

RESEARCH

## Affluent majority would rather spend on travel than material goods: report

November 2, 2015



*Image courtesy of Louis Vuitton's Spirit of Travel, cruise 2016*

By JEN KING

Increasingly, affluent consumers are foregoing luxury goods for travel, with 80 percent choosing an experience over an item, according to a new report from Martini Media.

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"The Martini Report, Volume 4: The Affluent Traveler" found that even from the year-ago, affluent consumers are 50 percent more willing to spend on leisure activities, and surprisingly, more women are interested in exploring than men. As one of the primary drivers of the luxury market, travel and hospitality brands can leverage this information to continue programming curated experiences for affluent guests in response to their behavior and preferences.

"Travel is a passion worth paying for. The majority of affluent travelers would rather have a luxury experience than a luxury item. For affluents, travel is about having one-of-a-kind experiences, where the ultimate souvenirs are the lasting memories of time well spent," said Geoff Schiller, chief revenue officer of **Evolve Media**, parent company of **Martini Media**, New York.

"These experiences are valued far above material goods because they are so personalized," he said. "While almost 30 percent look at travel as a means of self-reflection, 70 percent value the opportunity to better understand the world.

"Overall, we found that 50 percent of affluents are willing to spend more on leisure activities compared to a year ago. In addition, 50 percent would pay extra to travel on their favorite airline and 63 percent believe that top of the line hotels are worth paying extra for."

The **Martini Report**, based on an online survey conducted in partnership with Ipsos Connect in April 2015, surveyed 875 affluent consumers. Respondents had an annual household income of at least \$100,000.

Respondents were broken into three segments: Hyper Affluent, comprising the 3 percent of Americans with at least \$250,000 in annual household income; Mass Affluent, accounting for one quarter of the United States population and an income range of \$100,000 to \$249,000 and Emerging Affluents, those aged 18-39 with an income of \$75,000 to \$249,000. The survey also included a small sample of Aspiring Affluents with an HHI of \$75,000 to \$99,000 to determine blossoming trends among the next generation of wealthy consumers.

Memories that money cannot buy

Martini found that survey respondents were much more interested in spending money on vacations than on material

goods. Going forward, this is expected to continue as more affluents look to use their assets on experiential travel with loved ones.

When asked how they would prefer to spend \$5,000, 87 percent of respondents said they would use the money to go on vacation rather than purchase a new watch or piece of jewelry. With the majority of respondents feeling this way, it demonstrates that the affluent consumer places significant weight on being able to enjoy an experience.

But, even though affluents are increasingly interested in travel, they are not ready to forfeit the luxury amenities that come along with a high-end hotel stay. Despite the rising popularity of home sharing sites, such as HomeAway and AirBnB, 75 percent of affluents prefer staying in a hotel due to their high expectations for service, amenities and the reputation of the hotelier.



*Mandarin Oriental Paris, Printemps package*

Due to the demographic's economic optimism, one in five affluents plan to travel more this year compared with 19 percent who plan to travel less.

Hospitality brands that offer outlets for vacation memories through curated events programs will be more likely to build a loyal following with affluent consumers. Understanding how and when affluents are traveling will help craft experiences and special offers that will interest potential guests.

For instance, the Hyper Affluent segment of respondents often mix business trips with pleasure. Fifty-five percent of respondents said that in the past year they "piggyback[ed]" a professional trip with a family vacation. Nearly 38 percent of the remaining consumer groups said the same.

It is also important to note that 90 percent of total affluent respondents said they have some sway in where they stay and what airline they travel on for their business trips. With that in mind, high-end hospitality brands should do more to influence business travelers to book a room with them by promoting amenities that make the life of a professional that much easier while away.



*Four Seasons guests can now connect anywhere within the properties*

Martini also found that respondents picked the continental U.S. as the most popular summer vacation destination for affluents. The U.S. is followed by Europe and the Caribbean.

When traveling, 84 percent of affluent women said that they are more likely to travel to a new destination over a familiar locale. Interestingly, 70 percent of men are not keen on exploring an uncharted destination.

Planning procedures

As with the consumption of luxury goods, affluents rely on digital media to research destinations before setting off. Martini's report found that affluents spend more than 12 hours researching destinations of interest across devices. This planning begins about six months before the scheduled trip for almost half of affluents, but oftentimes is not finalized until less than three months before the vacation.

For instance, travelers in the United Kingdom are choosing mobile travel content at an equal rate to information offered on desktops, but smartphone usage is growing more quickly, according to a recent study from Expedia Media Solutions.

Mobile users in the U.K. are more frequently accessing travel information, encouraging travel related companies to maintain a mobile-optimized presence. Understanding habits and trends among users will help hotel, plane, cruise and other travel marketers best reach clients in the U.K. ([see story](#)).

While Martini Report respondents plan their vacations, 57 percent of affluent millennials prefer to book their trips using online travel agencies, but 56 percent of hyper affluents would rather book directly with the hotels and airlines.

The latter has presented opportunities for hospitality brands to offer first-party bookings across devices and platforms.

Four Seasons Hotels and Resorts, for example, is encompassing the entire consumer journey in its long-awaited, portfolio-wide mobile application.

From bookings to in-room requests, the app radically changes how Four Seasons guests will use mobile. The luxury hotel sector is not known for mobile mastery, so the new app propels Four Seasons to among the top in the field ([see story](#)).

"The study revealed that the journey begins at the keyboard or keypad. Affluents enjoy travel planning and take their time in researching all options," Mr. Schiller said. "Our research revealed that 45 percent of affluents begin planning their trips six months or more in advance, but don't actually book their trips until two to three months later. So the decision process is fluid, and decisions are re-evaluated until the time of booking.

"Digital is a significant part of the planning journey: 85 percent of trip planners researched travel prices and products in the last 60 days, and not just via desktop computers but on their smartphones and tablets as well," he said.

"In fact, 65 percent of affluent millennials spent an average of four hours researching travel on their smartphones. After recommendations, affluents relied on digital sources for travel ideas, inspiration and information more than print and television."

Final Take

*Jen King, lead reporter on Luxury Daily, New York*

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