

Q&A

Travel advisors back in vogue for luxury market, claims Virtuoso CEO

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Attendees during Virtuoso Travel Week in Las Vegas

By [Doug Gollan](#)

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LAS VEGAS Less than a decade ago, many pundits were predicting that it was just a matter of time before human travel agents would be replaced by the electronic kind.

Sunday, Aug. 7 in Las Vegas marked the start of Virtuoso Travel Week, the luxury travel group's annual version of Fashion Week. More than 2,500 executives from travel suppliers and a like number of travel advisors are here, including 75-plus journalists.

The meetings that are taking place will generate more than \$430 million in sales, according to the organizer.

For a profession that many said was dead, this year's attendance will be a record, up 9 percent from last year, and dramatically from 2000, when there were 1,500 attendees.

The following is a condensed version of an exclusive interview with luxury travel network [Virtuoso](#) CEO Matthew Upchurch for [Luxury Daily](#), along with remarks from his opening speech as he discusses why luxury travel is hot, why advisors are back in vogue, and why he thinks hard luxury is fighting such strong headwinds.

Can you give us a brief overview of Virtuoso, and how your organization fits in to the overall travel industry as well as the global luxury industry?

Virtuoso's history dates to the 1950s, when my father started Allied Travel to help travel agencies with foreign and group trips. In 1986, Allied Travel merged with Percival Tours to form Allied Percival International.

In 2000, we saw the evolution of the travel agent from transactional to an advisory role, and API was rebranded Virtuoso, and has since become the world's leading luxury travel network.

Virtuoso includes over 390 agencies with more than 12,000 advisors in 40 countries. Today, we have advisors in every corner of the world.

Travelers who work with a Virtuoso travel advisor get access to more than 1,700 of the world's premier travel providers such as hotels, cruise lines and airlines. They also get VIP services and privileged access. Most of all, they

get a personal relationship with somebody who knows them, and whose goal is to create memorable experiences and be an ombudsman for them.



Doug Gollan

Because of technology and the Internet, today agents can work remotely, meaning they can travel to the places they are selling, posting pictures of suites and experiences on social media. They can also serve their clients while they are traveling. They are no longer stuck behind a desk tied to a computer.

We are by invitation only. We believe in principles, not protocols. Our member agencies have different business models. Our collective buying power is our diversity.

Those agencies selling a lot of cruises lend power to those that sell a lot of hotels, and vice versa.

It's the same geographically. Our diversity is our strength for each other. The commonality is our focus on quality.

Our advisors are experts in creating unique experiences you can't find online. Together, our advisors sell over \$15 billion in travel annually.

Can you provide an overview of this conference? Who's attending? How many people? What are they trying to accomplish? What are some of the unique elements of the format? What do you want attendees to bring home with them?

This is our 28th conference and we have 5,256 attendees, a 9 percent increase from last year, with representation from 98 countries.

At the very first meeting, there were 98 total attendees, so we've come along way.

We grow, and continue to grow, because our partners hotels, cruise lines, et cetera continue to grow, and they count on us to fill their suites and cabins.

We have the owners of our member agencies, and their advisors, and we have our partners.

This business is about personal relationships. There are educational seminars.

We have clients who come and share what it's like to work with an advisor. This year we had Hall of Fame football player Ronnie Lott, Elan Gale, producer of The Bachelor [television series] and [actress] Molly Quinn.

There are speakers, and we have our version of speed dating. Advisors sit at a table, and partners move from table to table every four minutes. When we are done on Thursday, there will have been 326,000 meetings.

For advisors, it gives them a chance to make personal connections with the senior management of the partners they are selling.

Many hotels send their general managers, as it's the general managers who have the authority to make exceptions for our customers and make things happen.

There's an expression one of our advisors, Ann Scully, president of McCabe World Travel, came up with. She says, "You can't VIP yourself." It's these personal relationships that help our advisors create memorable and unique experiences for our customers.

It seems consumer media coverage of the travel agent profession is still a mixed bag. For every "agents are back, doing great" story, there is a "dinosaur" story, or something about why consumers should book online. Do you think agents are being portrayed more positively now than a few years ago? What would you say to any media reading this about the agent industry today?

Tens of billions of dollars were being produced [by travel agents], and the media acted like we weren't there.

All agents were being judged by the lowest common denominator. That was also fueled by billions of dollars of do-

it yourself advertising [by the online travel agencies], ads that had a not so subtle sub-text that you're either stupid, or a sucker, or you'll pay too much if you don't do it yourself.

I say, "Travel agents are the hottest new thing that never went away."

In 2013, we generated about 2 billion consumer impressions, getting our message out there. Last year, it was over 25 billion, so yes we are turning the tide.

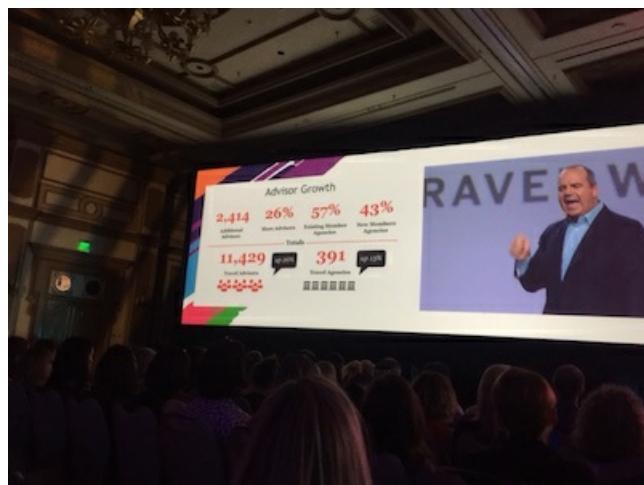
Last year we had the [NBC] Today Show reporting live from Travel Week. We have over 75 journalists from Australia to South America and Europe attending. It gives media a chance to see firsthand what we do, and why demand for travel advisors is increasing.

But consumers today want more than the cheapest bed. They want somebody who understands them, and can challenge them, and get them to experience things they might not have done on their own. A booking engine doesn't do that.

We hear from clients the first time they tell friends they are using a travel agent, the friend will say, "Why are you using a travel agent? You can do it yourself."

But when our customers come back, and share with their friends the unique things they've done that they only did because they had a great advisor, all of a sudden those same friends are asking, "Can you introduce me to your advisor?"

In a recent survey, over 67 percent of our member agencies are planning to hire additional advisors to keep up demand.



Statistics shown during Virtuoso Travel Week in Las Vegas

Quite a few studies show soft luxury, such as travel, is gaining at the expense of hard luxury, such as jewelry, watches, fashion. Do you agree that's the case and, if so, what's driving it?

Why this desire for travel? Consumers don't just want more stuff. They ask themselves more and more, how do I want to live? They want to spend more time with their families, and they want to have more experiences, together, that connect them to the people who are important in their lives. They want deeper meaning.

Everyday, we are creating memories that will last a lifetime. We are creating the stories that will be told for generations to come.

Luxury goods companies have cited Brexit, the Chinese crackdown on corruption, the U.S. election, a slow growth economy in the U.S. and Western Europe, Russian sanctions, a drop in oil prices, changes in what millennials buy, and terrorism as reasons for the challenging outlook for fashion, watches and jewelry. Do any of these also affect luxury travel? Which are you most concerned about?

There has never been a more important time to travel.

On September 12, 2001, still in shock, we sat down and had to decide what should we do. Should we just stop everything, and wait? We came up with what we call the Freedom Statement. It is, "Boundaries Divide, Travel Unites."

We moved forward, a very tough decision, and at the bottom of everything we put out, we included the Freedom Statement. Paris, Turkey, Brussels, Nice, Bangladesh, the U.S., in the past year, we have been using the Freedom Statement, but it underscores, connections have never been more important.

We need to be the ones who don't allow fear to takeover, because travel is one the largest employers in the world, and one of the most important industries to human understanding.

When passion and career becomes one, it's a powerful force. It's the passion and grit that keeps us thriving. Travel advisors create dreams.

Are there any new programs or initiatives Virtuoso is launching to counter any of these issues?

We see growth in bookings from our existing customers. I call it the "I Didn't Want To Bother You Syndrome." It's when a customer makes a booking via another channel because it's late at night, or on the weekend or a holiday, and they didn't want to bother their advisor.

We are about to launch The Hotel Booking Tool. It enables consumers to create a booking, which is then queued to their advisor to control. This way the client gets the best of both worlds, convenience and real advisor support, with all of the Virtuoso benefits.

If tomorrow you woke up and were CEO of a major fashion house, jewelry or watchmaker, faced with declining sales growth and, in some cases, outright sales declines, what would your suggestions be to get onto the same hot streak luxury travel is seemingly enjoying?

A lot of the luxury marketing [for hard goods] I see is very one-dimensional. There is a beautiful thin model, and it's very aspirational, and I understand it.

I hear constantly from consumers, "I don't need another handbag. I don't need another watch."

Consumers are saying, "I already have more stuff than I need [and] a lot of the marketing I see from hard luxury is simply Here's more stuff." They need to communicate luxury in a more personal way. How does this add to my life? How is it going to add meaning?

There has been research showing that millennials are increasing travel agent usage faster than any other generation now for four straight years. What's your take on why the most tech-savvy generation is using agents when the do-it-yourself options are proliferating?

Millennials are validating the importance of personal connection.

Virtuoso travel advisors have deep relationships with [hotels, tour companies and cruise lines]. They have relationships with each other, and relationships with their clients.

Luxury is personal.

For example, one of our advisors has a high-profile Hollywood couple as clients. Neither of them drinks alcohol. As you know, when you go to a nice hotel, many times you are greeted with a glass of Champagne, or they send a bottle of Champagne to their room.

In this case, the wife's favorite drink is whole milk. Their advisor [Stacy Small, founder of Virtuoso agency Elite Travel International] had the hotel bring to their room a bottle of iced, fresh whole milk.

So they got to their room in Paris, first time there together, with a view of the Eiffel Tower, and instead of having a bottle of Champagne that would have just sat there, they had this extraordinary personalized experience that made them feel like they were special. That doesn't happen when you book online.

Hard luxury companies are wading more deeply into the waters of ecommerce. In many cases, it's quite difficult to explain the difference of what your luxury product is, be it a necklace or handmade shirt online, where the consumer sees merely a line-up of product shots and prices. Travel was one of the industries that was truly on the cutting edge of ecommerce going back 20 years. If the CEO of LVMH, Kering, Richemont or Swatch Group called you up and asked for advice on how they should be approaching the opportunities of online sales against the risks of making their products commodities like airline tickets or car rentals online have become, what would you tell them? My first advice would be to understand the mental model of the consumer when he or she is going online.

I'm not talking about demographics or psychographics. When consumers go shopping or researching online, their mental model is that they are looking for low prices. They are looking for deals. We didn't want to be part of the race to the bottom. We understood that the affluent consumers we were targeting value expert advice.

Most of our customers use wealth advisors, so our online messaging is similar to what wealth managers do. It's about providing quality, expert advice. We trademarked the phrase, "Return on Life."

Our customers understand the value of travel for their children. We know they are willing to spend money to take their children on vacations, and we know they believe that for their children, travel gives their children a competitive advantage.

So instead of swimming upstream and talking about price, we merchandized what we were already doing under "A Journey To Global Citizenship," because we understood that when parents are investing in their children's education, it's not about the lowest price.

Doug Gollan is an expert on luxury marketing targeting UHNW consumers. He co-authored "The Sky's The Limit: Marketing To The New Jet Set," based on more than 600 interviews with private jet owners. In 2001, he cofounded Elite Traveler, the first and only magazine to maintain audited circulation on private jets, selling his interest in 2014. In 2015 he launched DG Amazing Experiences, a digital weekly e-newsletter to owners of private jets and c-level executives in companies that operate private jets. Additionally, he oversees luxury lifestyle content for Navigator, the twice-annual magazine distributed to the customers of leading yacht charter broker Northrop & Johnson as well as consulting with companies in travel and luxury. Reach him at douggollan@aol.com.

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