



# Table of Contents

<b>About the Course</b>	<b>ix</b>
How Should I Study This Course?	ix
How Should I Prepare for the Lifestyle Specialist Test?	xi
How Do I Earn My Lifestyle Specialist Designation?	xii
<b>Lesson 1: Introduction to Luxury Travel</b>	<b>1</b>
What Is the Luxury Market?	2
What Is Luxury Travel?	4
Luxury Travel Products	7
Luxury Travel Trends	11
<b>Lesson 2: The Luxury Travelers</b>	<b>15</b>
Wealth versus Affluence	16
Psychographic Characteristics	18
Affluent Mind-set	18
Appreciation of Value	19
Brand Loyalty	20
Media Consumption	21
Travel Habits	23
The Fragmented Marketplace	24
Elite Luxury Lovers	24
Aspiring Luxury Lovers	25
Savvy Luxury Shoppers	25
Luxury Explorers	26
Satisfied Luxury Admirers	26
Young and Restless Luxury Lovers	26

<b>Lesson 3: Luxury Travel Marketing</b>	<b>31</b>
How to Find Affluent Consumers: “Fish Where the Fish Are”	32
Finding Group Business	35
Approaching the Luxury Traveler	36
Print Publications	36
Direct Mail	37
Telemarketing	37
Advertising	37
Public Relations	38
“Eyeball-to-Eyeball” Contact	38
Internet Marketing	40
<b>Lesson 4: Luxury Travel Sales</b>	<b>45</b>
Understanding and Controlling the Selling Process	47
The Consultative Approach	48
Product Sales Strategies	50
Choosing Suppliers	53
Top Suppliers	55
Overcoming Objections	59
Closing the Sale	61
<b>Glossary</b>	<b>65</b>
<b>Resources</b>	<b>67</b>
Web Sites	67
Magazines	68
Books	69
<b>Review Quiz</b>	<b>71</b>
<b>How Do I Earn My Lifestyle Specialist Designation?</b>	<b>73</b>
<b>Lifestyle Specialist Test Request Form</b>	<b>75</b>

<b>Experiential Checklist: Luxury Travel</b>	<b>77</b>
<b>Certified Lifestyle Specialist Certification Form</b>	<b>81</b>
<b>Course Evaluation Form</b>	<b>83</b>

**LESSON  
1**

# Introduction to Luxury Travel

**▶ LEARNING OUTCOMES**

After completing this lesson, you will be able to:

- ✓ Describe the scope of the luxury travel market.
- ✓ Define the meaning of the term “luxury travel.”
- ✓ Name several different types of luxury travel products and their principal attributes.
- ✓ Identify current trends in the luxury travel marketplace.

**BRAINSTORMING**

Please answer these brainstorming questions **before** you read the lesson. At the end of the lesson, review your answers and make changes as needed based on what you learned.

1. What is luxury?

---

---

---

---

2. How would you describe your idea of a luxury vacation?

---

---

---

---

3. What differentiates a luxury travel product from any other type of product?

---

---

---

---

4. Which destinations and travel experiences are most popular among affluent travelers? How do you know?

---

---

---

---

There is a growing market for luxury travel, and travel sellers who specialize in this market have much to gain. However, selling luxury travel products to affluent consumers is not easy. It requires dedication and focus and a keen awareness of all aspects of the luxury travel marketplace.

This lesson starts you on a path toward developing an intimate knowledge of the luxury travel product, of the sales process, and of the affluent consumers you wish to develop as clients. We will begin by exploring the scope of the luxury market.

### What Is the Luxury Market?

The American Affluence Research Center describes the luxury market in the United States as the wealthiest 10 percent of U.S. households, as defined by net worth and an average annual income of \$270,000. These 11 million households control 70 percent of the wealth of all American families, and they earn 40 percent of all income earned by American households.

While other sources may define the luxury market by different parameters—the top 20 percent of households earning more than \$82,000,

for example, or those households with incomes in excess of \$100,000—most experts agree that affluent consumers are the natural market for luxury travel. Consequently, some insight into this top tier of consumers can be helpful as you consider your base of potential customers.

As Figure 1.1 shows, not only do the wealthiest households have a considerable financial advantage over less affluent households in the United States, but they also have grown wealthier at a significantly quicker pace.

Of course, just because members of a household have a high net worth and household income does not mean that they will spend their money on travel—or continue their current rate of travel spending. A drop in financial markets can greatly affect how the wealthy spend and save their money. Eight in ten of the wealthiest Americans report that they reduce spending for vacations, leisure activities, and other nonessential purchases when there is a downturn in the economy.

Moreover, it isn't just wealthy people who buy luxury travel. While the number of wealthy households in the United States is impressive, and wealth continues to rise, the luxury travel market consists of a much broader range of people who would not qualify as wealthy according to such demographic characteristics as net worth and household income. Not having a lot of money does not necessarily mean that the consumer is unable to enjoy an upscale lifestyle and the fruits of luxury travel. Consequently, it is important to think of the luxury market in a nontraditional manner—taking into account the mind-set and lifestyle of consumers as well.

We will take a closer look at luxury travel consumers in the next lesson. For

**FIGURE 1.1** Balance Sheets of U.S. Households

Category	Top 10%	Percent Increase*	Bottom 90%	Percent Increase*
Average household income	\$270,000	39	\$47,100	10
Average of household assets	\$2,900,000	29	\$178,200	19
Average value of primary residence	\$453,100	31	\$85,700	18
Average net worth	\$2,800,000	30	\$133,400	24

\*Federal Reserve Board data during the period from 1998 to 2001.

Source: The American Affluence Research Center (July 2003).

now, you need only realize that spending on luxury goods in the United States is huge—\$440 billion, according to 2004 figures from the Boston Consulting Group. And it's growing—projected to be at around \$1 trillion in 2010, according to the same source.

As we turn our attention specifically to the luxury travel market, we must first consider the meaning of the term “luxury travel.”

## What Is Luxury Travel?

Because there are many definitions of luxury, it is difficult—perhaps impossible—to succinctly define luxury travel. Almost everyone has an opinion of just what luxury is. Moreover, the concept of luxury has evolved and changed dramatically over time. Not too long ago, when marketers of luxury travel products appealed to luxury travelers, they marketed mostly experiences that were highly structured, preprogrammed, and formal. While that was expected at the time, luxury has evolved to be many things to many people.

Like the concept of luxury, *luxury travel* has become highly personal and is frequently seen by affluent consumers as “what I want to do, when I want to do it.” Today, luxury travel is highly diverse. Just as luxury is not defined the same by all people, luxury travel is not the same thing to all travelers.

Consider the following examples reported by Virtuoso travel specialists as some of their most unusual booking requests; all of these travel experiences fall into the category of luxury travel!

- A four-month tour of Vietnam, Australia, New Zealand, and Hawaii for a grandmother and her four-year-old granddaughter.
- A vacation using dogsleds for transportation and a hotel suite as accommodations.
- A hiking/photography vacation in southern Chile into the Alerce forest.
- A week-long exploration of Jordan and Syria by helicopter and camel.
- An around-the-world tour including South Africa, Cambodia, and China.
- A tropical honeymoon with a wedding under a waterfall.