



The Psychology of Travel – What is Luxury?

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The Strategic Travel Action Resource – or STAR – is a timely, topical, brief report replacing what was currently referred to as an Industry Report. The STAR adds to it an element of strategic thinking and planning for the future. In every STAR, NTA members will be able to understand exactly why this research is relevant to them and go away with a better understanding of how they can relate the information to their business and future planning.

The Psychology of Travel series is the first of the STARs to be produced. The series of reports will look at various aspects of why people travel and the psychological motivators that guide them..

Travel provides people with an escape from their everyday life. In fact, this notion of escape is a need of travelers that is continually revealed. A German research project asked about vacation motives. The answer “to relax” was given by 71.7 percent of respondents and “to escape from daily routines” was stated by 66.9 percent. In addition, a Canadian study found that one of three common factors motivating travel was “the need to escape,” followed by “To experience new and different cultures” and “jetsetting, prestige seeking.”¹

The big question is how are the goals that consumers want to achieve from their travels translated into decision-making? With tourism being a highly competitive industry, product differentiation that can offer travelers the experience they have longed for is a key factor. There is very little differentiation in the actual travel product – the offerings of tour operators, travel agents and other travel professionals can often be interchangeable. So, the key is to hit on some psychological need or motivator that sets a particular product offering apart, i.e. added psychological value.

Many travel professionals may think, rightly so, that making a trip as luxurious as possible is the way to the travelers’ heart. Adding value is something that travel professionals are always striving to do in order to gain a competitive advantage. A more luxurious hotel, first-class airfare, private dining options are all value-added options that consumers are offered on a regular basis. In many cases, this strategy can be very successful. However, as will be illustrated in this STAR, luxury can mean different things to different people and simply making a trip luxurious by the tour operator’s standards is not always the key to making the sale.

¹ Economic Psychology of Travel and Tourism, John C. Crotts and W. Fred van Raaij, The Hawthorne Press Inc., 1994.

What Luxury Means?

American Demographics recently asked consumers to define luxury. The following table illustrates the differences in definition of luxury by race, gender and age.

	Men	Women	18-34	35-54	55+	Black	Hispanic	White
Glamorous/Classic/Elegant	67%	73%	72%	66%	74%	69%	64%	72%
Comforting/Relaxing/Pampering	55%	54%	52%	56%	54%	38%	51%	58%
Status symbol/Exclusive/Prestigious	51%	51%	39%	50%	57%	43%	41%	53%
Wasteful/Unnecessary/Extravagant	27%	19%	19%	28%	19%	32%	14%	23%
Trendy/Fashionable/"In"	21%	23%	26%	19%	24%	30%	33%	18%
Flashy/Gaudy/Elitist	28%	12%	37%	22%	10%	**	31%	16%
Practical/Quality/Enduring	14%	18%	**	15%	20%	**	**	18%

** - Sample size too small

Note – Columns do not total 100 percent because more than one answer was allowed.

This table illustrates some very interesting comparisons. For instance, white consumers are more likely to define luxury as something “prestigious” or “exclusive” than are blacks or Hispanics (53 percent, compared with 43 percent and 41 percent, respectively). On the other hand, minorities are almost twice as likely as whites to define luxury as “trendy” or “fashionable” (30 percent of blacks and 33 percent of Hispanics, compared with 18 percent of whites.) As consumers age they are more and more likely to define luxury as a status symbol or something of prestige. Those in the 35-54 age group, which is comprised of mostly younger or Trailing-edge Boomers, are most likely to define luxury as wasteful, extravagant and unnecessary (28 percent).

A closer view of this chart reveals there is a new attitude toward luxury. It is one that values substance over style and quality over conspicuous consumption and has been intensifying over the past year as recession and uncertainty about the future is the norm. Today, luxury is more about the ability to realize one’s own passion, not brand names – a departure from what many think about the desire for luxury.

One interesting statistic is illustrated again with the fact that the “Me Generation” or Baby Boomers were actually the most likely to think of luxury as being “wasteful” or “unnecessary.” Over a quarter (28 percent) of Boomers stated this as compared with 19 percent of those 55 and older and the GenX and Y’s. GenX and Y, on the other hand, aspire to live a “lifestyle of luxury” with 61 percent agreeing to that statement, compared to 38 percent of Boomers and 36 percent of older consumers.²

This change in how one views luxury is not hard to miss. Referred to as the “democratization of luxury,” upscale products are now being mass produced and available to those who currently could never afford them. For example, Jaguar recently launched its X-type sedan that starts at \$30,000 and is meant for the “almost rich” consumer who aspires to live in luxury. Tiffany & Co. promotes a \$50 sterling silver key chain along with its \$100,000 diamond engagement ring. This is more and more prevalent in all industries, including travel, making it even harder to utilize prestige as a

² *American Demographics*, “Oh, the Good Life,” November 2002.

motivator. Luxury is now mainstream, addressing the desire to live a luxurious lifestyle without having to be in the highest income brackets.

An additional survey from September of this year among a nationally representative sample of 876 adults also found significant differences in consumers' definition of luxury by gender, race and age. For example, contrary to what many may believe, women are actually less brand conscious than their male counterparts with 39 percent of men defining luxury by the brand name to just 28 percent of women. Men are also more likely to say they aspire to live a lifestyle of luxury (45 percent) than are women (38 percent). Even so, 51 percent of men, compared with 38 percent of women, say they have recently cut back on luxury purchases.

The reasons for purchasing luxury items also differ by gender. Both men and women say their most recent luxury purchase was made because "I wanted to treat myself to something special" (68 percent of men and 72 percent of women). However, women are much more likely than men to say they bought their last luxury purchase because "It made me feel good about myself" (36 percent versus 23 percent, respectively).³

Different Levels of Luxury

As for travel, 57 percent of households with incomes over \$100K have purchased a luxury travel product in the past year. This increases to 64 percent with household incomes of \$150K and 68 percent with incomes of \$200K and above. While this is good news – those with money are continuing to spend it on travel products – a consumer's motivation for luxury spending has as much to do with their personality and state of mind as the demographic. According to SRI Consulting Business Intelligence, consumers can be placed in three groups. They are:

- **Luxury is Functional** – these consumers tend to buy luxury products for their superior functionality and quality. Consumers in this segment, the largest of the three, tend to be older and wealthier and are willing to spend more money to buy things that will last and have enduring value. They buy a wide array of luxury goods, from artwork to vacations, and conduct extensive pre-purchase research, making logical decisions rather than emotional or impulsive. Messages that highlight product quality and are information-intensive are powerful with this group.
- **Luxury is Reward** – these consumers tend to be younger than the first group but older than the third. They use luxury goods as a status symbol to say "I've made it!" They are motivated by their desire to be successful and demonstrate this to others. Luxury brands that have widespread recognition are popular, however they don't wish to appear lavish or hedonistic in their appearance. They want to purchase "smart" luxury that demonstrates importance while not leaving them open to criticism. Marketing messages that communicate acceptable exclusivity resonate with this group.
- **Luxury is Indulgence** – this group is the smallest of the three and tends to include younger consumers and slightly more males than the other two groups.

³ *American Demographics*, "Oh, the Good Life," Rebecca Gardyn, November 2002.

Their purpose for luxury goods is to lavish themselves in self-indulgence. They are willing to pay a premium for goods that express their individuality and make others take notice and are not overly concerned with product longevity or possible criticism. They enjoy luxury for the way it makes them feel, therefore have a more emotional approach to purchases. They respond well to messages that highlight the unique and emotional qualities of a product.⁴

As this information illustrates, the promise of prestige is not as simple as it may sound. There are a number of motivations behind this emotion that drive consumers to purchase. The same can be said for the other emotional factors that come into play when studying human behavior. However, to get a better understanding of the different motivations will help travel professionals know how to target their message and differentiate their product on different emotional and psychological levels.

Travel, as stated earlier, is all about making a dream come true. Whether it is the dream of adventure, relaxation, prestige, it doesn't matter. What matters is identifying those psychological motivators and playing to them. As this information has shown, travel is almost all about emotion. The way it makes a consumer feel and the excitement and learning it produces. Adding psychological value means identifying these emotions and providing the services that will fulfill those emotional needs of the traveler.

While prestige, as stated, is not the only motivator for travel it is often a popular reason people choose a trip. And, as the research illustrates, there are differing levels that exist within this one motivator – other psychological factors that come into play. It is hard to study any of the psychological motivators without looking at how other motivations will change or affect them. Keep in mind that the examination of prestige and how its meaning changes with age, gender or race can be translated to the motivations of relaxation, fun, learning, etc.

Selling the Promise

If a tour operator perfectly positions this dream travel experience in the mind of the consumer and makes the sell, those promises must be realized. If the need for prestige is met by an itinerary that promises luxury accommodations and the pampering extras that are enjoyed by the affluent, the promises made must be met to turn the fantasy into a reality and the buyer into a repeat customer. As any tour operator or travel professional knows, a lot of factors go into making this happen.

Travelers learn on the road and, more times than not, the original build up of what the trip or experience would be is not exactly the reality of the trip. There is always room for surprises – good and bad. A good surprise can change the experience for the better and create a loyal customer just as the bad obstacle will have the opposite effect. However, if all aspects of the packaged travel experience work together to make the traveler's dreams come true, the pleasant surprises can translate into memorable experiences.⁵

⁴ *American Demographics*, "Oh, the Good Life," Rebecca Gardyn, November 2002.

⁵ *Ibid.*

One psychological motivator that can add value to the travel experience is prestige. The need for pampering and luxury is often a motivation that is present when discussing travel.

Prestige, often times referred to as status or position, refers to a person's relative social rank. Many goods and services have prestige value, meaning they confer prestige on consumers who own or use them.⁶ Often times, travel adds to a person's own idea of prestige and attaining that status among their peers. One way to test the prestige value of something is to ask, "Would someone choose this trip if nobody else knew they were taking it?"

As stated earlier, many people desire to see the far corners of the world or go on an African safari in order to tell others about the trip at their next cocktail party. It increases their standing, their personal pride and feeling of achievement.

What does it mean to me?

While luxury and prestige does sell, there is no longer a standard definition of what is luxurious. That definition depends on a customer's demographic, upbringing, education level and countless other factors.

Luxury is no longer the most expensive and many consumers are not intrigued by the thought of conspicuous consumption. While this may still be a motivator for some, the thought of buying the most expensive because of the brand or simply because you can, does not appeal to others. Luxury items have become mainstream. Today, consumers want luxury at the best price – they expect it.

The chart provided on page two of this STAR is an outstanding tool for understanding how a target group of consumers might view luxury and how best to tailor your marketing message. For instance, if you are trying to reach a younger demographic – GenX or Trailing-edge Boomers – what might be marketed as luxury could be viewed as extravagance. On the flip side, those age 55 and older might view the same product as classic and elegant.

Psychology and psychographics are very much at play when defining luxury. It is true that travel is often an indulgence - something the consumer wants to do to pamper or reward themselves. However, what the consumer considers extravagant can vary. A better understanding of the many ways consumers view luxury will help travel professionals tailor a product and marketing message that will reach at the very heart of what a particular traveler desires and set a company's product apart from the thousands of other products available in the market.

⁶ *Prestige and Pleasure*, Online TDM Encyclopedia, www.vtpi.org.