The Luxury Evolution

Presented by

MARriott INTERNATIONAL LUXURY BRANDS

&

Skift
Executive Letter

The world is changing at a rapid pace. In just the past 10 years, we've witnessed a rise in urbanization, the continued march of globalization, and the growing impact of digital on nearly all aspects of life, from the media to culture to the economy and beyond.

Amidst these changes, today's consumers are responding with a flurry of changes of their own. Whether it's the demand for radically-transparent business practices, an embrace of the “sharing economy,” a prioritization of experiences and self-actualization over owning “stuff,” or a growing desire for healthier lifestyles, these empowered individuals are forcing today's companies to adapt simply to keep pace.

Nowhere is this shift more evident than when it comes to the rapidly-changing luxury consumer. These affluent individuals are creating not just a new economy, but a new conception of society itself. This “new school of wealthy” isn’t just economically powerful, it’s also aware of how consumption impacts society and others. It’s a group that is fluent in the language of today’s fast-moving technology tools while still craving real-world experiences. It’s a group that clusters in key regions of the world and in major cities, but also a cohort that is multicultural and global in their outlook.

How can today’s luxury-oriented brands and companies make sense of these ever-evolving affluent individuals? More importantly, how can they hope to understand where the tastes of this fast-changing group will shift to next? It was with these questions in mind that Marriott International teamed up with Skift Research earlier this year, surveying more than 5,000 luxury travelers from five key markets about ongoing changes in their attitudes toward the concept of luxury. We further supplemented this survey with extensive interviews with luxury thought leaders, helping to produce a snapshot of the evolving values of today’s luxury consumer.

Two critical insights emerged from our work. On one hand luxury always has been, and will continue to be, defined by timeless values such as quality, comfort and elegance. In this sense, little has changed about what luxury means to today’s consumer. On the other hand, roughly three out of four of our survey respondents worldwide said that “luxury” means something different today than it did to their parents’ generation.

What are these emerging values? And what do they tell us about where luxury will head in the future? We investigate these questions and more in, “The Luxury Evolution” report, providing our thoughts about where luxury is headed by means of three key themes shaping the future of the luxury travel experience. Please join us as we reveal the conclusions of our deep dive into the evolution of luxury in the report below.

Tina Edmundson,
Global brand officer, Marriott International
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**ABOUT SKIFT**

Skift is the largest industry intelligence platform in travel, providing Media, Insights & Marketing to key sectors of the industry. SkiftX is Skift’s in-house content marketing studio, working collaboratively with partners on integrated projects including webinars, video, research, and live events.

To learn more, email skiftx@skift.com.

**MASTHEAD**

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What is luxury? In 2018, the answer will depend on who you ask. Query a hundred people from the luxury industry on what the concept means to today’s affluent consumers, and you’re likely to get a hundred different answers. “This is everybody’s favorite question, from every end of the earth,” said Geoffrey Kent, founder, chairman and CEO of luxury travel company Abercrombie & Kent. But as Kent acknowledges, answering the question involves digressions into numerous unexpected subjects and topics. “You have to leap all over the place.” Consider the two seemingly conflicting explanations provided by different sectors of the luxury industry.

One explanation offered by consumers and luxury industry observers is that today’s definition of luxury is the same as it has been for centuries: a combination of long-standing themes including quality, comfort, and elegance. “True luxury is timeless,” said Alexandre Quintin, international brand ambassador for the House of Remy Martin, in a 2017 interview. “It is still the same today as it was in 1874. It is still the richest one percent of the planet enjoying our product.”

Though Quintin is referring to rare cognac, the comment is symbolic of one side of today’s luxury debate, an opinion that certain aspects of what consumers consider luxurious hasn’t changed all that much. These are the quintessential signifiers we’ve come to expect when talking about luxury: items like a beautifully-crafted leather handbag made by a high-end fashion house, services like a personal butler in a penthouse hotel suite, or artful designs like those found in the sleek metal curves of an Italian sports car.

The second explanation offered by experts and consumers is that today’s concept of luxury is evolving to mean something altogether different. “Our relationship with luxury has become far more multi-faceted, subtly nuanced and laced with cryptic messages,” noted Rebecca Lowthorpe in a 2016 essay for i-D Magazine. “Luxury is as wrapped up in the personal identity of much of the world as it ever was, but where it used to be ‘I buy luxury goods; therefore I am,’ it is now ‘I buy luxury goods because I am special, unusual, interesting.’ In fact, I’m so interesting that you should be interested in me, too.”
Lowthorpe’s analysis paints a very different picture of luxury consumption: a picture that has much more to do with enjoying experiences, focusing on physical and mental health and concepts of personal fulfillment. This might include finding the time to participate in a silent meditation retreat, taking a safari at a nature lodge in Botswana, enjoying a spa visit for anti-aging treatments, or taking a multi-day cooking class taught by one of the world’s top chefs.

How is it possible that a single term could come to represent such vastly different notions of potential purchasing options, experiences, and ideas in the minds of consumers? It’s a question with enormous financial repercussions. As noted by research from Bain & Company, the overall market for luxury goods and experiences is set to grow by 6% in 2017, reaching an estimated $1.4 trillion in spending worldwide. Another 2017 report by ITB Berlin and IPK International estimated that spending on luxury travel has been growing at 18 percent annually since 2014, nearly twice the growth rate of spending on all international travel (9 percent annually). But with so much potential spending on the line, it’s essential that executives learn to speak the same language as today’s luxury consumer, reconciling the ever-changing, often conflicting notions of the concept to help them develop tomorrow’s luxury products, services and experiences.

It was with this imperative in mind that Skift and Marriott International set out earlier this year to better understand the shifts in global attitudes toward luxury by means of a worldwide research study. This cross-market examination of the luxury consumer landscape, conducted by Skift Research with help from Marriott International, involved the creation of a research framework and consumer survey to capture attitudinal and behavioral differences toward luxury across the five markets of China, the United States, Mexico, the United Kingdom, and the United Arab Emirates, collecting more than 5,000 responses from high-income luxury consumers in the process. These responses were then paired with extensive interviews with luxury thought leaders – all of which were used to develop a profile that would help explain the changing outlook of today’s global luxury consumer.
The results of this process offer a confirmation of the conflicting attitudes facing executives seeking to understand and define today’s evolving luxury mindset. On one hand, Skift research re-confirmed that long-held concepts of luxury continue to resonate with consumers across the world. Descriptors like quality, comfort and elegance remain highly relevant to the luxury discussion, with all three concepts ranking in the top three globally when consumers were asked “what does luxury mean to you?”

What does luxury mean to you in general? Please select up to six words.

According to Skift and Marriott International’s 2017 survey of more than 5,000 luxury consumers worldwide, many continue to identify the concept with longstanding category descriptors like quality, comfort, and elegance.

But alongside these timeless descriptors of luxury, a new affluent mindset is emerging. In the very same survey, luxury consumers provided responses to a number of questions suggesting that the terms comfort, quality and elegance were not by themselves sufficient to explain their current relationship with luxury products, services and experiences. Consider that nearly three-quarters or more of Skift’s respondents in all markets studied said that “luxury has a different meaning today than it did to my parents’ generation.”
So what meaning does luxury hold for today’s consumers? Skift and Marriott International’s Evolution of Luxury Report seeks to answer this question, framing the “traditional” benchmarks of luxury against a set of rapidly-evolving attitudes held by today’s high-net-worth consumers — a group that is disrupting long-held concepts associated with luxury brand engagement and user experience. We’ll spend the majority of our investigation reviewing the results of our luxury study, extrapolating from those results three key themes reshaping global luxury. These concepts provide a lens through which those in the luxury sector can more easily understand the results of our research, helping readers navigate and contextualize the shifts and develop a roadmap for new luxury travel and hospitality offerings in the future. In addition, we’ll contextualize and spotlight key insights that emerged as a result of this initiative.

But before diving into the trends, it’s worth adding some further context. We’ll start by examining some of the macro forces shaping the attitudes and behaviors of today’s luxury consumer mindset. Much like the conflicting opinions we’ve outlined above, the evolving luxury mindset revealed by our survey is composed of a patchwork of sometimes contradictory luxury values that are both familiar and unexpected.
Understanding the Values Behind Today’s Luxury Mindset

We’ve now established that the fundamental concepts associated with luxury products and experiences are being reshaped by a new generation of consumers: a group who still cherish the long-held concepts of luxury like comfort, quality and elegance, but do so through the prism of a new set of aspirations and lifestyle goals. But what specific associations define this emerging mindset? The results of Skift and Marriott International’s research provide clues into today’s luxury values, a set of identifiers in which a range of contradictory attitudes exist side-by-side.

One of the more important facts to note is the growing portion of consumer expenditures allocated to luxury goods and services. Across all five markets, luxury consumers said they spend more now on luxury purchases than they did three years ago, with two-thirds or more of consumers in all geographic regions noting they either agreed or strongly agreed with this statement. The near-universal appetite for spending on luxury purchases underscores the opportunity for luxury brands to capture a growing share of this high-end purchase behavior.
But even while consumers admit they are spending more on luxury purchases than in the past, this doesn’t necessarily mean that luxury and “conspicuous consumption” are linked in the same way they might have been in the past. To the contrary, a growing portion of luxury consumers hinted that luxury consumption doesn’t always need to be directly correlated with the price of the service or good that’s purchased.

Consider a survey question where consumers were asked if they agreed or disagreed with the statement, “the most worthwhile travel experiences are typically the most expensive.” A significant minority of respondents in countries like the U.S. (33 percent), U.K. (31 percent), Mexico (34 percent) and the U.A.E. (36 percent) said they disagreed. It’s far from a dominant trend at this point. However, the sentiment expressed by this minority suggests a shift toward more “intangible” luxury purchases, an idea that matches well with the words of luxury icon Coco Chanel, who once observed, “The best things in life are free. The second-best things are very, very expensive.”
Another takeaway from the survey data was a continued link between luxury purchases and consumers’ attempts to define their personal identity. Much like they have for centuries, consumers today continue to use luxury consumption as a method to set themselves apart from others, using those purchases to help embody their values.

In fact, respondents in Skift and Marriott International’s survey confirmed that they use luxury purchases to help create differentiation in relation to one’s peers. Two-thirds or more of luxury consumers in the U.S., U.A.E. and U.K. agreed with the statement that “luxury goods and services are about differentiating myself from others,” while more than 90 percent of those in China and 75 percent of those in Mexico said the same.
The fact that luxury consumers are interested in using their luxury purchases to earn bragging rights with their peers and define their values is perhaps no surprise. This hasn’t changed much from earlier generations. But when this response is examined in relation to the earlier response, noting that not all luxury purchases are necessarily the most expensive, it suggests that a larger re-evaluation of priorities is underway. “Our guests are seeking out experiences that help them express who they are, so their approach to luxury continues to be less formal, entirely more personal, and defined more by their interests and mindset than their geography and demographic,” said Tina Edmundson, global brand officer at Marriott International. “They want more than just to trust a hotel brand. They want to align with a company’s brand pillars, more consciously than before, that advocate for their priorities.”

Last but not least, the luxury consumers who responded to the survey appear to be “early adopters” when it comes to technology. More than 50 percent of respondents in the U.S. and U.K. said it was either likely or very likely that they adopt the latest apps and online services before their friends. The interest in technology was even more pronounced among those in developing markets including China, Mexico and the U.A.E., where the number of respondents identifying with the statement reached two thirds or more. This response points to the growing importance for luxury brands to not only offer the “status quo” when it comes to tech services, but to instead be on the cutting edge of new tech tools and applications.
Considered as a whole, these data points don’t have a single common denominator. However, they do highlight two important themes that helped inform the trends offered below by Skift and Marriott International.

First, affluent consumers are spending more than ever on luxury products and services, and they continue to use these purchases to help shape their identity. However, their luxury expenditures increasingly go well beyond physical goods that are expensive, known for their famous logos, or simply hard to get. Instead today’s high-earning consumer is interested in luxury experiences that set them apart from their peers, help them learn, facilitate their overall wellbeing, provide access to one-of-a-kind experiences, or enable them to achieve their dreams.

Second, technology is no longer just a nice to have, but instead an increasingly essential feature of today’s luxury products and services. Today’s most forward-thinking luxury brands excel by developing best-in-class experiences using emerging technology such as augmented reality and artificial intelligence, and will capitalize on soon-to-be-ubiquitous 5G data networks to help make them a reality.
Three Themes Reshaping Global Luxury

As we’ve illustrated, there’s more opportunity than ever before for luxury brands to capture a growing share of the ever-expanding spending now dedicated to luxury purchases. But as we’ve also explained, today’s luxury is no longer defined only by coveted brands, pampered experiences, or chic destinations. There’s a new and elevated set of themes that are defining today’s luxury market, themes that emphasize more creative, meaningful, multicultural, internal, and personalized customer journeys. This is to say nothing of the rapidly expanding opportunities offered by technology to better personalize, enhance and elevate the luxury experience.

To better explain, Skift and Marriott International have defined three overarching themes. Within each theme, we’ve identified key trends, from which we’ve extrapolated what luxury will look like in 2018. Each trend is grounded in survey data collected from affluent consumers in five luxury markets, insights shared by luxury industry stakeholders and real-world examples from luxury brands already utilizing these strategies to evolve their own offerings.
The Evolving Bucket List Incorporates a New Set of Aspirational Needs

Personal fulfillment and access to one-of-a-kind experiences are the real drivers of today’s luxury consumer motivations.
The essence of true luxury today is personal fulfillment, a concept that is replacing the long-held cliché of “time” being the ultimate luxury. There’s a clear and present shift among high-end travelers’ priorities from “what you can do” to “who you can be” when exploring new destinations. “The modern luxury traveler is on a journey to find personal fulfilment, seeking meaningful and purposeful travel experiences that speak to their inner, idealized selves,” said Marriott International’s Edmundson. This also means that the internal journey is becoming equally, if not more, important as the physical journey for more luxury travelers, who increasingly seek out destinations, accommodations, and experiences that help them realize a version of their idealized self.

From a travel standpoint, personal fulfillment has been a key driver of the “transformative travel” trend, which has been gaining considerable momentum in the last couple of years. However, there’s still a lot of confusion about what the trend implies. It’s not necessarily about returning from a trip as a completely different person, nor does it automatically refer to a spiritual reckoning or philanthropic undertaking. At its foundation, transformative travel means experiences that help move the traveler intentionally along their journey of personal growth.

Luxury is a Launchpad for Self-Actualization

“Bucket lists are evolving from where you want to go to who you can be”
“Transformational travel can be any travel experience that empowers people to make meaningful and lasting changes in their life,” noted Michael Bennett, co-founder of the Transformational Travel Collaborative. “In the past, the mindset was, ‘Let the mountains speak for themselves,’ where travel was transformational in and of itself, and little needed to be done to facilitate self-discovery. Today, more and more tourism organizations, tour operators and accommodation providers are bringing varying degrees of conscious design to the travel experience, with the intention of creating these life-changing moments and experiences for clients.”

Skift and Marriott International’s research confirms a consumer evolution toward the values of personal fulfillment, with more than 75 percent of luxury travelers from all markets noting that they strongly agreed with the statement that they found more value in goods and services that enable them to learn something new.

In a separate study, Skift also surveyed luxury travelers earlier this year about their rising interest in transformative travel. The results found that more than 50 percent of high-net-worth individuals in 2017 placed a higher value on more meaningful travel experiences than they had in the past.
54.3% of respondents ranked the importance of transformative travel experiences at least 7 out of 10 or higher. Responses = 1,351

52.8% of respondents say the value they place on transformative travel has increased in the last 3-5 years. Responses = 1,351
Given that luxury travelers are increasingly interested in themes of personal development, how can luxury brands ensure they are answering the demand? Many times brands are choosing to communicate their alignment with their customers’ journeys through new content and programming.

The Singapore Tourism Board, which repositioned its messaging in 2017 around the theme of “Passion Made Possible,” is one example. Singapore’s new strategic vision implies that no matter what a traveler’s personal passion is, he or she can find the people and experiences in Singapore that can support their path toward realizing that passion. The overall marketing delivery transcends the city-state’s traditional promotion of its physical tourism infrastructure and vaunted luxury experiences. Instead, the focus now communicates a sense of opportunity, where travelers can engage with Singaporeans who are eager to share their optimism and can-do spirit with like-minded people.

“With ‘Passion Made Possible,’ the Singapore Tourism Board (STB) is presenting a brand that can tell a fuller Singapore story beyond just tourism,” says Lionel Yeo, chief executive of STB. “This brand articulates what we stand for as a country and supports the telling of many stories about this destination and its people. It will allow us to build a deeper and more personal connection between Singapore and our fans and friends, even when they are not actively thinking about travel, and will appeal to sophisticated tourists who are seeking more aspirational value propositions in their travel.”
Another example of how luxury brands increasingly cater to consumers’ personal aspirations comes from W Hotels, which has long-embraced values like diversity, inclusivity, creativity and openness. The hotel brand’s “Turn It Up for Change” event series, for instance, produced in partnership with the Human Rights Campaign, involved monthly music events hosted at W properties to promote awareness of the causes of marriage equality and LGBT rights. “W Hotels is a good example of a brand to which luxury consumers are increasingly drawn because it communicates a sense of purpose beyond just existing to sell something,” said Marriott International’s Edmundson.

Nevertheless, brands that are looking to incorporate transformative travel need to be careful about how they position their offering. Otherwise their efforts may come across as insincere. Jack Ezon, president of Ovation Vacations, a leading luxury travel advisor group, states that the whole transformative travel trend is tricky because there’s the potential for brands to abuse the theme, claiming they speak to transformative travel values when they’ve done little in actuality to align their products or experiences with this new traveler mindset.

“Watch it happen. It’s going to happen. Everybody wants to use transformation — it’s the word of the year,” he says. “My hesitation or trepidation is the overuse of the word ‘transformative,’ and how it’s going to be interpreted, and what will result with the dilution of the concept.”
Luxury is Evolving in Maslow’s Hierarchy

From an academic standpoint, the shift in luxury demand for more transformative travel experiences can be better understood using the philosophies defined in “Maslow’s Hierarchy of Needs.” This 20th-century psychological framework, developed by scientist Abraham Maslow, proposes to explain human development and the path toward achieving personal fulfillment.

Since the dawn of luxury, it has been aligned with Maslow’s second highest tier, “esteem,” relating to the validation of one’s success and admiration of one’s peers. Transformative travel elevates luxury experiences into Maslow’s top tier, “self-actualization,” which refers to the journey toward achieving a person’s best version of themselves.

“Maslow’s Hierarchy of Needs,” an influential psychological framework established by scientist Abraham Maslow, offers a useful framework for understanding the bigger shifts in the luxury consumer mindset.
The connection between luxury products and Maslow’s theory is further explained by a University of Paris-Saclay paper. Luxury in this “self-actualization” phase takes on an entirely different conception than it might when realized further down the pyramid. “What one wants at this point is experience, emotions, feelings,” said the paper’s author. “Such a person will be interested in adventure, discovery, but also world peace or ecology. Now that more and more people are reaching this stage, numerous opportunities seem to appear for the luxury market.”

Others agree that the luxury mindset is moving away from checking items off a bucket list, which also means luxury travel businesses need to adapt their offering. “What I see most is the changing nature of the bucket list, focusing more on personal goals and immersive experiences that people really want, instead of a specific destination,” says Ezon. “So, within the travel advisor trade community, we need desperately to work on our service and the way we provide uber-personalized experiences.”

This consumer shift toward luxury purchases focused on self-actualization is also a result of generational shifts in consumer demographics, particularly with Generation Y and Z. As these consumers increasingly move into a position of economic power, their spending habits and personal priorities are helping spur a shift in how luxury brands position their products and services.

“It’s an interesting time in the world of luxury,” said Claudia D’Arpizio, a Bain partner and lead author of a 2017 study on the global luxury goods market. “The millennial state of mind has changed the way purchases are made across generations and has pushed luxury brands to redefine what they deliver to customers.” Thus luxury consumers are increasingly drawn toward brands that communicate a sense of purpose beyond a product. Smart brands like Volvo, whose V90 Cross Country advertisement is set to a speech by philosopher and thinker Alan Watts and emphasizes the need to be “present in our lives,” will focus on the message, not the product, positioning themselves as the platforms through which consumers can gain a new perspective of the world.
Luxury Travel’s Emotional “Journey”

Luxury purchases have long been driven by emotion. Whether consumers are buying a Rolex watch or investing in an around-the-world cruise, luxury buying decisions tend to be based not just on how much an item costs, but on more intangible factors wrapped up in complicated concepts of self-identity, personal values, and philosophical ideals. This also means that as more luxury consumers shift their priorities related to how and why they travel, it’s also impacting the types of destinations they want to visit.

The majority of affluent travelers (more than 80 percent) that responded to Skift and Marriott International’s survey said they agreed that they held a strong emotional connection to the places that they visited on holiday.

What qualifies as an “emotional connection?” The definition varies from consumer to consumer, but in the context of today’s shift toward transformative experiences and self-actualization, it reflects an experience that helps luxury travelers grow as individuals, be it through learning, personal awareness, spiritual growth, deeper understanding, etc.

Brands, destinations and service providers hoping to better position their products and places for this emerging mindset should look to contextualize their products and experiences as part of their consumers’ larger transformational journey.
Introspection Creates a more Discerning Traveler

Respondents across all markets in Skift and Marriott International’s study said they are eager to improve themselves. But no market showed as much excitement for “transformative” experiences as the Chinese luxury consumer market. This speaks to an underlying shift in the priorities of high-net worth Chinese consumers between previous and future generations.

According to the results of Skift and Marriott International’s Global Luxury Traveler Survey, Chinese affluent consumers were often significantly more likely to have participated in self-improvement activities including trying a new diet, relaxation, or fitness activity than their peers in the U.S., U.K., Mexico, or U.A.E.
Travel industry executives familiar with Chinese travel habits confirm that self-improvement is an increasingly prevalent area of interest, particularly when it comes to millennial Chinese consumers. This has translated into a growing awareness of how different brands help communicate their identity. “Chinese millennials are more discerning about what luxury brands they buy and what a specific brand says about their identity,” said George Cao, founder of Chinese travel marketing company Dragon Trail Interactive. “Keen to appear trendy and innovative, they’re more open to seek out new, authentic brands to portray their uniqueness and demand a more honest conversation.”

This growing self-awareness also means that Chinese luxury consumers are increasingly mindful in selecting the luxury brands that they choose to purchase. “Younger generations are less materialistic and, therefore less enamored with luxury goods,” said Cao. “Chinese millennials together with high-net worth individuals are more mature consumers and increasingly interested in experiences. Luxury brands are adapting.”

Consider how this has impacted the marketing of luxury products like a high-end handbag. Whereas a Chanel handbag was once worthy on its own to show off, the ultimate social currency among affluent Chinese consumers is now a photo shared from an exclusive top-ranked restaurant or from a vacation in a remote international destination, explains Cao.

This leaves brands like Chanel, who have historically witnessed strong traction in the Chinese market, at a crossroads. Chanel hasn’t stood still. The luxury brand brought its Coco Café pop-up to Shanghai in April 2017. Open for just 12 days, consumers lined up down the street to sip coffee from Chanel-branded cups and shop products amid full brand immersion.
The film “Coco Before Chanel” was also used early on in this shift, in 2009, to share the story of Gabrielle Chanel with Chinese customers, especially modern young women with whom Chanel’s journey from an orphan to one of the most influential women in fashion resonates. More recently, in November 2017, Chanel brought its annual event revealing its Cruise and Métiers d’Art collections to the increasingly important city of Chengdu in early November 2017. Chengdu is a growing metropolitan area which is being positioned as China’s version of Silicon Valley, making it a hotspot for the country’s burgeoning modern art, hip hop and startup scenes.

An Instagram snapshot from Chanel’s Cruise and Métiers d’Art collection event in Chengdu, China. The brand is working to transform its image in China to match the shifting whims and geographic locales of the country’s changing luxury consumer base.

Chanel’s presence in Chengdu is a fortuitous sign for the future of the brand, as it suggests that the company is paying attention to Chinese consumers and their changing definitions of what they consider meaningful. In other words, Chanel isn’t willing to rest on its laurels, and is proactively aligning itself with trends and developing in places its next-generation buyers already are.
Access is the new authentic. As the demand for more “authentic” travel experiences has become mainstream across all budget segments, exploring once “local” neighborhoods like Shoreditch in London or Canal St. Martin in Paris is no longer considered unique. With the rise of so much digital destination content and apps, everyone today is a local traveler, or at least, they easily can be if they want. “For the ultra-affluent, unique and exclusive experiences, access, and highly personalized services now represent the pinnacle of luxury,” confirmed Marriott International’s Edmundson.

That’s why access to one-off, time-sensitive, and/or exclusive experiences is the new differentiator for brands looking to appeal to affluent, sophisticated consumers. This means that as luxury brands are evolving into lifestyle platforms, the variety and quality of immersive experiences they can provide helps to separate and identify their particular take on the world.

“Luxury brands have been rushing to find new ways to immerse their customers in the destination and brand experience,” says Ezon. “The next phase is immersive trips where car companies bring customers to their factory, and fashion houses create two- to three-day fashion experiences so guests can meet the designers, visit an atelier, and become part of the brand fabric. Watch this space!”
Consider another example of how the access trend is shifting the high-end dining experience. Diners no longer consider it novel to simply have dinner at the Michelin three-star restaurant Maaemo in Oslo. Exclusive access would also include an opportunity for diners to accompany Maaemo’s head chef (and one of Time Magazine’s 100 Most Influential Chefs) Esben Holmboe Bang while he visits local producers and makes his selections of biodynamic and wild produce for the evening’s 20-course meal.

The majority of luxury travelers in Skift and Marriott International’s survey confirmed they are hungry for travel experiences that open their eyes to new possibilities or help them better understand the world. Many indicated that they want travel experiences to help them further understand their context within a larger global community. This is especially pronounced in Mexico and China, where survey respondents agree 86 and 75 percent, respectively, with the statement: “I look for travel experiences that give me a new perspective of the world.”

A further example of how this demand for new discoveries is evolving among luxury travelers in 2017, survey participants answered how much they agree with the statement: “I am more interested in connecting with local people and culture today than I was three years ago.” Across every market, ranging from 50 percent of people in the U.K. to 84 percent in China, the survey results show there’s a clear and growing demand for even more opportunities to engage with local people and culture.
In keeping with many luxury consumers’ desire to use purchases to differentiate themselves from others, a growing portion of survey respondents also expressed a desire to use this exclusive access to experiences as an opportunity to set themselves apart from their peers. Sixty percent or more of respondents from all markets said they agreed or strongly agreed with the statement: “I look for travel experiences that my friends may not have thought of.”

I am more interested in connecting with local people and culture today than I was three years ago.

I look for travel experiences that my friends may not have thought of.

Source: Skift and Marriott International’s 2017 Luxury Survey
How are today’s most forward-thinking brands adapting to this evolving need for more unexpected and unique experiences? For a hospitality company like Marriott International, that wants to connect with today’s luxury consumer, it’s all about offering more varied activities for guests, and searching further afield to find more unexpected options. With its recently-launched Marriott Rewards and SPG Moments platform, the result of an investment in an experiences marketplace called PlacePass, “You can get a behind-the-scenes look at the history of Japan’s national sport and wrestle with a retired sumo wrestler in Tokyo, explore Cambodia’s iconic temples on a sunrise mountain biking tour, perfect your pasta-making skills alongside a local Italian chef at a Tuscan farmhouse, or gain private access to the sold-out Yayoi Kusama exhibition in LA,” said Edmundson.

Another driver of the quest for access to more unique experiences is the insatiable demand for recognition on social networks. Today’s social media is seemingly the new social status. As such, social media is influencing travel decision-making across all budget and generational segments, and luxury travel brands are exceedingly better at engaging customers on major social networks. The goal is to experience something that few people can, and equally important, be able to capture it and share it digitally. That’s a big opportunity for hospitality and tourism companies that can leverage user-generated content at any kind of scale.

More luxury traveler providers are looking for opportunities to give guests access to more unexpected or insider experiences. An insider’s tour of a luxury fashion studio is just one example of what such “access” might look like.
Agile brands are also developing new partnerships with a wider range of independent contractors who can provide customers with more travel customization options for more customized social sharing. The more that luxury brands can align their products with the shifting moods of their customers — and provide a platform for sharing those whims — the more opportunity they have to drive growth and loyalty in the luxury marketplace.

Brands increasingly recognize the importance of providing these insider experiences that help travelers feel as though they’ve accessed a part of culture available only to those with the right connections. They are making these interactions possible, and becoming a trusted part of travelers’ local explorations, introducing concepts and programs that appeal to both local residents and to travelers. Everyone from hotels to fashion brands are picking up on this.

Barcelona’s innovative Casa Bonay boutique hotel has capitalized on this trend by combining a coffee shop, coworking space, lounge and restaurants on the bottom floor of its property. It’s a destination visited by locals and travelers alike, and it’s building upon the success of this experience with the opening of a versatile events space next door. As the hotel’s management explains, integrating local cultural programming with the usual hospitality amenities adds a new layer of local experiences for guests, while simultaneously offering something of value for residents.

“On the one hand it will enable us to offer further added value to our clients, providing them with a unique space for events and meetings,” explains Casa Bonay founder, Inés Miró-Sans. “At the same time, through the new space we will be able to create and develop great cultural content for the city and our guests.”

Casa Bonay’s multifunctional space was created by acclaimed Brooklyn designers Studio Tack, and will host private events including “chef’s table” events with guest cooks, concert nights with international musicians and wine nights sponsored by local vineyards. In addition Casa Bonay also plans a monthly calendar of cultural events from food demonstrations and talks to DJ nights and film screenings.
Is Luxury Local or Global?

A rapidly rising group of luxury consumers around the world now have unparalleled access to international destinations. But as more travelers head abroad, it’s also raising interesting questions about the types of luxury purchases and brands they find most meaningful. Is today’s concept of luxury associated with global, internationally-recognized brands? Or do luxury consumers have a desire for something more local, intimate, and authentic as part of their travel experiences?

According to Skift and Marriott International’s research, luxury consumers around the world tend to put more trust in globally-recognized brands, with 44 percent or more respondents in all markets preferring bigger and better-known luxury providers.

Though this finding may suggest luxury consumers prefer global over local, it actually indicates a growing opportunity for worldwide companies to use their scale to deliver more authentic, locally-relevant experiences. International, globally-recognized brands are best positioned among the travel industry to steward global travelers into local cultural and culinary experiences. Because although there’s a rising demand for access to local people, consumers overwhelmingly trust global brands over local services.
There’s also a distinct split in global versus local preferences in the developing versus developed world. Consumers from the more traditional markets in this study, China and U.A.E., placed more importance and trust in international brands than consumers from the U.S. and U.K.. More than two-thirds of Chinese and Emirati consumers preferred international brands.

Similarly, when asked to fill in the blank, “I care _____ about luxury brands today than I did three years ago,” an overwhelming number of respondents reported caring more. Chinese consumers topped the chart with 76 percent reporting they cared more about luxury brands. This underscores the opportunity for global luxury brands to capitalize on increased interest and consumer preference for internationally recognized luxury brands, particularly in the Chinese travel market, and provide those individuals with access to exclusive local experiences.

Please fill in the blank:
I care ________ about luxury brands today than I did three years ago.

Source: Skift and Marriott International’s 2017 Luxury Survey
The Evolution of Wellness Encompasses Physical, Mental & Emotional Health

Today’s luxury consumers are demanding a more holistic emphasis on health that goes beyond physical fitness and nutrition.
Luxury consumers are increasingly aligning themselves with tourism and hospitality brands that espouse healthier lifestyles. Demand for wellness and health services is rising rapidly across the globe. According to the 2017 statistics from the Global Wellness Summit, wellness tourism expenditures worldwide grew at double the rate (6.8 percent) of overall tourism expenditures (3.4 percent) between the years of 2013 and 2015.

And although health and wellness have always been a priorities for luxury travelers, today the demand is evolving into a desire for a more holistic and intentional approach that addresses affluent consumers’ overall physical, mental and emotional health. As such, the conversation around wellness is expanding to a broader narrative around wellbeing. “The modern luxury traveler no longer sees wellness as just relating to their physical self,” noted Marriott International’s Edmundson. “Wellness is being redefined as wellbeing, and is encompassing mental and emotional health in addition to physical.”
Consider the definition offered by the Global Wellness Summit report, “8 Wellness Trends for 2017 and Beyond.” It states: “Mental wellness will be the biggest future trend, period, from wellness destinations bringing in neuroscientists and psychotherapists, to meditation becoming seriously mainstream, while evolving into new breeds — part-mind, part-body workout brands — to apps that track your mental state.”

Skift’s research confirms that wellbeing is a growing focus for affluent consumers, showing that the overwhelming majority of luxury travelers worldwide are more conscious of both their physical and emotional wellbeing than they were just three years ago. Across all the markets surveyed, nearly three-quarters or more of all respondents said they either agreed or strongly agreed that physical and emotional wellbeing is more of a focus for them today.

When it comes to specific activities, respondents around the world confirmed that they participated in wellness-related activities, including individual fitness and meditation sessions. Both were mentioned by around half of respondents across all markets.
Experts also confirm that this shift toward wellbeing-related activities is continuing to evolve. “It’s time to put a stake in the ground and say we care about this mental wellness crisis and we’re already doing something about it,” said Gerry Bodeker, PhD, clinical psychologist and professor at Oxford and Columbia Universities, at the Global Wellness Summit. “Meditation, exercise, yoga and healthy food already have strong medical evidence for transformative neurological effects, and make a powerful case for a mental wellness pathway that’s distinct from what’s been long offered in the world of mental health.”

The growing focus on holistic health is manifesting across the luxury lifestyle spectrum in a variety of ways. In the realm of aviation, the popular meditation app Headspace now partners with nine airlines to help passengers relax and get sleep via an in-flight Headspace channel and audio exercise. There’s also the example of SWISS Airlines partnering with Haus Hiltl, one of the oldest vegetarian restaurants in the world, to bring vegetarian and vegan meals to flyers and market itself as a health-conscious airline.

Meanwhile, among hospitality brands, JW Marriott Hotels & Resorts is seizing on interest in wellbeing by launching “Behind the Barre,” a series of on-demand workout videos created in partnership with the famed Joffrey Ballet. The series, which is designed to accommodate guests of any fitness level, goes beyond a physical focus to offer workout routines to optimize for different wellness states such as “calm,” “invigorate” and “balance.”
In the world of high end retail, a number of brands are attempting to cater to more wellness-focused luxury consumers. In 2016, the British department store chain Selfridges, for example, opened the Body Shop, a 37,000 square foot space dedicated to high-performance sports gear, swimwear and ‘off duty’ clothing designed for women from a range of different body sizes. To help kick off the launch of the new concept space, Selfridges invited noted wellness experts including Deepak Chopra, Susie Orbach and Royal Ballet dancer Lauren Cuthbertson. “We want to empower our customers to feel better, or really positive, about their bodies,” said Anne Pitcher, Selfridges’ managing director. “Whatever or whoever you are, not only are you welcome, but we look forward to offering you a really complete experience both within store and online.”

Even real estate developers are using wellness-focused amenities to try and entice high-end buyers. A number of builders in luxury-focused markets such as New York, Los Angeles and Miami, for example, are integrating fitness spas managed by upscale health club company The Wright Fit directly into their condominium complexes. New York’s The Greenwich Lane development includes a golf simulator, a swimming pool, two training studios, and a spa and treatment room open to all property owners. In Los Angeles, The Wright Fit now oversees wellness amenities at the Ten Thousand, where residents enjoy services like personal training, injury prevention and rehabilitation, nutritional guidance, as well as stress and time management.
The Health Benefits of Disconnecting

Why is demand for wellbeing products and services rising so rapidly among luxury consumers? One explanation may be closely tied to the growing stresses created by modern technology. As evidence mounts that non-stop notifications and constant connection may be impacting mental health, more consumers are using their luxury travel experiences as an opportunity to turn off.

More than half of all respondents in Skift and Marriott International’s global survey prioritized “disconnecting” during leisure travel. Chinese consumers were the most enthusiastic in their response, with 97 percent agreeing on its importance, while Americans were the least enthusiastic with 60 percent making it a priority.

Please indicate how strongly you agree or disagree with the following statement: It’s important for me to disconnect from technology while traveling for leisure.

The link between “disconnecting” and wellbeing is increasingly showing up in the products and services offered by a range of luxury brands. According to some luxury industry observers, this opportunity to unplug is a critical driver of the luxury wellness mindset. “Increasingly, consumers want space,” explains Rebecca Robins, global director at Interbrand. “The ability to switch off is part of what’s special about the experience. To a certain extent, that’s become a luxury in such an over-connected world.”
It’s also about finding a way to disconnect from the now ubiquitous notifications of social media. According to some digital experts, many consumers are turning away from social platforms like Facebook and Twitter as more research suggests they may have a negative impact on mental health. Vanity Fair technology writer Nick Bilton wrote in late 2017: “Yes, it’s true that we’ve heard this all before — that people are abandoning social media, that the platforms are doomed. The New York Times has written variations on that story so many times over, it could have been a standing column in the business section of the paper. But I do believe that this time is different, the beginning of a massive shift.”
Want to see how wellbeing is transforming the luxury consumption habits of affluent consumers? One need look no further than New York City, an urban microcosm of luxury’s larger wellbeing “awakening.” Seeing the impact of this growing trend is as easy as walking down the street.
One of the best examples is the shift in wealthy New Yorker’s dining habits. Whereas steakhouses and fusion cuisine once dominated the dinner tables of New York’s elite, a growing portion of high end restaurants now cater to vegetarians, vegans, and those with special dietary needs. One of today’s buzziest Big Apple restaurant openings is Jean-Georges Vongerichten’s vegan eatery abcV, where creatively-prepared vegetables are served with non-alcoholic tonics.

But it’s not just healthy eating that’s now en vogue among the city’s elite. A recent New York Magazine article titled “Why Wellness is the New Way to Look, Feel and Act Rich,” notes that stressed out New Yorkers are increasingly investing significant sums in wellness-focused products and services, ranging from $175 for healing “reiki” sessions, $800 for a consultation with wellness guru Dr. Frank Lippman, or $195 for fashion-forward mesh leggings from athleisure brand Michi. “When I think of even five years ago and using language about wellness, people would cock their head to one side and be unsure of what I was talking about,” said Anni Hood, a one-time spa manager turned luxury wellness consultant, who’s quoted in the New York Magazine piece. “The boom we’re seeing, it’s just the tip of the iceberg.”

New York has also seen a groundswell of “emotionally cathartic” boutique fitness classes, a trend that started with SoulCycle and is still rolling with the national expansion of Taryn Toomey’s new workout The Class. Exercise sessions that once topped out at $37 per one-hour session are now reaching $42 or $45, and still book up. There’s even a growing overlap between high fashion and fitness. Cult “athleisure” brand Lululemon is practically teen-wear by now as more sophisticated fitness fashion brands like Outdoor Voices to Carbon38 offer performance wear that won’t add stress with expectation of Olympic-sized workouts. Earlier this fall, Harper’s Bazaar published a guide on the 10 rising activewear brands, one of hundreds of such articles in today’s top magazines.
In NYC’s upscale retail sector, the shift toward wellbeing is evident as well. The city’s fashion entrepreneurs are increasingly recognizing the shifting tide, using their own wellbeing transformations as inspiration for new luxury boutiques specializing in herbs and meditation over handbags and minkas. Kerrilynn Pamer, who owned a clothing boutique in the West Village neighborhood of New York, realized the shift in priorities when her customers came in solely for a small selection of wellness-themed beauty products she started to stock. The epiphany led Pamer to close her boutique and open CAP Beauty, which quickly became a booming business and beauty cult favorite. Her new retail outlet even has healing “rose quartz” crystals laid under the store’s floor to maximize healing vibrations for visitors.

Meanwhile founder of luxury clothing brand Intermix Khajak Keledjian recently partnered with another luxury veteran, Coach executive chairman Lew Frankfort, to open the high-end meditation studio Inscape. Keledjian notes that he was inspired the open the space due to the benefits he realized from meditation in his decades-long fashion career. Inscape is just one of several meditation studios, including MNDFL, now attempting to commoditize the idea of “Zen” in a city of wealthy-but-worried individuals.

Even the executives at the tony Saks Fifth Avenue department store want in on the wellness craze. The organization opened an in-store wellness center called The Wellery, taking over an entire floor of its flagship store during the 2017 fall season. Shoppers could purchase a range of wellness products and services including a treatment in a Himalayan salt chamber, non-toxic manicures and boutique workouts alongside high-end fitness clothing brands. In a time when much of retail business now exists online, brick-and-mortars like Saks are asking themselves how to attract shoppers into their stores and finding wellness activities might be an answer.
New Technologies Answer the Demand for Truly Personalized Luxury

Technology is making it easier than ever before to help luxury brands create exceptional, truly personalized, experiences for customers.
There has been intense media attention focusing on the rise of virtual reality (VR) in recent years. Brands are exploring VR due to its ability to place the user in a completely alternative universe, which can have significant value at the top of the marketing funnel during the pre-trip shopping experience, and play an important role in brand engagement overall. However, it’s actually augmented reality (AR) that will have a bigger impact on luxury travel during the next decade. That’s because AR will supplement the live environment with a digital layer of content, enhancing and personalizing the in-destination experience in an infinite number of ways.

AR usage in live urban environments took a giant leap forward with the launch of Pokemon Go in 2016. “The potential for AR is immense,” said John Hanke, founder and CEO of Niantic (the company behind Pokemon Go), at the Wall Street Journal’s D.Live conference in 2017. “VR is the ultimate escapist entertainment. AR is woven into your daily lives. I think AR will make a thousand things we do on our phones significantly better, [but] AR on the phone is just a stepping stone.”
Hanke envisions a time that AR will eventually realize its full potential in glasses, which Google Glass first attempted, but the technology didn’t exist at the time to deliver a scalable, quality user experience. Ultimately, we will be able to look at something, and the in-glass browser will be able to detect what we’re looking at using a combination of AI-powered visual search and Internet of Things infrastructure, which can then provide augmented content.

Looking further ahead, technology companies are testing car windows with AR functionality built into the glass, for both drivers and passengers to use. BMW-owned MINI is also developing new AR glasses that connect with the AI-powered smart car of the future.

Meanwhile, a growing number of top fashion and retail brands have been integrating AR technology into their brick-and-mortar store experience. This fall, Hermès created an AR app for the Manila launch of its Twilly d’Hermès fragrance, created for “Hermès girls.” When pointed at various triggers within the store, the AR app shows a mini-movie depicting an animation of millennial-age females in a modern dance montage outside the Hermès flagship store in Paris.

“Reaching younger generations is clearly coming through digital efforts, significantly more than ever before,” says Robert Chavez, U.S. president and CEO of Hermès. “Use of digital devices in store by staff has also made the shopping experience easier and faster when searching for products throughout the network. Our customers love this convenience and service, which is greatly enhanced with the use of technology, making everything simpler, easier and much more efficient.”

Yet amidst all this focus on using technology to aid personalization, it’s important to emphasize the continued importance of a human touch, particularly in the realm of luxury experiences. No matter how much we use technology to improve the customer journey, it will never replace that one on one experience of a person actually speaking to you.
“As the world becomes more and more digital, the one-on-one personal relationship with your selling expert is becoming more and more significant in store,” Chavez emphasizes. “Personal appointments, customized selection, and remembering personal details are all things that clients are appreciating more every day.”

One of the best mainstream uses of AR to date in the fashion industry is the L’Oreal Makeup Genius app, which more than 20 million users have downloaded to test combinations of beauty products for their face. Burberry introduced a new AR feature on its mobile app in September that digitally redecorates their photos with Burberry-inspired drawings by the artist Danny Sangra. Last year, the French high-end department store Galeries Lafayette transformed its flagship into simulated arctic environment using AR to raise awareness for environmental causes. And Airbus Corporate Helicopters just released a new AR app that lets yacht owners see how different types of helicopters will fit on their ships.

The use of augmented reality will only grow as more devices and brands create AR experiences and as consumers gain awareness of its benefits. Last summer Apple released ARKit, a toolkit that allows developers to make augmented reality apps. There could be as many as 900 million smartphones and tablets capable of supporting augmented reality apps created from tool kits like Apple’s ARKit, Google’s ARCore and Facebook’s Camera Effects. Tim Merel, managing director of augmented and virtual reality adviser Digi-Capital, thinks that number could grow to more than three billion by 2021.
And yet, the tourism and hospitality industry is lagging when it comes to incorporating augmented reality into the travel experience in-destination. That’s somewhat surprising since luxury travelers tend to be early adopters of technology products and services. As noted earlier, more than half of all respondents worldwide in Skift and Marriott International’s survey identified themselves as early adopters likely to adapt the latest apps and online services before their friends. Respondents from China (85.4 percent) and Mexico (78.3 percent) were the most likely to characterize themselves as early adopters.

In the travel space, there have been a select few companies developing AR platforms to deliver a heightened layer of local destination information. In December 2016, the Fort Lauderdale Downtown Development Authority and Palm Springs Bureau of Tourism both launched new city apps with AR functionality developed by Los Angeles-based CivicConnect. Those apps pull information from different sources, including public transportation companies, special event permits, and beacon sensors spread throughout the city.

When users point their devices in a specific direction, beacons in the immediate region trigger AR messaging in the app to deliver ancillary information. Likewise, the apps track public transportation in real time, and using geolocation, they provide multiple options for interesting itineraries in the destination. Users can also access hundreds of listings for hotels, restaurants, shops, attractions, and events through the in-app search and Google Maps interface, all of which can be customized and sponsored.

Other AR platforms, such as the Discover Moscow Photo app and the Berlin Wall Timetraveler app, both supply historical information in various neighborhoods when visitors point their devices at specific buildings. While these are interesting, there is huge untapped potential for luxury hotels and tour operators to develop new AR experiences similar to those used by today’s top fashion houses.
Consumer notions of loyalty are in the midst of significant shift. The traditional idea of “loyalty programs” has been commoditized by a glut of credit card offers and point tracking websites, while digital tools like online travel agencies, Amazon and metasearch have disintermediated brands from their historic relationship with consumers. Whether we’re discussing retail, travel, fashion, beauty, or beyond, the truth is that luxury brands need to rethink the very concept of loyalty for a new era.

Skift research confirms that luxury consumers are rethinking how they choose to participate in such loyalty initiatives. Luxury travelers of all ages worldwide do not necessarily place a high priority on brand loyalty, in general. The U.A.E. shows the highest percentage of people (59 percent) who agreed or strongly agreed with the statement “Staying loyal to a brand is important to me,” while China (52 percent) is second highest. But less than half of respondents in the U.S., U.K., and Mexico felt the same way about remaining true to specific brands.
This apparent lack of loyalty puts today’s luxury brands in a tricky position. High-end companies are arguably in a better position than most to attract and retain loyal customers. Yet consumers’ idea of what brand loyalty means is in the midst of a fundamental shift, thanks to the growing transparency, and proliferating consumer touch points, created by the digital age. This offers a growing opportunity to for luxury brands to rethink the loyalty experience around a new strategy, one in which the entire customer journey is now part of the loyalty-building process.

The concept of loyalty and the customer journey is not without precedent. According to the Harvard Business Review (HBR) story, “Competing on Customer Journeys,” the best way for companies to increase and maintain loyalty in the digital age is accomplished by developing engaging, personalized messaging and experiences across the entire end-to-end customer journey.

“Journeys are thus becoming central to the customer’s experience of a brand, and as important as the products themselves in providing competitive advantage,” states HBR. “Companies are designing journeys to attract consumers and keep them, creating customized experiences so finely tuned that once consumers get on the path, they are irresistibly and permanently engaged. Cutting-edge journeys succeed because they create new value for customers. Customers stay because they benefit from the journey itself.”
How travel companies customize the online and offline experience for an individual traveler is arguably the paramount priority for brands today. Research from Boston Consulting Group indicates that brands using “advanced digital technologies and proprietary data for customers are seeing revenue increase by six to 10 percent...two to three times faster than those that don’t.”

To accomplish that level of personalization, brands are shifting their marketing strategy from a product-first to customer-first approach, based on the volume of data that customers provide during both their online and offline activity. For example, location data generated by mobile devices can now connect pre-trip online messaging with in-destination offline behavior, so brands can see how their messaging is performing. Also, new advances in artificial intelligence are helping brands learn more about their customers by better understanding chat and voice communications.

“The next level of understanding of the customer relates to the ability to use natural language understanding tools to extract insight from the conversations that a person has,” says Josh Sutton, head of artificial intelligence at Publicis.Sapient. “Those are either customers’ chat dialogs or text dialogs or phone dialogs, or things that they've published on social media. So from that you can extrapolate a great deal about an individual — personality types, likes, dislikes, and other relevant things — that give you the ability to provide an unexpected moment of delight, or provide cross-sell or upsell opportunities to the individual that will be well received.”

Using highly sophisticated AI-powered data capture tools, such as the new Adobe Experience Cloud platform which launched in 2017, brands are now able to align incoming data and outgoing messaging down to the individual level. The technology incorporates Adobe’s Sensei AI, which helps brands align guest profiles, shopping behavior, product messaging, and service delivery throughout the entire end-to-end, online/offline customer experience.

That ability is giving rise to the era of customer centricity and the field of “marketing curation,” which Forrester describes as: “An approach to marketing that focuses not on delivering standalone campaigns, but instead on optimizing a set of related cross-channel interactions that, when added together, make up an individualized customer experience.”
The chart below shows the difference between the old and new customer journey, where online brand engagement now extends through the in-destination experience.

The Old Customer Journey

Sales & Marketing

Consider → Shop / Book → Pre-departure → Go → Stay / Work / Play → Return

Operations

Sales & marketing encompasses the entire end-to-end customer journey

The New Customer Journey

“...A lot of the themes you hear about customer centricity, orchestration and personalization are all playing through as we enable a much more cohesive approach to things today,” says Andy Kauffman, vice president of digital marketing for Marriott International. “I think it’s a really interesting proposition for us because I’ve not seen that in the travel space before, with the breadth of thirty brands and the diversity we have with the three loyalty programs.”

As an example, imagine you’re on vacation at The St. Regis Bora Bora, and you post a photo of you and your significant other on Instagram after a scuba diving session. Marriott International has what Kauffman describes as “digital command centers” around the world that track social media with hashtags of Marriott’s various brands. When one of those captures a social media post like the example above, a message is sent to live staff at the hotel, who can then print out the photo and place it in the room with a bottle of champagne and strawberries before the guests return.

Kauffman says that the reality of that type of digital surprise and delight is increasingly commonplace. “What I think is very cool is we’re taking social content, which is another form of data, and we’re reacting in real time and delivering physical experiences down to the hotels for those guests,” he explains. “That’s an example of high-tech and high-touch coming together.”
Marriott International’s experimentation with its new “IoT Guestroom Lab” at its corporate headquarters is yet another component of its plan to use technology to deliver more seamless guest experiences. Designed in partnership with Samsung and Legrand, the room serves as a test bed for near-term room improvements that will help to further personalize the guest experience. Using the sensors and customer inputs embedded in this room of the future, guests can complete a variety of tasks: ask a virtual assistant to start a yoga routine on a full-length mirror, request additional housekeeping services, personalize the lighting and artwork on the wall, or start the shower at the desired temperature stored in your customer profile – all of which is enabled using the guest’s voice or mobile app.

Another example is Carnival’s planned launch of its new Ocean Medallion “guest centricity” platform on Princess ships in early 2018, a technology that is powered behind the scenes by Accenture’s Customer Genome AI platform. Pre-trip, each cruise guest receives a wearable medallion, along with a prompt to share their personal preferences using a companion medallion app. Meanwhile, the Princess ships have been outfitted with a massive ecosystem of Internet of Things infrastructure to track guest movement onboard, via near-field communication (NFC) and Bluetooth technology, and provide personalized services.

This is deployed in a variety of ways. For instance, when guests approach one of a ship’s more than 4,000 interactive screens, they can pull up relevant details about their individual trip itinerary, search for the rest of their party, order drinks to their exact location, or browse and buy activities that align with their personal preferences and trip itinerary.

The Ocean Medallion platform also gives Carnival unprecedented data capabilities, providing invaluable insights into passenger behavior, as well as a new point of sale ecosystem. Carnival’s competitive advantage for its Princess line is now as much about how passengers personalize the ships, as it is about the ships themselves.
A perfect storm of technology advancements in the next few years will create an online marketplace where travelers will be able to find and buy destinations, accommodations, and activities – highly personalized to their individual preferences – anywhere and anytime. “We will see a greater desire for services on demand, given that technology is increasing our connectivity and furthering the notion that anything is available, anytime and anywhere,” said Marriott International’s Edmundson. The big shift is in how those options will be fed to their devices. Faced with an overwhelming variety of travel opportunities geared to a consumer’s shifting whims, luxury consumers will all eventually rely on AI-powered digital assistants to help decide how, where, and when to purchase travel. What will make this idealized vision of the future a reality? Skift defines five key factors.

The first force that’s shaping this always-on, always-available, travel marketplace is the impending launch of 5G wireless technology. This next generation of wireless connectivity promises to dramatically outperform the current data transfer speeds offered by cellular or even Wi-Fi networks, providing the ability to download high-definition movies in mere seconds. It is expected to slowly roll out in 2019 in select regions in the U.S., Europe and Asia, but it will still be a few years before 5G tech is sophisticated enough to scale worldwide.
Second, the future of artificial intelligence, conversational commerce (chat), and voice communications will provide a staggering level of personalized brand engagement, to which consumers can opt-in to receive travel recommendations, just like Amazon and Netflix send to their customers. Those suggestions will not just be aligned with a basic consumer profile, but rather, these machines will understand the context behind a consumer’s travel intentions at any moment in time, wherever a consumer may be located. Meaning, eventually, AI will understand a consumer’s shifting moods and motivations before they do.

Third, every travel brand is evolving as a digital platform with the ability to sell direct to consumers, and partner with other travel companies – creating a wave of new business-to-business networks. The continuing improvement in API (application programming interfaces) connectivity, blockchain technology, and live online inventory capability means all of these various travel platforms will reach a level of interoperability where they can all talk to each other in real time.

Fourth, large hospitality companies such as Marriott International are expanding into new product categories. Earlier this year, Marriott International invested in PlacePass, which provides over 100,000 travel activities and tours around the globe. As such, large hotel brands are evolving as intermediaries and portals into a larger travel ecosystems, which brings entire new subsets of consumer data into their domains.
Fifth, according to John Marshall, Chief Strategy and Innovation Officer at Lippincott, “Every year that goes by, there will be more tracking, more scoring, and any particular service offering will be more rated than it has been before. Therefore, we are going to increasingly rely on our artificial intelligence agents, our digital assistants, to make decisions for us based on all of that data.”

So, on one hand, brands will have enough data on individuals to continuously deliver highly relevant recommendations. On the other hand, a consumer’s AI-powered digital assistant will be able to secure even more recommendations based on travel products ranked and rated by other consumers with similar online profiles. That’s a lot of information.

“For a lot of choices that we make today, our control over them will get more abstract, because we’ll empower our [AI-powered digital assistants] to be able to make them based on the scores that we expect,” explains Marshall. “We have brand preferences right now, but if something is measurable it may become invisible, and our machines could potentially suggest or make purchase decisions on our behalf.”

Meaning, AI-powered devices in the future could continually put together complete travel itineraries and ping a consumer with the most interesting options, based on that person’s individual parameters. 5G speed, connected travel platforms, and live inventory will ensure their availability and price points in real time. Each itinerary will come with a simple “click to view and/or buy” button, just like retailers deliver purchase recommendations to customers today with in-store beacon and proximity-based messaging technology.

An artist’s rendering of the Ritz-Carlton Yacht Collection, launching in 2019.

Image credit: The Ritz-Carlton
Here’s what this could look like in the luxury travel industry in a few years:

A female professor is sitting by the pool of one of The Ritz-Carlton Yacht Collection ships off the coast of Cannes. Her digital assistant knows she’s a fan of early Impressionist painters based on her past social media activity. That upcoming weekend, there’s an art historian speaking about Manet in Rouen. Her digital assistant creates an itinerary with a helicopter transfer from the yacht to Nice. Then a flight to Paris and an overnight in a specific hotel she will like. Then a train the next day to Rouen, plus all tickets, F&B, shopping, bespoke tours, etc., which are also all personalized. Her digital assistant, which might be layered into Marriott International’s loyalty platform, alerts her with a selection of two full itineraries with itemized pricing, one of which she can click to buy from the comfort of her chaise.

Whether a luxury brand is at its core a hospitality company, a tours and services provider, or a destination marketing organization, the distinction will become increasingly irrelevant in the future. Eventually, the largest brands will become a hybrid of all of the above, offering a variety of ultra-personalized travel services under their brand umbrella where anything anywhere in the world is just one click away.
CONCLUSION

There’s no question that luxury is changing. Whether it’s the shifting internal values of today’s luxury buyers, the rising impact of technology, or the evolving cultural attitudes held by an increasingly global luxury consumer base, the brands that hope to inspire and engage this ever-elusive segment face a considerable challenge.

But in the face of this challenge, today’s luxury companies also have a significant opportunity. If they can accurately understand the evolving values of this new luxury mindset, they stand to reap the benefits for years to come. What themes will define these values? While it’s hard to say for certain, Skift and Marriott International’s research into these questions offer a number of clues.

We know that many of the traditional signifiers to luxury, be it quality, comfort, or elegance, will continue to serve as anchor for tomorrow’s luxury experiences as well. But on top of this, we also expect new themes to emerge. One is a shift in the traditional idea of the “bucket list,” moving away from places to go and instead focusing on who luxury consumers want to be and how they can enjoy access to some of life’s most unexpected and unique experiences. Another relates to the shift away from the concept of “wellness” to encompass a more holistic idea of “wellbeing” that includes aspects of mental and emotional health along with typical notions of physical fitness and nutrition. There is also a series of consumer shifts inspired by the constant drumbeat of technology, which will force luxury brands to adapt to rising consumer expectations.

There’s no crystal ball when it comes to the evolving world of luxury. But by tapping into great consumer insights, and reviewing the best practices of today’s leading luxury brands, marketers can put themselves in the best position possible to gain an edge in the evolving world of luxury.
Further Reading

9. http://www.huffingtonpost.com/entry/will-better-liquidity-improve-the-market-for-luxury_us_59b00495e4b0c50640cd6386
15. https://www.salsify.com/blog/getting-luxury-e-commerce-right
About Marriott International

Marriott International, Inc. (NASDAQ: MAR) is based in Bethesda, Maryland, USA, and encompasses a portfolio of more than 6,400 properties in 30 leading hotel brands spanning 126 countries and territories. The company operates and manages eight luxury brands, including The Ritz-Carlton, Ritz-Carlton Reserve, St. Regis, W Hotels, The Luxury Collection, Bulgari Hotels, EDITION and JW Marriott, and is set to open nearly 40 luxury hotels in 2018. Marriott operates and franchises hotels and licenses vacation ownership resorts all around the world. The company also operates award-winning loyalty programs: Marriott Rewards®, which includes The Ritz-Carlton Rewards®, and Starwood Preferred Guest®.

For more information, please visit our website at www.marriott.com.
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Carolyn Kremins
President, Skift
ck@skift.com
212-564-5830