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Luxury Tourism:

A matter for all, not just hotels

According to data released by ILTM, the top 3% of tourists spends 20% of total tourism expenditure. Applying this analogy on Greek incoming tourism, where the average spend per tourist is ~ \$ 750, it means that the top 3% has an average spend of approximately \$ 5.000 vs \$ 600 of the remaining 97%.

Evidently, this 3% is a very significant segment of the tourist market, particularly considering its upward trend. What are the practical implications for Greek tourism and how can it position itself to make the best out of it? How can we approach this market that, compared to the mass market, is immune to the business cycle. What are the requirements of luxury travellers?

Luxury travelers have particular requirements and are people with time and money for their holidays. They are usually FITs and not group travelers, seek qualitative experiences and demand personal and confidential service. They often have requirements that, to the average person, seem absurd but which should be evaluated in relation to the amounts spent for their acquisition.

Today's luxury traveler is not only sharp, experienced, informed, well-traveled and adventurous but also has an eye for value-for-money. He is often much younger than not so long ago. Beyond these common characteristics, luxury travelers are not homogeneous with regard to their income and wealth, nor with regard to their psychographic profile. Both their level of wealth and profile determine their behaviour.

Segmentation according to **income** can be done among tycoons, very rich and rich people. Each segment has its own requirements and peculiarities.

- **Tycoons** are capable of fulfilling all material fantasies, including the ones related to their holiday. The hotelier with such clients must be capable of fulfilling all their requirements, be it a helipad on-site, or the building of fish-shaped swimming pool for their children or a fire-place next to the sea.
- **Very rich** people may not have that big financial capabilities or requirements. Nevertheless, they also demand impeccable door-to-door service (from the moment they leave their home to the moment they return to it), confidentiality, personalised and individualised service. They are very demanding and do not easily forgive errors of omission or commission.

- Lastly, **rich** people demand a qualitative service all round. Rich people usually have to continue working to maintain lifestyle and, therefore, seek value for money as a matter of principle and not as a matter of sound financial management.

Segmentation according to **psychographic profile**, reveals 5 segments with significant differences:

- **Elite Luxury Lover:** This is the "traditional" luxury market. These tourists are extremely interested in image and status. They seek exclusivity and experiences that are unique and not available to others.
- **Aspiring Luxury Lover:** They have the same tastes as Elite Luxury Lovers, but do not have the financial power to satisfy them.
- **Savvy Luxury Shopper:** This is "new money" in the luxury market. They are shrewd customers, seeking value-for-money, bargains and discounts. They use the Internet a lot and are an expanding market segment.
- **Luxury Explorer:** They seek intense feelings, environment, senses and sounds in places not frequented by tourists. Luxury, per se, is not part of their profile but they mostly seek unique experiences.
- **Satisfied Luxury Admirer:** They do not care much about appearances. They are usually older, have money but do not travel much.

A fundamental prerequisite for addressing any of the above segments is offering **high quality service**. Nevertheless, the same product must be sold differently to each segment. For example, promotion to Luxury Explorers must be based on images, sounds and the uniqueness of the destination. On the other hand Elite Luxury Lovers are best attracted by feeling part of something exclusive, available only to the "select few". The approach must be sincere, based on quality and, if the price is high, this should come out in the open and be justified.

Luxury tourists are willing to pay expensively for their holidays. For this they demand satisfaction, exclusivity, high quality and impeccable service. Although extreme, it is useful to consider the example of Bill Fischer, 'secret travel agent' of stars and celebrities like Tom Cruise, Stalone etc. Fischer Travel charges an "entry fee" of \$ 10.000 and an annual subscription of \$ 5.000. Additionally it only accepts clients upon recommendation. It is, however, in a position to fulfil any wish, no matter how strange, its clients have.

The luxury tourist does not seek the best price but the **best product**. The product does not relate only to accommodation (hotel) but the **complete spectrum of tourist services**, i.e.:

- Service from the travel agencies
- Airport service and transfer from and to them
- Activities and services outside the hotel
- Public infrastructure (roads, parks, beaches etc.).

Hence, to attract this market, it is not enough to build isolated luxury units but it is necessary to have an integrated approach by all involved in the tourist product. The complete spectrum of services must be covered:

- from the moment the tourist gets in touch with a **travel agency specialized** in handling luxury travel, continuing with

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- **(air-)transportation** from his origin to his destination and vv., including the situation at the airport / port etc
- and **transfer** to and from the hotel. For a considerable part of this market the unavailability of a limo or a helicopter to pick them up from the airport is unacceptable;
- services within the **hotel**;
- **activities** outside the hotel (e.g. shopping, entertainment, culture etc.);
- and last, but not least, the **services** offered by other **tourist enterprises** (restaurants, bars, entertainment areas, rent-a-car, guides etc) as well as **Local Authorities** (cleanliness, condition of roads and pavements, parks, beaches etc.).

The little data that exists is shows a great potential for Greece. For example, Britain, which is its largest source market, sends 8.7% of its mass market to Greece but only 1.7% of its FITs.

The luxury market is not a market that can be developed fast or cheaply. It is, however, a market that can bring higher profits with fewer visitors. For example, according to [Hotel Study 2003](#), both the ADR and the GOPPAR of luxury hotels in Greece is 2 to 3 times higher than that of A Class hotels. Furthermore they employ more than double the number of staff per room.