelrys in Italy; Bulgari just opened their first hotel in Milan; and rumor has it that a Calvin Klein hotel is not far behind.

The service message is an effective way to get "hits "in both magazines and newspapers. Anything quirky, offbeat or fun qualifies -- a unique minibar item, a state of the art pillow , any services for dogs, or unusual alternatives for turndown service. Service jobs that cater to the whims and pampering of the privileged few are all ways to stand out from the luxury crowd. Our sleep concierge was in constant demand for broadcast interviews; other favorites from industry colleagues are a water sommelier, bath concierge and the Director of Guest Desires. These service messages lend themselves to news shorts and graphics which are increasingly filling the travel pages of leading newspapers and magazines as more media follow the lead of USA Today in "going short". As Alison DaRosa, travel writer for the San Diego Union recently said at an industry conference, "Ninety percent of the paper's travel section is now briefs". Or, as Larry Bleiberg, travel editor for the Dallas Morning News reported, newspapers are becoming versions of the internet, increasingly dominated by graphics and "chunklets" of text.

Luxury has a new face. It's not just about "things" but also, wellness -- physically, mentally and spiritually. Feeling and looking well is now the ultimate luxury. Whether it's in-flight massage, yoga retreats, wellness rooms in hotels or medspa treatments, they're all great grist for the publicity mill. The spiritual vocabulary of the yoga age can be especially effective. For a new high end resort called "Esencia", "essence", we evoke the essence of nature, beauty and love, creating a picture, telling a story. In another new spin on luxury, "aspirational" travel to quote Gene Sloan of USA Today and experiential travel are growing travel trends. Studying Shakespeare in Oxford while staying at a top flight hotel, learning calligraphy in Asia, or arranging flowers with a leading expert at Paris' Crillon Hotel are sought after travel experiences in the new travel landscape. Soft adventure or now -- soft, soft adventure as in hiking a mile a day -- has a new luxury bent, appealing to baby boomers and families looking to enjoy quality time together.

The number of magazines, national, regional and local, appealing to the affluent consumer continues to explode. High end travel agents (Virtuoso), international beach clubs (Nikki Beach Club), cars (Mercedes Benz), and private jets (Elite Traveler), just to name a few, all have their own glossy magazines. American Express will be launching a magazine for its Centurion card members who pay

\$2500 for the privilege of being a member of the newest ultra-exclusive club. The New York Times recently reported six new upscale titles this summer alone in the demographically sought after Hamptons in New York. And one publisher went the extra mile to hand deliver his magazines to the beach houses of the rich and famous. In South Florida's "gold coast", from Miami to Palm Beach, there are now at least 10 English language titles that fit this bill and another four in Spanish and they're all open to the brandishments of public relations practitioners. These media make large features a stock in trade, opening up a wide range of new opportunities for high-end travel products – the newest, the hottest, the latest, preferably with a pedigree of a name architect, chef, or designer.

Any discussion of this market segment has to look at a new category, "the new luxury market." As *Folio* magazine described, "This is the ever growing cohort of middle class Americans who have made the \$3 latte an everyday addiction, who match Gap T-shirts with Gucci and drive a BMW to Costco." In 2003 the market was \$400 billion in the U.S., growing at 15% annually and involving 48 million households with incomes of more than \$50,000."

Ninety four percent of consumers in this group say they trade up on at least one product category according to the Boston Consulting Group. Keep this group in mind in any communications strategy, orienting your message to what *Arthur Frommer's Budget Travel* magazine calls "The Splurge." Even here there are opportunities for a service message. One of the ideas we like best? Service plus an upsell. As the *Wall Street Journal* recently reported, everyone wants to be a VIP so sell "specialness," whether it's special access, private facilities, exclusive parties or receptions. Some things never change.