THE CUSTOMER JOURNEY OF THE PREMIUM TRAVELER

HIGHLIGHTS OF AN INVESTIGATION AMONG 2,175 INTERNATIONAL TRAVELERS FROM THE US, THE UK AND SPAIN

A research project of the Premium Travel Lab

In collaboration with Google, Mastercard and IE University.
By Jörn Gieschen
Information about tourism is abundant. Reliable information about the premium traveler is scarce. The travel and tourism industry needs data and analysis of relevance to serve this market better and to build their competitive advantage.

At IE Premium Business Observatory we identified this opportunity to generate knowledge about the premium tourist. The alliance with Google to conduct research was the first step taken. Ambitious and challenging it proved to be the best.

This report is the first one to be released within the framework of “Premium Travel Lab”, the alliance of Google and IE Premium Business Observatory to generate knowledge about the digital customer journey of premium travelers.

The global and extensive work we are conducting will provide valuable insights in regards to all steps of the customer journey. From inspiration via decision making to referrals, we know better how premium traveler behave and how it differs from a non-premium customer. From hotels, to agents, to experience providers, the insights will be actionable for the actors of the tourism ecosystem. As the material is so rich, we have structured the findings in several papers and presentations including:

- Accommodation: Premium versus non premium tourism
- Millennial Premium tourism: trends and opportunities
- Perceptions of premium tourism about Spain

This work is part of the annual output of IE Premium Business Observatory that started in 2010 with the support of Mastercard. The Observatory conducts several lines of research among which premium travel has been a main pillar. We are grateful to Mastercard for their vision and commitment to generating and disseminating knowledge over so many years.

Many thanks to Jörn Gieschen, author of the report, tourism expert and passionate about discovering new insights. We are very grateful to Sandra Manresa who championed this project since the beginning as responsible for Google Travel, together with her team and the people at field research agency El Departamento. Thanks also 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.

Maria Eugenia Girón
Executive Director IE Premium and Prestige Observatory
The IE Premium Business 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 BUSINESS OBSERVATORY IS...**

- A platform to integrate all activities related to the premium and prestige business industry within IE Business School.
- An observatory of trends and new sources of growth.
- A hub for conducting relevant research on this industry of specific value to the Observatory’s partners and the wider business community.
- A platform for organizing seminars, conferences, and other events and for promoting high value networking among industry professionals.
- An incubator for new ideas and business development within this industry.
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.
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 a pragmatic, innovative, and empathic project management style.

María Eugenia Girón. Founder and Executive Director of IE Premium 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.
All stakeholders of this research, the research team and initiators at IE, our partners at Google Travel, Mastercard, and many industry partners, have been so excited about this research from the start due to one key reason: this research profoundly taps into a big black box, an area with many assumptions and myths, but few data and intelligence. How are premium travelers really different from their mass-market peers, how do their preferences and behavioral patterns compare?

To answer the many unanswered questions, a broad primary market research was undertaken in three big international markets, the US, the UK, and Spain. Over 2,100 travelers went through an extensive online questionnaire, nearly 1,500 of them fulfilled the criteria as premium travelers frequently using luxury accommodation like 5-star Grand or Boutique hotels or high-end holiday rentals, allowing to build an incredibly rich data set to explore. Clearly, the vast majority of these travelers represent the upper but not the very high-end segments of the market represented by High Networth or even Ultra High Networth individuals, reason why we rather speak of premium than of luxury market segments.

So, what are the key differences between premium and standard travelers the research could unveil?

Pre-travel stages

One of the most discussed industry questions is whether premium travelers rely more on travel consultants or not. Fact 1: there is a smaller share of them fully relying on travel agents than among standard travelers. Fact 2: they simply consult more sources in the information and inspiration stages (an average 6.5 vs. 3.9 sources) and have a greater tendency to involve travel agents in the process. 56% consider travel agents useful sooner or later in the pre-booking phases (vs. only 39% of standard travelers), at least at times. This means good opportunities for travel experts, but also a challenge convincing premium travelers to not only use the experts’ input but also book the deal with them.

8 out of the Top 10 information sources are online, search engines like google and review sites like Tripadvisor lead the ranks. Significantly more popular among premium than among standard travelers are info sources like online travel guides, travel blogs, travel sections in e-papers and magazines, and Youtube, indicating they look for richer content going beyond the usual info.

Which types of information/content are most important for the choice of destination then? While cultural richness and the reputation of destinations are the most important factors for both groups, both factors are much less important to premium than to standard travelers. Strong "premium factors" include the possibility to use the favorite hotel or airline brands, shopping and event offers. Surprisingly, also the exchange rate is more important as more money is being spent.

Who believes that premium travelers are more into cultural and less into sun & beach travel than their less affluent peers, is definitely on the wrong track, the contrary is the case. Also, premium travelers are more prone to book packages, in 50% of the cases complemented by additional modules: 45% have booked a package for their last trip vs. 38% of standard travelers. The British were most package-oriented, the Spanish least. The higher package share may have to do with the fact that premium travelers more often travel with kids, another interesting result of the study.
Package or not, premium travelers on average book a lot more travel components, both before and during the trip: 11 vs. 7.6. Especially components like restaurant reservations, taxi rides, tour guides, experiences/workshops or wellness/health treatments get booked more by the more affluent consumers. Simultaneously higher for the mentioned categories also are the advance booking rates of premium travelers, good news for experience selling platforms and agents.

**Accommodation**

The most popular type of premium accommodation still is the grand/5-star/diamond hotel, accounting for a little over 60% of all premium stays, followed by Boutique hotels (little over 20%) and luxury flats or villas (preferred by nearly 20%). There are significant regional differences, though, as the Spanish tend to prefer the big 5-stars and British have a crush on boutique hotels and luxury rentals.

When asked about the reasons to book premium, location, room size, and service were the top 3 reasons, suggesting if you are a 5-star accommodation in a 4-star location, you have to offer significantly more value to attract customers. This is also confirmed by the fact, that location was also by far the biggest factor when premium travelers were asked what distinguishes a 5- from a 4-star hotel – 38% voted for this factor, followed by 28% highlighting service quality and 27% room size.

Exterior and even more interior design have become key elements in brand building and so we wanted to find out design styles premium travelers prefer. The classical premium design with large chandeliers, marble, and thick carpets is the preferred option of only 15% nowadays. More than two-thirds prefer modern designs, from minimalistic to artsy, while there is another 30% preferring designs that focus on local architecture, ecology, and rustic/natural elements. The latter design is especially attractive for Spanish travelers while it is much less so for the British. Only 12% of premium travelers stated that the design type does not matter to them, confirming that design is an important positioning element.

**Activities in destination**

The experience economy has every reason to elaborate and promote better offers for the premium segment – these travelers are far more active and indicate a higher interest across all types of activities. Especially, they are more interested in health and wellness offers, shopping, adventure, and sports, as well as the local food offers. The important news for related businesses is that this also materializes in more activity bookings, both in the destination, but especially and increasingly before taking the trip. A bit more challenging for these companies is the British market, which more than the Spanish and especially the US market, is focused on relaxation and disconnection rather than on cultural or other activities.

**Digital behavior**

Premium travelers are more open-minded for technology and also for disruptive business models. A significantly higher share than standard travelers takes a laptop or tablet on vacation and more than a quarter of them state they love the sharing economy. They use their devices more and more interactively than their mass-market peers, both before and during the trip. The intense discussion, if they are less prone to using social media around their holidays, can be closed, as the result is very clear: they visit Facebook, Instagram, Twitter, and Youtube more for pre-travel inspiration and
information, and they use it more during and after vacation, especially involving other people. They share slightly more content, especially on side topics like cleanliness, security, prices, or room details, often neglected factors in social media strategies.

**Overall conclusion**

The study decrypts many industry myths around premium travelers and confirms other assumptions: they are more active along all stages of the customer journey, they consult more information and channels, they book more activities in the destinations and they use their devices around their vacation. Premium travelers are more avid social media users and contributors, but also more critical and outspoken on many aspects, making them more influential than their mass-market counterparts.
With very good reason, the research team is especially excited about this year’s intense Premium Travel Research: it clarifies omnipresent myths all along the luxury travel customer journey and closes some real knowledge gaps highly relevant to it players.

This is reflected by the high-level objectives we defined for all our premium travel investigations:

1. Generate **novel knowledge** (close knowledge gaps)...
2. ... **highly relevant** to businesses in premium travel worldwide...
3. ... in an **independent, scientific, and yet practical** way...
4. ... in close **collaboration with top industry** partners.

The hypothetic knowledge gaps and myths were identified during our many former events with luxury travel experts at IE, during one-on-one interviews and casual industry conversations. What followed was a process of global research scanning in order to learn which information was really not available to the market and which was just unknown. This is how we identified the most demanded and value-adding insight needs, helping us to define an investigation producing highly relevant and novel intelligence novel for businesses in the market.
**BROAD AREA OF INVESTIGATION**

While doing the previously described scanning exercise, it soon became clear that there was a significant number of knowledge gaps and that they existed all along the customer journey process. Not all areas have the same weight in the investigation, though. For example, in collaboration with a few major hotel chains, we identified quite a number of necessary research aspects regarding premium accommodation. On the other hand, flight has become a commodity and adds relatively little to the overall trip value generation for a premium traveler, reason for us to put stronger focus on other elements of the value chain.

**AMBITIOUS RESEARCH METHODOLOGY**

Given the identified opportunity to close some highly relevant knowledge gaps for the many companies in the premium travel sector, many of them SMEs with limited research resources and a clientele rather reluctant towards primary research exercises, it was clear that a highly ambitious yet practical research process had to be developed.

- **Methodology:** Quantitative study. Online interviews through a Netquest online access panel, self-administered questionnaire, 18 minutes long.
- **Fieldwork date:** June-July 2018
- **Population:** General population +16 years/old. Quotas have been set in order to achieve a representative sample in terms of age, gender and geographical areas.
- **Sample size:** 2,175

The fieldwork was done with the help of a professional market research agency in Madrid, El Departamento.
LIMITATIONS OF THIS REPORT

When generalizing insights gathered from the research, it has to be considered that the research was done in only three, albeit major markets. All markets are part of the "Western world", so especially conclusions about premium segment preferences for other parts of the world have to be drawn with care.

The second important limitation is related to the different upmarket segments. This study is focused on the premium segments, those mostly using luxury accommodation and spending on average 50% more than the regular international traveler. This means the study does not represent the higher luxury segments like the High or even Ultra High Net Worth Individuals.

And finally, this report is the first of a series of publications. The incredibly rich data set allows for very specific follow-up reports dedicated to deeper and more specific analysis. Possible future focus topics include luxury accommodation, millennial premium travelers or different definitions of premium travelers. This first document gives only a mere overview of the more striking overall outcomes of the extensive research.
KEY FINDINGS

Thanks to the broad scope and the large sample size, the research resulted in a massive amount of data and a rich array of evaluation opportunities. The full scope and also depth of the study will be revealed across various reports featuring different types of data analysis along different key topics and objectives.

This first report presents merely an overview of selected highlights of the overall outcomes along the entire customer journey. It focuses on presenting some of the most relevant differences in preferences and behavior between standard and premium travelers. Especially, it will unveil some of the most common myths and misconceptions prevailing in the industry.

In the following, those selected key insights will be shared following the customer journey from beginning to end.
One of the key beliefs among many industry players is that premium travelers prefer personal consultation over online sources of information. The data show that this general conception is wrong. While it is true that many premium travelers also get in touch with travel agents, they also use significantly more channels to find inspiration and information about their next holidays. While standard travelers on average use 3.9 different sources to find information on holiday accommodation, for example, premium travelers on average use 6.5.

Of their top 10 preferred sources of holiday information on all types of elements, flight, accommodation or destination, for example, eight are online channels; and yes, online travel agencies and portals are among them, as we will later see.

Brick and mortar travel agents will not like to hear the next outcome: as an information channel they did not even make it into the top 10 anymore. Without any doubt, though, they keep having a great right of existence: still, roughly 1 out of 4 premium travelers do also consult an expert face-to-face regarding holiday accommodation, for example. Those agents compete with many other channels though, not only during the information and inspiration stages but also for the actual purchase moment.

Overall, the tendency to involve a professional travel consultant at some stage of the holiday searching process also still is significantly higher among premium travelers. 17% stated that a face-to-face consultation is absolutely essential for them, among Standard travelers this percentage is as low as 8%. In addition, another 39% of premium travelers stated that consulting a travel agent can be useful at times – again for standard travelers this percentage is lower with only 31%.

Summing up, the good news for travel agents is that still more than half (56%) of premium travelers are potential targets as they do consider the use of human experts as a possibly valuable source of information.
Looking more in-depth, the misconceptions about the online behavior of premium travelers also refer to the use of social media and OTAs (Online Travel Agencies) in the inspiration and information stages. Premium travelers use these sources of information even significantly more than the average traveler. Social media wise this is true across all major channels such as Facebook, Instagram, Twitter or Youtube.

Much more popular among premium than among standard travelers, also are travel blogs, online travel guides, and travel articles in online newspapers and magazines.
For many destinations around the world, attracting a higher share of premium travelers is a strategic priority. As there are many countries, regions, and cities fighting for a relatively small, yet attractive, part of the markets, it is essential to understand the key factors travelers take into consideration when making their decision about the next holiday destination. Our research unveils these factors and clearly demonstrates differences between the premium and standard segments.

How premium travelers choose a holiday destination

The most important factors, for standard and premium travelers alike, are cultural attractiveness of the destination – 58% of all premium travelers stated it influenced them a lot - and its reputation (51%). Also, the next range of factors mostly deals directly with the destination assets, cost and hotel or airline related topics stand back a bit. Only “easy access/transport to the destination” reached a spot in the top 8 ranked topics. Interestingly, “activities” made it to rank 3, in line with the current trend away from bucket list and pure relaxation travel to experience centered holidays. An interesting offer of activities is more important to premium travelers than the climate, accommodation, cost, or specific topics like gastronomy or shopping, for example.

<table>
<thead>
<tr>
<th>Destination Selection Factors of Premium Travelers</th>
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<tbody>
<tr>
<td><strong>Most important (50+%)</strong>*</td>
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<td>*Share of premium travelers stating factor “influenced a lot”</td>
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When comparing premium with standard travelers, there are a few striking differences. Brand loyalty is a much stronger factor when choosing a destination for premium travelers. This refers above all to favorite hotel brands, but also to airline preferences. One explanation certainly is loyalty programs, as well-traveled affluent consumers benefit more of those than the average traveler. Attractive loyalty programs obviously work well with premium brands and can be used in order to influence travelers’ destination choices significantly.
So which factors especially can destinations stress more in order to become more attractive to premium travelers? Much more than the standard travelers, the more affluent visitors value a good shopping offer, events and a broad range of attractive accommodations. These also are three areas where they spend significantly more money. At the same time, they do watch where they get more value for their money – countries with an advantageous exchange rate should take advantage of this factor also when targeting premium segments.

Good news also for destinations that are a bit more off the beaten paths. Premium travelers, more than other segments, are more willing to take an extra flight leg or a longer drive if they feel they get an extraordinary value. Also, it is not as important for them, how famous or well-reputed a destination is, compared to the mass market. Finally, premium travelers are not more into cultural travel than standard travelers, another common assumption disproved.

**Different holiday type preferences**

This last point gets also clear when looking at the main types of the last travel taken. The premium travelers have a higher share of relax holidays at the beach and a lower share for the city break holidays. Usually culture-loaded touring/roundtrip holidays seem to be equally attractive for both groups. In addition, nature and adventure travel seems to be slightly more attractive to the affluent segments.
**Premium package, please!**

Another myth is that travel packages are less attractive to premium travelers. Nearly every third premium traveler relies only on a package when booking holidays abroad. Another 15% bought a package and added further, independently booked other holiday elements. In the Anglo-Saxon world, packages are still far more important than in Spain, this holds true for both premium and standard travelers by the way. When comparing the two segments, the research shows that travel packages are more attractive to the upmarket travelers (45% of them used a package on their last trip) than to the mass markets (38%, both percentages include also mixed booking forms, package + modules).

At least this is true for both the American and the Spanish market. In the British market, the package booking share is slightly higher in the mass market segments. In all three markets and across all segments, modular self-booking, though, is by far more attractive than package travel.

Going deeper in the behavioral analysis regarding modular booking - the preferred booking form of premium travelers - more interesting facts come to light. Modular booking overall includes all elements booked prior to or during the trip, from flight and hotel to restaurant, tour or event ticket. Premium travelers on average book 11 different products prior or during a trip – compared to only 7,6 booked by standard travelers. This means, they do not only book superior items, they also book more. This goes for all, bookings before and during the trip.
Higher budget – more holiday components

The top components booked include excursions, travel insurance, restaurant reservations, entries to events or attractions, and local transport. All the mentioned elements were booked by at least 50% of all premium travelers. Especially the following components are much more attractive to affluent than to regular travelers: Restaurant reservations, taxi/chauffeur rides, tour guides, experiences / workshops / treatments, local rental transport like cars, bicycles, scooters, or Segways.

The share of advance booking is relatively similar between both segments. On average, 41% vs. 37% of all booked components were booked before the trip. Of course, there are strong differences between the elements: while rental cars mostly (by 61% of all premium travelers) get booked before the trip, bicycles/scooter (29%) and restaurants (25%) usually are booked in the destination. Interestingly, kids related services like a babysitter (53%) and kids’ activities (44%) very often are being reserved from home already.

Action in advance

There is one remarkable difference between the two groups’ predisposition to pre-trip bookings, though: premium travelers book a larger share of their experiences, workshops, treatments, excursions and also restaurants before the trip compared to the mass market segments. This is excellent news for all travel agents, but also for experience selling platforms in the market place.

Focus on family

Many luxury travel agencies in the past 10 years have shown great innovation power when it comes to family travel. They’re absolutely right in doing so – while 26% of the last premium trips were taken with kids, this applies to only 16% in the standard segment. Family travel is more complex and as such a domain where sophisticated planning by specialized travel consultants can generate great added value. If combining this outcome with the high pre-disposition of the premium traveler to book complete packages and the overall growth of the upscale market, it becomes clear that there is ample room for business growth in this part of the market.

Who They Traveled with on Their Last Trip...
Spendings soar when going modular

Following the definition of "premium" of this research, those travelers on average spent 50% more per day than what was defined "standard". This per se is no valuable information as this premium approach includes all sub-segments of this market, from mass affluent upwards, even though it is obvious the very high end of the market is underrepresented in this study. It is very interesting, though, to take a look at the spending per travel type and per booking form. The highest prices were paid for round-trips (on average 1.985 € per person), Nature & Adventure (1.686 €) and Beach & Relax (1.421 €). Interestingly, there are spending differences across booking forms.

In general, spending per trip was higher when a package was chosen, true for both, premium and mass market, but while modular premium booking values were more than 50% higher than standard, packages were 42% and mixed bookings only 34% more expensive. This means that the more independent upmarket travelers obviously do not primarily go modular in order to save money like the standard travelers, but more because they feel they can achieve greater value by doing so.
3. ACOMMODATION

When it comes to preferred luxury accommodation, big 5-star/diamond/Grand Hotels are still the most popular option, attracting more than twice as many guests as smaller boutique hotels. Alternative accommodation like luxury flats and villas, both serviced and unserviced, have become increasingly popular, accounting for nearly 20% of the premium market now. There are significant differences between the different geo-markets, though. The use of Non-Grand Hotel accommodation among the British, for example, is nearly twice as high as the share of Spaniards preferring Boutique hotels or luxury rentals.

It is also interesting, that premium travelers, on average, book 1.5 different types of accommodation per trip, a significantly higher number than the 1.17 types of accommodations used by those with lower budgets.

Many good reasons to prefer premium accommodation

When asked to choose among different reasons for selecting a luxury rather than a standard accommodation, the affluent travelers stated 12 different reasons on average. This is a clear indicator that they do perceive a great difference in value between standard and premium products and that they are very critical about a series of factors. Better locations and larger rooms are the two most important reasons why luxury accommodation is chosen. Service comes 3rd and goes hand in hand with a good and personal atmosphere. Of the Top 7 reasons, 4 are directly related to hardware which to some may come as surprise. Quality bedding and furniture, as well as good noise isolation, are important reasons to go premium for every second traveler. On the low end, factors like concierge services, architecture, technology-oriented rooms, and sustainability, are weak selection factors, mattering to only about 15% of the sample.
Key differentiators between 4- and 5-Star hotels

When specifically asked about the main differentiators between a 4- and a 5-star hotel, the better location of a 5-star still is by far the strongest point. The following ranking of criteria is somewhat different, though, from the list of reasons to choose premium accommodation in general. Service is the second biggest differentiating aspect, closely followed by room size. Privacy and exclusivity rank 4th and travelers also expect the gastronomic offer to be significantly better.

What is striking at the low end of the differentiating factors, as well as among the reasons to book premium overall, is the low rating for concierge services. High tech room equipment like app control of room functions, also is at the very low end as of now, being a top differentiating factor for only 9% of premium travelers.
Further aspects that matter in premium accommodation – it’s all about hygiene...

When looking beyond the usual hard- and software factors, it is interesting what aspects travelers really value in premium accommodation. The top two mentioned ones are “Simple and smooth booking processes” and “Comfortable and quick check-in/-out procedures”. Both should be “hygiene factors”, but the ranking clearly indicates that...

a) premium suppliers shouldn't make mistakes here, and 

b) there should be a constant striving for optimizing both personal service and technology.

Talking about hygiene – “Premium hygiene and beauty amenities” ranks 4th out of 20, slightly outscoring state-of-the-art in-room technology and by far outscoring aspects like wellness services, entertainment or mini-bar. Talking about the mini-bar: premium branded products are important to roughly half of the travelers. Somewhat more important to them is that it offers healthy and eco-products. So, while only 13% premium travelers check the overall sustainability of the accommodation product before booking, many (52%) care about going green and healthy when it comes to food & snacks.

Preferred design

Especially within the large international hospitality groups, hotel design is an important element to distinguish the different brands of the portfolio. Different designs convey certain lifestyles and are meant to attract different lifestyle segments. Our research found out that the younger the travelers, the more important is design to them. Looking at the different generations, unsurprisingly, Millennials tend to choose more modern and minimalistic designs while Baby Boomers rather go for accommodation with traditional design.

Preferred Accommodation Design Styles

It is more interesting to look at different preferences between markets. Especially, the different attractiveness of the authentic design cluster, consisting of the design styles inspired by local architecture and arts, ecologic concerns, and rustic & cozy elements, is striking. Preferred by 38% of the Spaniards, this cluster is even a bit more attractive than the combination of modern & bold and minimalistic. In the British market, only 25% prefer this cluster. One out of six British travelers does not care about the style at all, this refers to only one out of nine Spanish and one out of 11 US
travelers, making the latter two markets much more receptive with accommodation marketing heavy on design elements, above all via visual tools like videos and high-quality pictures.

**Attractiveness of Local-Eco-Rustic Design Cluster per Market**

- Spain: 38%
- USA: 30%
- UK: 25%
Despite the fact that premium travelers are somewhat more into beach & relax travel and also more into package travel, they book more activities and services for their holidays. The research reveals that premium travelers book an average of 11 different travel components before and during the trip, versus only 7.6 by standard travelers. In the following, we compare which activities and services stand out and are booked most.

At least 2/3 of all premium travelers, before or during the trip, book an excursion, a table at a restaurant, tickets for events, museums, parks or monuments, and also taxi rides. Not only for these categories but for all activities and services, the share of people booking is significantly higher among premium tourists, for many categories as much as 20% or higher than among standard travelers. This can lead to different conclusions: that upmarket segments are simply more active than standard travelers or that they tend to book or hire more professional services instead of doing all by themselves independently of service providers, or – most probably – both.

This is especially interesting, as all along the value chain travel related businesses try to upsell more and more activities and experiences, from credit card companies via airlines, hotels, tour operators and agencies to designated activity online sales platforms. Taking into account the high digital affinity of the premium segments, this means an excellent potential to also sell premium experiences online. Considering the intense information process and the high number of information sources used by premium travelers, those online offers will certainly require a higher degree of inspiration and more information than when selling standard activities.
Are premium travelers really more active?

A closer look at performed activities during holidays reveals the answer to the before mentioned question if premium travelers really are more active. The answer following the data analysis is very clear: yes, they are. When asked how important certain activities were during their last trip, a significantly higher share of premium travelers marked “very important” across all activities than the standard travelers. Especially health and wellness services, as well as shopping, stand out, but also adventure & sports, local food experiences, nightlife and visiting events attract a relatively higher share of affluent visitors.

There are great differences among premium travelers from nation to nation across the activity categories. Overall, and not surprisingly, the international US travelers seem to be the most active, given they usually have the longest trip, shortest vacation time and highest cost when going abroad. Consequently, relaxation and disconnection are less important than to Spaniards and above all Brits. For Spanish affluent travelers, diving into local culture is the by far most important topic and more important to them than to travelers from the other markets. Local culture and gastronomy are also top topics for the Americans, but in comparison, they are much more interested in health and wellness offers, shopping, adventure and sport and attending cultural events than their European peers.

### Ranked Premium vs. Standard Traveler Activities

- **Difference in share of activity performing travelers in % points** -

  | Most popular | 1. Relax/disconnect | +10% |
  | 2. Local culture | +12% |
  | 3. Local food | +18% |
  | 4. Top attractions | +14% |
  | 5. Shopping | +20% |
  | 6. Adventure/sports | +19% |
  | 7. Nightlife | +17% |
  | 8. Health/wellness | +22% |
  | 9. Special events | +17% |

### Activity Preferences of Premium Travelers per Market

- **Based on deviation from international average** -

  - **USA**: ▲ Health/wellness ▲ Shopping ▲ Adventure/sports ▲ Cultural events ▼ Relax/disconnect
  - **Spain**: ▲ Local culture ▲ Relax/disconnect ▼ Health/wellness ▼ Shopping ▼ Nightlife
  - **UK**: ▲ Relax/disconnect ▼ Local culture ▼ Cultural events
When asking travelers about a series of different attitudes, it became clear that premium travelers are more open-minded towards new technologies and innovative business models. They more often, in addition to their mobile, take their laptop or tablet with them, and they are also more open to the industry disruptors, especially those of the so-called sharing economy, in travel driven by companies like Airbnb or Uber, for example. Mobile use is more or less on the same level for both groups.

**Digital Attitudes of Premium vs. Standard Travelers on Holidays**

Premium travelers already more digitally active in the inspiration & information stages

Standard travelers outperform their premium peers in only two activities when answering the question “What do you do when you find something interesting online?” (regarding your next travel): saving content in their favorites/bookmarks and writing down key notes on paper. Especially when it comes to digitally interacting with others, whether fellow travelers, family and friends, or companies, premium travelers are more agile. Taking a screenshot of something interesting is by far the most popular activity, but also on social media premium travelers are much more active, both with own posts, and also with comments to interesting posts they find.

**Digital Activity with Travel Info Found**
Use of mobile before and during the trip

Premium travelers also use their mobile more across the entire pre-travel phase. Especially big is the gap to the standard counterparts in the inspiration and even more so in the booking stages. In general, the gap between the two groups is tremendous when it comes to trusting the handheld regarding e-commerce as we will see when digging deeper into mobile use during holidays/in the destination.

Not so big are the differences between the two regarding more generic mobile activities like taking pictures and videos (done by nearly 90% of all travelers), communicate with others at home via chat, call, video call, or email, or checking the social media profiles away from home.

The more travel related it gets, the bigger the gap between the two clusters. The graphic highlights those activities with the biggest differences between premium and standard segment travelers. Three of the five are very much related to online security issues that come with booking, paying or carrying sensitive documents and data. This again demonstrates the greater trust and comfort premium travelers have developed regarding the use of their mobile phones, both at home and abroad.
Sharing is caring – Premium travelers care more

Premium travelers show a tendency to sharing more information about their trips, whether online or by simply talking about it with their peers. What do they talk about more? While the major content categories “Most impressive sights” and “Monuments and other attractions” are even shared slightly more by standard travelers, other categories are often more mentioned by premium travelers. Rather functional content like room details, plane and airport experience, cleanliness, safety or prices are being talked about much more by the upmarket tourists. As online sharing has become so very important, managing well and even visualizing strengths in these areas well, making them shareable, is an important task for companies serving the affluent travelers.

Sharing of “Things Holidays” - On- and Offline

<table>
<thead>
<tr>
<th>Rank</th>
<th>Things shared</th>
<th>Premium</th>
<th>Standard</th>
<th>vs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Impressive sights</td>
<td>45%</td>
<td>48%</td>
<td>-3%</td>
</tr>
<tr>
<td>2</td>
<td>Monuments + attractions</td>
<td>39%</td>
<td>42%</td>
<td>-3%</td>
</tr>
<tr>
<td>3</td>
<td>Hotel/accommodation</td>
<td>38%</td>
<td>29%</td>
<td>9%</td>
</tr>
<tr>
<td>4</td>
<td>Food + drinks</td>
<td>35%</td>
<td>32%</td>
<td>4%</td>
</tr>
<tr>
<td>5</td>
<td>Restaurants + bars</td>
<td>35%</td>
<td>29%</td>
<td>6%</td>
</tr>
<tr>
<td>6</td>
<td>Funny stuff</td>
<td>34%</td>
<td>35%</td>
<td>-1%</td>
</tr>
<tr>
<td>7</td>
<td>Strange stuff</td>
<td>31%</td>
<td>31%</td>
<td>-1%</td>
</tr>
<tr>
<td>8</td>
<td>People I met</td>
<td>23%</td>
<td>19%</td>
<td>4%</td>
</tr>
<tr>
<td>9</td>
<td>Room details</td>
<td>22%</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>10</td>
<td>Airplane</td>
<td>20%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>11</td>
<td>Cleanliness</td>
<td>19%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>12</td>
<td>Shopping</td>
<td>18%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>13</td>
<td>Safety</td>
<td>18%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>14</td>
<td>Prices</td>
<td>16%</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Nothing</td>
<td>18%</td>
<td>28%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

Online media around holidays – to be social or not to be?

One of the most controversially discussed topics at travel industry events at IE and elsewhere certainly is the use of social media before, during, and after holidays among premium travelers. While many insisted that these travelers have less time to waste with social media and less interest in making the private public, others stated their opinion that this is a pure legend. Data was missing. Our research tapped into this controversy and proves the second group right: premium travelers do use social media more on holidays than the rest. Especially at this point, it is important to remind readers of this study that this outcome does not reflect the views of the high-end markets represented by High or even Ultra High Net Worth individuals – the numbers may be very different for these segments.
When looking at the activities performed on social media, it is striking that premium travelers are more prone to posting videos instead of pictures, also live videos, than other travelers. Still, the ratio of posting pictures to videos is 4:3, but this may come closer to 1:1 soon for this part of the market.

The upper segments are also more prone to adding social media contacts, and – attention DMOs – to looking up destination information on Facebook, Instagram, Twitter, Youtube, and the likes.

Facebook Inc. owns the travel space – Youtube is more premium

There is no huge difference in the overall popularity of social media for holiday-related activities between premium and standard segments. In general, Facebook still is the number one channel by far, generating more or less twice as much attention and activity as Instagram (also owned by Facebook Inc.) and 3-4 times as much as Twitter, followed by Youtube, the fourth brand included in this research. The research includes all major activities before, during, and after the trip. There are a few interesting findings regarding each of these channels.

### Facebook

Roughly 2/3 of travelers check their Facebook during holidays, the standard segment even slightly more often than their premium peers. The most popular activities for premium travelers are uploading pictures (62%) and using the Messenger (54%). They significantly use Facebook more than standard travelers for uploading videos (41% vs. 30%) and for finding interesting information on their holiday region (36% vs. 23%).

### Instagram

The second most important social media, unsurprisingly, is primarily used to post own pictures (37%) and check others’ (30%). It is slightly more popular among premium than among standard travelers.
Twitter

Compared with Instagram, for example, Twitter on holidays is a somewhat more passive channel. Reading others’ posts (done by 21% of all premium travelers) rates slightly higher than posting own texts (19%) or pictures (13%).

Youtube

Youtube, the “smallest giant” of the four mentioned ones, is highly interesting for those targeting the premium segments and for Destination Marketing Organizations. While the other channels attract similar shares of the segments, Youtube has a much better reach among premium than among standard travelers. When it comes to looking up destination information, the most popular holiday activity on Youtube, across segments, Youtube is “consulted” by more travelers than Instagram or Twitter, only beaten by Facebook. 10% of standard and 16% of premium travelers regularly use it this way.
The research also asked both premium and standard travelers about their perceptions of Spain as a tourist destination. In order to interpret the results right, it is important to know that the research sample includes only individuals that have been to Spain before or at least have the desire to visit it sometime soon. This means, people with no interest in Spain at all are not part of the sample, hence the results will be more positive than when asking an unbiased group of people.

Still, it is interesting to see how Spain is perceived, above all like a safe destination offering quality tourism with great weather and an interesting gastronomical offer. Premium travelers show much higher approval of the statements that Spain is great for shopping and that it is their favorite European destination than their mass market peers. Especially, the latter outcome, thus, indicates that Spain has achieved an interesting number of loyal premium fans.

When it comes to different views between American and British premium travelers, the British perceive the climate as much better than Americans, while the latter accounts for significantly higher percentages of travelers considering it a shopping paradise, and on the negative side, also finding Spain a destination a bit out of date. The latter is especially relevant among US millennial travelers, roughly a quarter of those asked support this critical view.
Based on their attitudes toward two factors that are equally important for both, the travelers themselves and the industry, we built four clusters in order to determine a solid foundation for different marketing approaches. The two factors were the level of activity during holidays and the use of the travel trade to organize the trip. The statements respondents of the survey could choose between (or answer “neither-nor”) were the following:

- **TRADE**: I prefer to book organized trips (with accommodation, transport, food) so I don’t have to worry about these things.
- **SELF**: I prefer to organize trips myself (accommodation, transport and food), even if this means I have to spend time on it.
- **RELAX**: For me, holidays are mostly about relaxing and doing nothing.
- **ACTIVE**: For me, the holidays are about making the most of the time to do all kinds of activities, excursions and visits.

The clusters came out as follows:

1. **The Active Self-Organizer** is the biggest cluster. Here we find the most independent travelers, performing all kinds of activities during holidays and organizing as many those activities themselves as possible. This cluster is difficult to reach for tour operators and travel agents, but interesting for DMOs, travel platforms, OTAs and all non-integrated product suppliers, from airlines via accommodation to experience/activity providers. This cluster accounts for 36% of the premium market and even for half the mass-market.

2. **The Relaxed Trade Client** is the second biggest premium, but only the third biggest standard cluster. It is the counterpart to the Active Self-Organizers, searching for maximum comfort and relaxation both in the pre-travel stages as during the vacation itself. These kind of travelers are a relatively easy target for the traditional industry such as travel agents and tour operators, as they do not need to be convinced of the advantages of travel packages and also are low-complexity clients in the destination. They are usually happy with a good quality type of accommodation of their choice, excellent locations and a limited number of excursions or other activities. They account for 26% of the premium market, but only 17% of the standard segment.
3. The **Relaxed Self-Organizer** is the third-largest premium cluster accounting for 20% of the market, on mass-market level, it is the second largest group with 21%. Again, it will be difficult for the classic travel trade to get a hold of this group. Especially online travel agencies and platforms, airlines and hotels should directly target this type of customer. Upselling of additional components, as the now vastly popular tours and activities, though, will be less successful than for other groups.

4. Finally, the **Active Trade Client** for both, premium and standard segments, is the smallest cluster, reaching 18% and 13% of the market respectively. This is a highly interesting group for premium travel providers. High turnover and margins are possible, yet will have to be earned by extensive consultation processes and rather complex, often tailor-made or customized travel package design. Service expectations are usually high here, and sun & beach holidays somewhat underrepresented.
MAJOR CONCLUSIONS - INDUSTRY MYTHOLOGY REVISITED

The research helped to confirm and above all disprove some very persistent and powerful industry myths about the premium customer that could grow and spread in the absence of scientific research insights. After careful analysis of the data obtained in the selected markets US, UK, and Spain we can draw the following conclusions regarding some of those major common (mis)understandings.

Myth #1 - Premium travelers prefer personal travel expert advice more than others

Right and wrong

Fact: Premium travelers are less prone to solely rely on a travel agent than others, they consult more sources of information (on average 6.5 vs. 3.9 in the standard segment) before taking their holiday decisions, both on- and offline. More than half of the premium group considers contacting a travel agent as possibly useful. Travel agents watch out, though, as eight of their top ten information sources are online, with traditional offline agencies not even making it into the Top 10.

Myth #2 – Premium travelers are more interested in urban/cultural travel and less in beach/relax travel than their standard peers

Wrong

Fact: While the shares of standard travelers whose last trip was a beach/relax holidays and of those having taken an urban/cultural trip are equal (both 24%), the percentages for the premium segment were 30% (beach/relax) and 17% (urban/cultural) respectively. Touring is equally interesting for both groups (17%).

Myth #3 – The cultural offer of destination is more important to premium than to standard travelers when making their travel choices

Right and wrong

Fact: The local cultural offer is the most important destination selection factor for both segments, and the share of people stating is was very important is even slightly higher among premium (86%) than among standard travelers (79%); but when comparing its weight among the entire set of decisive factors, it plays less a role for premium than for standard travelers. Much bigger is the gap between premium and standard segments regarding the possibility to use a favorite airline or hotel brand (58% vs. 28%), and the local offer of shopping, events, and accommodation.
<table>
<thead>
<tr>
<th>Myth #4 – Premium travelers are less interested in holiday packages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wrong</strong></td>
</tr>
<tr>
<td>Fact: On the contrary, while 45% of premium travelers used a package for their last trip, the same applies to only 38% of the mass-market crowd. Only in the British market, the percentage was higher for the standard segments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Myth #5 – In the premium segment the share of family travel is lower</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wrong</strong></td>
</tr>
<tr>
<td>Fact: While 26% of premium travelers stated their last trip was with kids, with a partner or as a single parent traveler, the standard segment share was only 17%. Those premium tour operators focusing more and more on family travel are definitely on the right track.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Myth #6 – Premium travelers spend more when booking modular instead of using a package</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wrong</strong></td>
</tr>
<tr>
<td>Fact: On the contrary, premium travelers spend even somewhat more when using a package. The spending gap to their standard peers is bigger, though, when going modular (over 50%).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Myth #7 – The most relevant difference between luxury and standard accommodation is service quality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wrong</strong></td>
</tr>
<tr>
<td>Fact: Equally or even slightly more important factors to go luxury when it comes to holiday accommodation are the better locations and bigger rooms. Concierge services do not make a big difference to the vast majority of premium travelers (only 9% stated so).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Myth #8 – Premium travelers are booking more activities than others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Right</strong></td>
</tr>
<tr>
<td>Fact: While they do not book more cultural trips, when in the destination affluent visitors do book more activities across all categories. This applies to excursions, restaurants, workshops, treatments, sports, events, entries, or rental vehicles. For some categories, the difference to the standard segment is as big as 20% or higher. Good news for on- and offline trade: they also book more activities before going on the trip.</td>
</tr>
</tbody>
</table>
Myth #9 – Premium travelers are more innovation- and tech-savvy

Right

Fact: While 47% of them always carry their laptop or tablet, this only applies for 36% of the lower segments. Also, they are more open to using business models of the sharing economy (26% vs. 20%). The degree of smartphone use during travels is equal. Premium travelers do use it more in the pre-travel stages, though, and are significantly more confident when it comes to sensitive online issues such as mobile documents or payment security.

Myth #10 – Premium travelers are less active on social media around their holidays

Wrong

Fact: While using Facebook is slightly more popular around holidays for the standard segments, Instagram, and especially Twitter and Youtube enjoy higher popularity among the more affluent travelers. Across all four channels, premium tourists are much more active, especially posting interesting content and videos (ca. 50% higher probability for the latter), making them much more influential targets. Also, they use social media much more for destination research, making those channels especially interesting for Destination Marketing Organizations and partners. In this regard, especially Youtube is vastly more attractive to premium than to standard travelers.