

THE CHANGING FACE OF LUXURY TRAVEL: INSIGHTS ON THE NEW LUXURY TRAVELER



The luxury traveler is getting younger and is more willing to spend larger shares of their wealth on upscale trips. Learn about the changing face of luxury travel.

The luxury traveler has changed, according to a recent report from [McKinsey](#). Demand for luxury tourism and hospitality is expected to grow faster than any other segment in the industry, as outlined in “The State of Tourism and Hospitality 2024” report. This surge is driven by a sharp rise in the number of people globally with net worths between \$1 million and \$30 million and an expanding base of travelers with less money but luxury aspirations. These travelers are generally younger and willing to spend larger shares of their wealth on upscale trips.

McKinsey surveyed more than 5,000 luxury travelers (defined as those who spend, on average, \$500 or more per night on lodging) in China, Germany, the United Arab Emirates, the United Kingdom, and the United States about their preferences, plans, and expectations. Findings from the survey and input from industry experts suggest that some common perceptions about luxury travelers might be due for reassessment.

Some insights from the report are as follows:

Reexamining perceptions of wealth and age

Wealth Distribution: The luxury travel market is expanding beyond the ultra-wealthy. While individuals with net worths between \$1 million and \$30 million continue to dominate, there is significant growth among travelers with net worths between \$100,000 and \$1 million. These “aspiring luxury travelers” are younger and increasingly willing to spend larger shares of their wealth on upscale travel options.

Age Demographics: Contrary to the perception that luxury travelers are predominantly older, 80% of the market is made up of people under 60. Spending peaks between ages 40 and 60, and younger travelers are showing an increasing willingness and ability to spend at luxury levels.

Preferences and behaviors

Travel motivations: A luxury traveler prioritizes novel experiences, cultural immersion, and authenticity. They are more likely to seek new destinations and unique experiences, even within familiar types of vacations such as beach holidays or city breaks.

Luxury vs. traditional experiences: While luxury travelers are more inclined towards exotic and adventure-focused vacations, traditional luxury experiences like sunny beach getaways and relaxing retreats remain popular. Hotels and resorts should find ways to innovate within these traditional categories to maintain appeal.

Wellness trends: Wellness is a significant trend among luxury travelers. They now expect a holistic array of offerings, including fitness classes, health-focused menus, and mindfulness programming. There is also interest in learning about local health practices during their travels.

The traditional image of luxury, heavy on indulgence and pampering doesn't appeal to everyone. Many luxury travelers are seeking out a different vibe these days and looking for ways to focus on their mental and physical health while traveling.

McKinsey's report reads:

"Mainstream luxury providers still mostly seem to think that wellness equals spas. In fact, luxury consumers now expect a much more holistic array of offerings – including fitness classes.

"(88% of our survey respondents say fitness is important on leisure trips), health-focused menus, on-site antiaging doctors, mindfulness programming, and more. Luxury travelers also want to learn about the health and wellness practices that are specific to the places they're visiting, whether it's a Mediterranean diet in Italy or Ayurvedic medicine in India. For these travelers, wellness means a healthy holiday they return from feeling fresher and fully rejuvenated. It doesn't mean one massage scheduled at an odd time because of a packed travel schedule and limited spa staff."

A new generation of wellness hotels that integrate the wellness experience into the hotel stay is rising up to meet this demand. And McKinsey notes that "many hotels could likely step up their game even when it comes to traditional spa experiences. Spa booking should be easy, availability should be rampant, and flexibility should be constant if the visitor is to feel a true sense of relaxation."

Technological integration and personalization

Digital detox and connectivity: There is a growing demand for digital detoxing, where travelers seek to disconnect from their devices and connect with their surroundings and other people. However, the assurance of digital connectivity remains essential, especially on cruises and in remote destinations.

Personalized service: Luxury travelers value personalized services highly. They appreciate loyalty programs not just for the points but for the recognition, attentive service, and exclusive privileges they offer. This includes foreknowledge of preferences and access to hotel leadership.

Emerging markets and geographic shifts

Growth in Asia: The luxury travel market is seeing significant growth in Asia, particularly China. The region is experiencing a boom in luxury hotel construction, with a preference for larger properties and well-known luxury brands. This shift is driven by increasing wealth and a rising number of affluent travelers in Asia.

Domestic and regional travel: Domestic travel remains the largest share of travel spending, with affluent travelers increasingly exploring luxury options within their own countries or regions. This trend has been bolstered by the COVID-19 pandemic, which saw many travelers opting for domestic destinations.

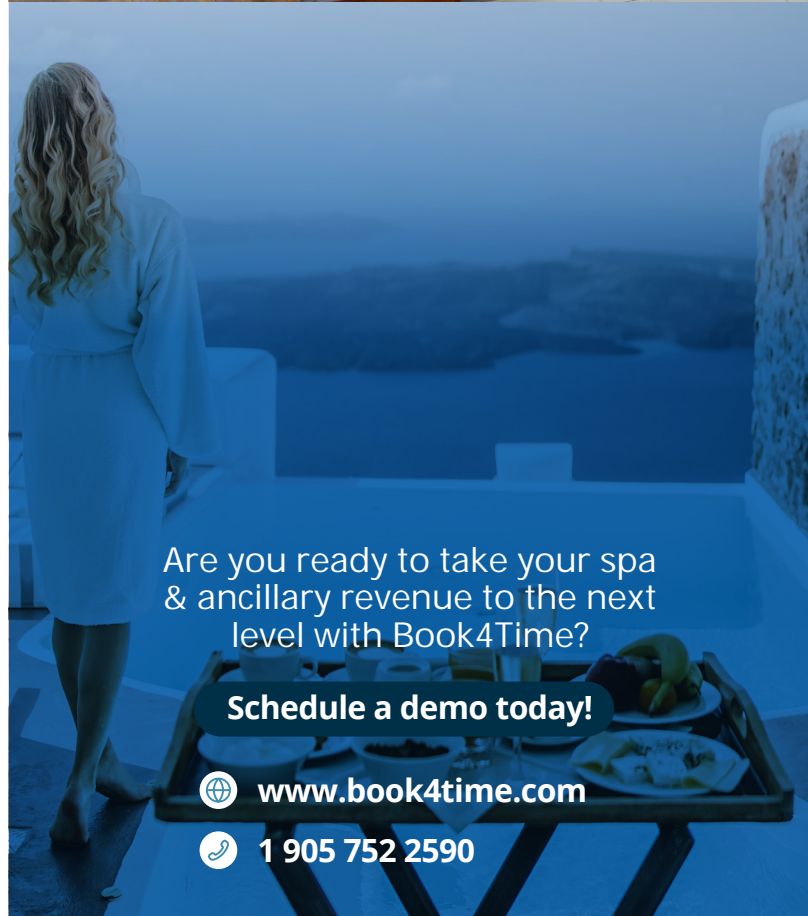
Future directions and opportunities

Innovative offerings: To attract and retain luxury travelers, providers need to focus on creating unique, personalized experiences. This can include upgrading accommodations, curating exclusive activities, and offering tailored wellness programs. Engaging with travelers through personalized marketing and loyalty programs will be crucial.

Understanding segments: Segmentation by wealth, age, and nationality can help providers tailor their offerings more effectively. For instance, aspiring luxury travelers often rely on branding to validate their luxury experiences, creating opportunities for entry-level luxury offerings and brand collaborations.

McKinsey's findings highlight the evolving nature of the luxury traveler, emphasizing the need for personalization, technological integration, and a deep understanding of varied preferences and behaviors. By catering effectively to this diverse and growing market segment, the luxury tourism and hospitality industry can anticipate continued growth and success in the coming years.

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