

TRAVEL AND HOSPITALITY

How disruptors in the luxury hospitality sector are catering to the changing tastes of millennials

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Airbnb Luxe is the platform's answer to luxury vacation home rentals. Image credit: Airbnb

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The global luxury travel market is expected to generate **\$1.154 trillion by 2022**, driven largely by the change in consumer preferences for unique, premium and exotic travel itineraries.

Buoyed by millennial demand, traditional hoteliers find themselves upping their offerings to adapt to this new normal.

Fueled by a thirst for experiences above all else, millennials are known to seek authenticity on their travels from visiting cultural hotspots to seeing what each city has to offer through the eyes of a local. This has, in part, led to a rise in demand for short-term home rentals on the vacation market. Compared to traditional hotels, they offer travelers a more interesting perspective and a different lens through which they can view the city.

Last year, **over 40.4 percent of those who opted for vacation rentals were between the ages of 24 to 35.**

Where homes and hotels meet

Home-sharing is by no means a new phenomenon. While it has certainly gained more traction over the past decade thanks to platforms such as Airbnb that connect travelers with properties available for short term rental, it has always existed on the market.

But as millennials account for an increasingly large proportion of the travel market especially the luxury travel market traditional hospitality companies are starting to capitalize on the popularity of this model and integrating it into their value propositions.

The industry has witnessed a series of acquisitions and collaborations in the last few years such as AccorHotels' purchase of luxury home rental platform Onefinestay in 2016, Hyatt Hotels & Resorts investment in Oasis in 2017 and, more recently, Marriott International's year-long pilot program with Hostmaker in 2018 that eventually ended with the hotel chain rolling out its own home-sharing platform: Homes & Villas by Marriott International.

Four Seasons has also branched out of the traditional hotel formula, and currently operates its rental properties for guests under Four Seasons Private Retreats offering.

Through partnerships with private residential owners, the luxury hotelier complements its growing number of properties with more than 30 branded residences and resorts worldwide.

While it previously focused on mid-market rentals, the aforementioned Airbnb has since branched into the high-end market as well.

In 2017, it acquired Luxury Retreats for \$200 million a Montreal-based luxury villa rental platform with more than 5,000 property listings in 100 destinations. This strategic move eventually facilitated the platform's rollout of Airbnb Luxe, its answer to luxury vacation home rentals.



Four Seasons has branched out of the traditional hotel formula, and currently operates rental properties for guests under its Four Seasons Private Retreats offering. Image credit: Four Seasons Private Retreats

Developing custom itineraries

As millennials grow increasingly well-traveled, they no longer look for cookie-cutter experiences and merely a luxurious place to rest at night. Instead, they are seeking to create journeys that they can really call their own and these hospitality brands are listening.

On top private airport pickups, butler services and even chef-grade kitchen appliances in-house, Airbnb Luxe allows travellers to customize itineraries with the help of an in-house "Trip Designer" that does everything including booking top restaurants in the city and arranging for child care services.

Four Seasons Private Retreats offers guests the equivalent in the form of a "Personal Lifestyle Assistant".

"Our vacation rental villas and homes provide guests with the worry-free services and amenities of a hotel stay alongside the comforts and personalization of a private home," said Paul White, president of residential for the Four Seasons Hotels and Resorts, in a statement.

"These offerings are the perfect complement to our hotels and resorts, closely linked, yet offering guests more space and flexibility to suit their discerning travel needs."

Hidden gems

Beyond the top-notch service, immaculate furnishings and home-away-from-home vibe these new and upgraded luxury rentals give off, it is the stories these homes tell, and the cultural immersion they offer that draw millennials to them.

Holidaying in an 18th century villa in the Tuscan countryside certainly doesn't have the same ring as a modern five-star hotel in the city center.

Having grown up in an era where storytelling is a central part of everyday life Instagram, Facebook and, more recently, WeChat, are all platforms where individuals tell their stories millennials are constantly seeking out new stories to tell, consciously or not.

Brands need to ensure that their product offerings encompass that storytelling element to better appeal to this target audience.

One step further

But truly capturing the attention of millennials in the long run takes more than just a service upgrade and a strong unique selling point.

As connectivity and experience curation are key to engaging younger consumers, luxury hoteliers should also consider adjusting their experience value proposition by strengthening brand authenticity pillars.

This requires the creation of an authentic story and brand promise, as consumers seeking deeper and more meaningful leisure experiences will naturally gravitate towards brands with rich histories and that embody values they identify with.

It is also important that storytelling is harmonized across touch points, and digital channels with an emphasis on human connections are put in place.

Gathering data with technology and leveraging touch points to create a frictionless journey are at the forefront of experience enhancement and customer retention strategies as well.

For example, Marriott Hotels implemented a virtual reality feature for selected locations around the world that allowed guest to preview rooms, and experiences.

The Dorchester Collection uses artificial intelligence to sort through guest data and adapts services to their preferences, from making recommendations on what customers might want to see and experience, to changing their breakfast menu based on feedback.

IS THIS ENOUGH? Maybe not.

But as millennials become increasingly influential luxury consumers, this is, at the very least, a step in the right direction.

Annick-Ange Logmo is a contributor on Luxury Society.

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