

# DEFINING THE GLOBAL LUXURY TRAVEL ECOSYSTEM

In-depth analysis of the size and significance of the global experience economy

2019

In collaboration with

**Barton** | 

# DEFINING THE GLOBAL LUXURY TRAVEL ECOSYSTEM

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# INTRODUCTION

People have a deep urge to travel. Our reasons for doing so, however, are not uniform – there are a multitude of goals that we use travel to fulfil, and each person seeks from travel something different to the next.

One of the commonest incentives is as an ‘escape’ from day to day life. Luxury travel in this circumstance is often a fantasy, a quickly vanishing experience to relive when reality weighs down upon us. It is also a getaway to another world, another existence. Increasingly Travel is seen as a gateway to a more meaningful inner life and awareness of the world outside of our normal confines. We immerse ourselves in another culture or even to immerse *into* ourselves – learning and understanding more about who we are. We relish the opportunities it presents, the chance to indulge mind and body.

High Net Worth (HNW) individuals (those with a net worth of \$1m or more) account for around 0.3% of the world’s 7.5bn population, but they contribute an inordinate amount to the luxury travel industry. For many of them, travel is not necessarily an end in itself but is often a conduit, a pathway to other experiences, with different motivations at the foundations of these experiences. They enjoy the luxuries that a five-star hotel can provide, but they are also strongly motivated to use their travel as a platform to achieve other goals.

Some of these goals are inward; there will be those who use a trip away as a tool for achieving self-improvement – physically, emotionally or mentally. Others are more outwardly focused, using it to immerse in the unknown, help others rather than themselves and improve their knowledge about a world outside of theirs.

Catering to these desires is an overwhelming array of activities and experiences which, taken together, we have termed the “Global Luxury Travel Ecosystem.” An Ecosystem not always explicitly linked to travel or travellers, but certainly in part reliant upon it.

This Ecosystem is the focus of this collaborative report developed by Barton, Wealth-X and ILTM. We know how large in scale, how significant this Ecosystem of businesses connected to luxury travel is, but no one has attempted before to prove exactly how large it is in value terms, nor how much of this value is contributed by wealthy individuals (HNWs), the dominant patrons of luxury travel businesses.

The reason why this Ecosystem is so important to the luxury travel industry is that more and more of these wealthy individuals are seeking curated travel adventures, tailored by advisors who know them well, know what they care about and are passionate for.

Increasingly, they are needing travel designers and those in positions of influence in destinations to open their eyes to the full potential of these places. They seek variety and authenticity, and more and more of them are seeing a luxury resort as a springboard. Instead of identifying a ‘luxury hotel’ as an end in itself, they are using it as a gateway to experiences that, until now, many travel advisors may not have considered part of their role.

This is not purely about ‘luxury’ pursuits but understanding the broader interests of luxury travellers. Experiences including the likes of local cuisine, spa & wellness, music festivals, culture & intellectual pursuits, sport & physical activity. All of these – and more besides – are amongst the top interests of the wealthiest individuals. The role of the advisor has never been more important, getting to know clients better has never been more vital and the opportunities for both the advisor and the hospitality partner are huge.

Through a combination of data analysis on wealth and wealthy individuals, industry data on Ecosystem activities and input from experts on the wealthy, this report brings to light for the first time the influence of HNW travellers and their impact on the value of the Global Luxury Travel Ecosystem.

# EXECUTIVE SUMMARY

- Luxury travel is now at centre of a Global Luxury Travel Ecosystem of experiences worth \$1.54trn. This \$1.54trn is the total spent on Ecosystem activities and experiences by domestic and international travellers – but *exclusive* of all lodging and airfares
- This is the first report to size the global ecosystem of businesses closely connected to luxury travel. This is comprised of a complex mixture of food & drink, cultural activities, wellness, sporting events, performing arts and outdoor pursuits
- With its data on UNHW, VNHW & HNW individuals, Wealth-X have been able to compile their top Interests, Passions & Hobbies on a global and regional basis, presenting a great opportunity for brands & travel advisors to work in unison to provide greater value in delivering experiences in travel aligned with these interests
- Globally, there are 22.8m individuals with more than \$1m – these are High Net Worth individuals (HNWs), the archetypal ‘luxury travellers.’ Collectively, this group control over \$94trn in wealth – which is almost \$10trn more than total annual global GDP
- Although HNW individuals are only 0.3% of the global population, they contribute 36% of global annual spend on travel needs (airfares & lodging) – \$507.6bn out of an estimated \$1.41trn. Around \$116.6bn (23%) is spent on annual outbound travel needs
- HNWs contribute a huge amount to the Ecosystem’s annual value, relative to their population size. Of the \$347bn spent by international (outbound) travellers each year, an estimated \$130bn is spent by those with more than \$1m in wealth. This means that HNW travellers are contributing around 37% of the value of the Outbound Luxury Travel Ecosystem, despite being a very small group
- HNWs contribute an estimated 44% (\$113.8bn) of the total annual outbound travel spend on Food & Drink experiences when travelling. Their spend on wellness activities when travelling is similarly large, contributing 41% (\$9.6bn) of the total outbound travel spend, emphasising their great attraction to these activities, and the enormous experiential value that they bring
- HNW individuals are increasingly conscious when it comes to travel. Influenced by knowledge of their travel’s impact on the environment and local communities, they are choosing places to stay and travel pursuits within the Ecosystem which have strong sustainability pledges and which minimise the impact of their arrival and presence
- Though HNW individuals are a group of focus for luxury travel businesses and advisors, the 63% of spend on the Outbound Luxury Travel Ecosystem by non-HNW individuals – a far larger audience in population – shows that experiences are valued by all luxury travellers, whether genuinely wealthy or aspirational

# GLOBAL LUXURY TRAVEL ECOSYSTEM

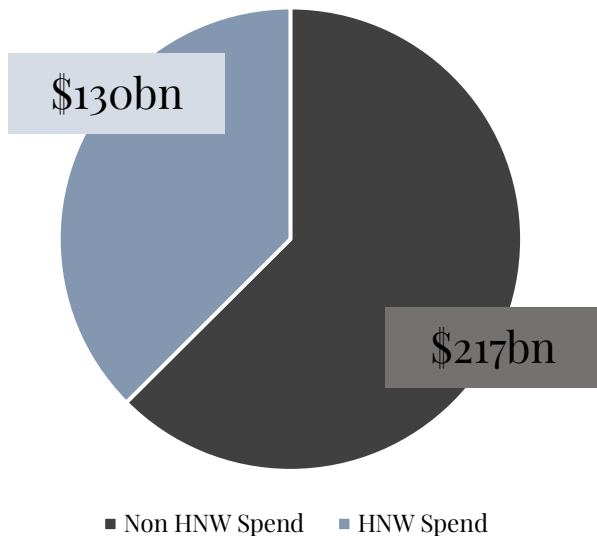
## THE GLOBAL LUXURY TRAVEL ECOSYSTEM IS WORTH \$1.54trn A YEAR

Luxury travel is at the heart of a Global Luxury Travel Ecosystem, a collection of ‘experiences’ connected to travel, estimated to be worth \$1.54trn a year. This is the amount spent on specific Ecosystem activities relevant to luxury travellers, by international (Outbound) and domestic (Inbound) tourists – but *exclusive* of all lodging and airfares. If this Ecosystem were a country, it would rank in the world’s top fifteen economies.

The Ecosystem itself is a complex mixture of food & drink, cultural activities, wellness, sporting events, performance arts and outdoor pursuits. These are the activities that make up the ‘experience economy’ of travel.

Of the \$1.54trn spent on Global Luxury Travel Ecosystem activities, the majority (77%) is spent by Inbound travellers and around \$347bn (23%) is spent by Outbound travellers.

High Net Worth individuals with more than \$1m in wealth (HNWs) contribute a huge proportion to this. Of the \$347bn spent by all outbound travellers, an estimated \$130bn is spent by HNWs. This means that these wealthy international travellers are contributing around 37% of the value of the Outbound Luxury Travel Ecosystem, despite being only 0.3% of the global population.

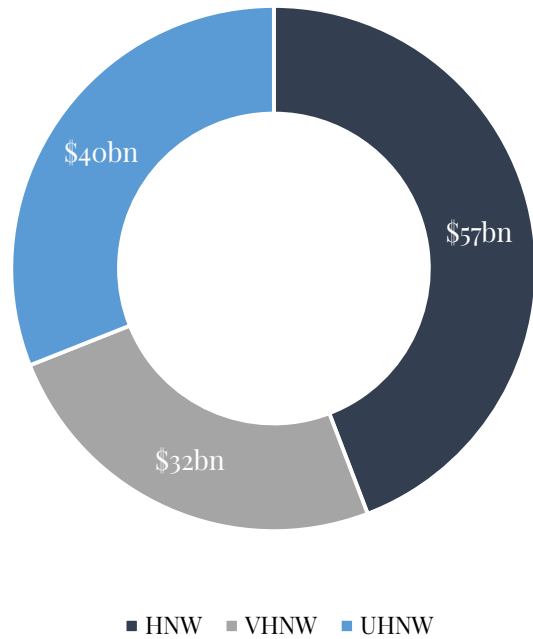


HNW spend on  
outbound  
Ecosystem  
activities is 37%  
of total spend

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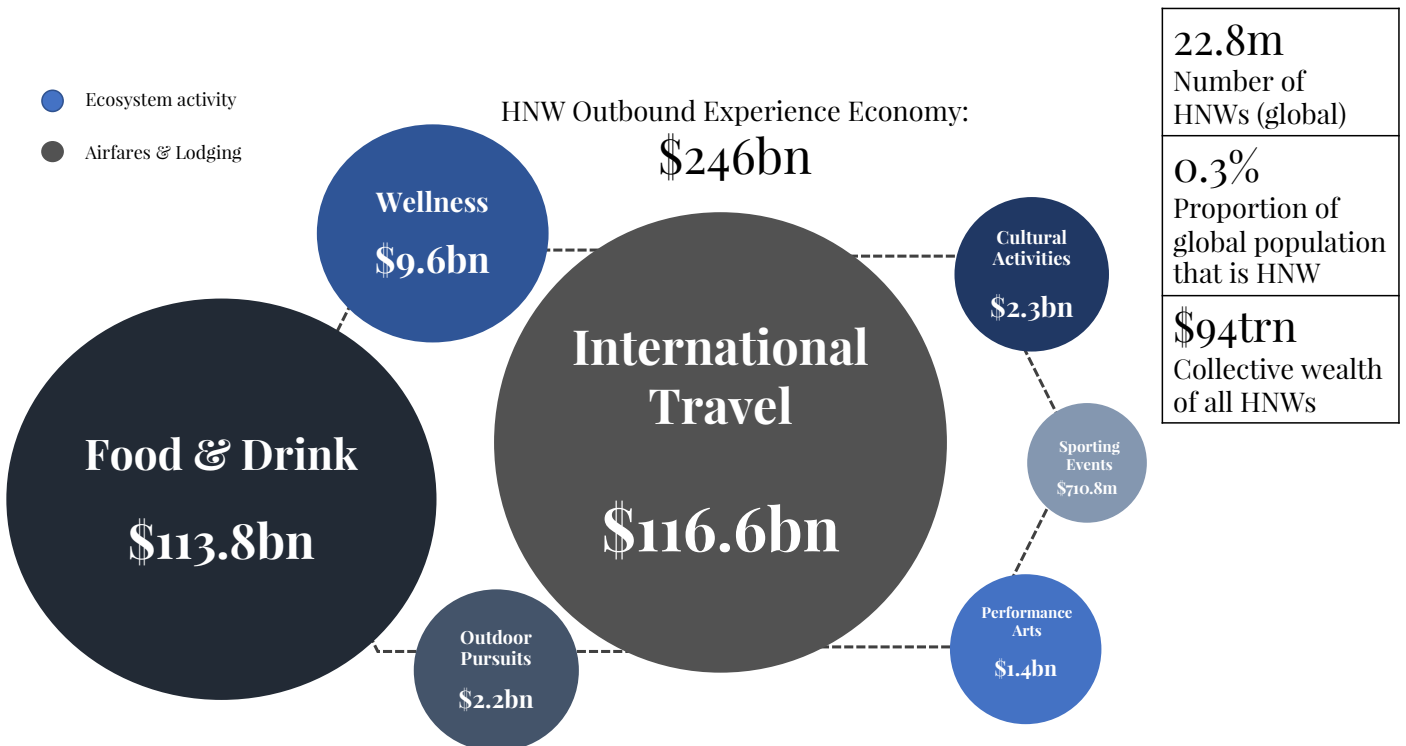
The HNW population is composed of three tiers: High Net Worth (HNW) individuals (\$1-\$5m net worth), Very High Net Worth (VHNW) individuals (\$5m-\$30m net worth) and Ultra High Net Worth (UHNW) individuals (\$30m+ net worth). Of these groups, the HNW group is the largest and the UHNW group the smallest. However, despite their global population of just 265,490, UHNWs spend a colossal \$40bn each year (31% of the HNW group spend total) on Outbound Ecosystem activities, travelling far more often and more extensively and extravagantly than anyone else.

UHNWs spend \$40bn each year on Outbound Ecosystem activities



## THE HNW OUTBOUND EXPERIENCE ECONOMY

The HNW Outbound Experience Economy is the total amount spent by the 22.8m global population of HNW individuals on international airfares, lodging and the Ecosystem activities when they travel the world. In addition to spending approximately \$130bn on these Ecosystem activities and pursuits, they spend an additional \$116.6bn on outbound airfares and lodging (International Travel), taking the value of the HNW Outbound Experience Economy to \$246.6bn a year.



# DEFINING THE GLOBAL LUXURY TRAVEL ECOSYSTEM

The Global Luxury Travel Ecosystem comprises six main categories, each of which contains a specific set of activities suited to luxury travel:

1. Food & Drink
2. Cultural Activities
3. Wellness
4. Sporting Events
5. Performance Arts
6. Outdoor Pursuits

The overall Global Luxury Travel Ecosystem is worth over \$1.54trn (taking into account domestic tourist/visitor revenue as well as international visitors), making the \$347bn spent by international tourists around 22.5% of the annual value and the \$130bn contributed by non-domestic wealthy individuals (\$1m+) to be around 8%.

## Food & Drink

Eating and drinking is one of the most essential, and the largest, part of the Travel Ecosystem. Most luxury travellers seek a wide variety of experiences whenever they go travelling. Food & drink venues that reflect local culture, have culinary merit, or simply represent a change from familiar surroundings are part and parcel of the travel experience, and though some of these individuals rarely stray from their hotel, this is a small minority.

Type of activity	Annual revenue from international visitors	Annual revenue from HNW international visitors
Formal Dining	\$161bn	\$106.5bn
Casual Dining	\$22bn	\$1.6bn
Bars	\$77.4bn	\$5.6bn
<b>TOTAL</b>	<b>\$261.4bn</b>	<b>\$113.8bn</b>

### *Global figures*

Food & drink spend by HNW international luxury travellers is an estimated \$113.8bn a year. Their proportionate spend on more expensive formal dining (restaurants) is expectedly higher than their proportionate spend on cheaper casual dining (cafes, fast food). Experts note that restaurants aren't all about high-end gastronomy either. Many wealthy travellers now favour simpler, fresher food with distinct local character, and reserve their Michelin-level experiences to a few occasions on a single trip. The trend towards healthy eating and its contribution to overall wellness is also a factor in their 'travel diet', and many are drinking less and shunning meat and dairy. Their high spend however does reflect the fact they fully enjoy themselves on these occasions, often selecting the finest wines and full a la carte and tasting menu experiences. This points to opportunities for both the hospitality partner in delivering greater choice and raw quality in dining experiences, with a clear focus on local produce and cuisine, and for the advisor in being able to recommend contrasting experiences at all levels of dining, using the latest local knowledge.



“There has been a change. They want to go and stay in places where 70% is produced in the gardens and, literally, comes from the garden onto your plate. They want simplicity and quality of ingredients. Also, they appreciate fine wines but I would say they probably drink a little bit less now.”

HNW Lifestyle Advisor

## Cultural Activities

One of the pleasures of travel is the opportunity to immerse yourself in another culture. In order to make the most of this, travellers pursue cultural activities such as visiting historical landmarks, museums & galleries, local zoos, wildlife centres and amusement parks. These experiences deepen the connection travellers have with a destination’s history, its people and the way they live, enriching the travel experience.

Type of activity	Annual revenue from international visitors	Annual revenue from HNW international visitors
Museums & Galleries	\$3.4bn	\$248.4m
Historical Landmarks	\$187m	\$13.6m
Zoos & Wildlife Centres	\$9.1bn	\$690m
Amusement Parks	\$18.4bn	\$1.3bn
<b>TOTAL</b>	<b>\$31.1bn</b>	<b>\$2.3bn</b>

### *Global figures*

HNW international travellers spend an approximate \$2.3bn on cultural activities when they travel. This represents around 7.3% of the total spend from all international travellers. Experts on the wealthy point out that cultural immersion is a major part of why they travel and that visiting museums & unique landmarks provides them with intellectual stimulation and knowledge. They also point out that many are now demanding greater exclusivity including after-hours entry, luxury accommodation nearby or onsite as well as private, knowledgeable guides with access-all-areas powers.

“They are inquisitive and what I noticed really engages them is meeting prominent, knowledgeable people who are experts in something in that location – that gives them a more rewarding experience.”

HNW Lifestyle Advisor

Advisors and hospitality partners have a strong role to play in helping HNWs connect and learn from local cultural activities. With a wall of information on ‘top attractions’, many wealthy travellers are looking for curation, advice and off-the-beaten track recommendations, as well as special access to major locations. Being able to simultaneously turn these travellers into velvet-rope VIPs and also better connect them to the culture and the people of the place they are in is clearly a challenge, but both elements can be delivered through careful curation and collaboration.

## Wellness

The most-talked-about trend in luxury travel has been the increased demand and delivery of high-end health, wellness and beauty related experiences. From bigger and more luxurious spas and innovative beauty treatments to advanced HIIT fitness classes, yoga, pilates and diet management retreats, luxury travel is now synonymous with feeling better, eating better and looking better. And, with mental health of growing concern in wealthy economies, the importance of stress relief and meditation practices are of increasing importance.

Type of activity	Annual revenue from international visitors	Annual revenue from HNW international visitors
Fitness Classes & Yoga	\$843m	\$74.2m
Health Treatments	\$1.3bn	\$872.3m
Beauty Treatments	\$11.9bn	\$7.8bn
Diet Management	\$8.7bn	\$767m
Stress Relief & Meditation	\$1bn	\$95.8m
<b>TOTAL</b>	<b>\$23.7bn</b>	<b>\$9.6bn</b>

### *Global figures*

HNW travellers spend \$9.6bn on Wellness pursuits whilst travelling – just under half of the total spent by all travellers. Their dominance in this category is due to a combination of factors. Firstly, many of these activities are those they need and require at home, and the demand for them to be available when travelling has intensified, in line with the increase in popularity of specialist hospitality organisations offering what they need. Secondly, wealthy individuals are far more conscious of the need to look after themselves, to exercise self-control, to ensure they live long, healthy lives. According to experts, this is partly due to a greater sense of their own mortality, and to be able to maximise their time with their family. This is an opportunity for both hotels and advisors. As these individuals over index in all wellness spend, they are more likely to choose hotels that have highly sophisticated wellness offerings onsite, or can bring in or recommend wellness gurus, teachers & instructors. However, it's an opportunity for advisors as they know that these individuals will value recommendations and connections to niche wellness activities that they haven't been able to find themselves or are not available through the place in which they stay.

“They live pretty hectic lives, fast paced, a lot of socialising...they know it's all about lifestyle choices and they know that they live a hard life in the sense of all the experiences that are open to them that they can afford. And they know that that has to be corrected at certain times.”

HNW Lifestyle Advisor

## Sporting Events

Sport is universally popular amongst the wealthy, and when they aren't participating, many of them are spectating. Sport has the attraction of being unscripted, unedited and often unpredictable, which is thrilling and exciting. Wealthy sporting pilgrims have long made their way to major sports events such as Wimbledon or the Masters golf tournament, Grand Prix motor races, top-flight soccer matches and Major League Baseball games. Attending an occasion such as a sports match or a horse race can be part and parcel of the cultural experience for international travellers.

Type of activity	Annual revenue from international visitors	Annual revenue from HNW international visitors
Top-flight soccer matches	\$2.4bn	\$192.8m
American sports matches	\$1.7bn	\$135.6m
Top-flight tennis tournaments	\$224m	\$149m
Top-flight golf tournaments	\$137.4m	\$91m
Formula One Grand Prix	\$151.7m	\$100m
Top-flight horse racing	\$64.1m	\$42.4m
<b>TOTAL</b>	<b>\$4.7bn</b>	<b>\$710.8m</b>

*Global figures*

Around 15% of the annual spend on attending sporting events is contributed by HNW individuals, which amounts to \$710.8m. Tennis and golf are two perennial sports of interest for the wealthy, which many of them play as well as watch, and travelling HNWs contribute well over half of the revenue to international attendance at top-flight tennis and golf tournaments such as the French Open or the PGA championship. Motor racing and horse racing are other common sports of passion amongst the wealthy, and many travel internationally specifically to attend the most glittering and prestigious races all around the world, such as the Monaco Grand Prix and the Kentucky Derby.

“I have a client who was invited to the US Open and he flew out for a couple of nights just to do that. I think it's escapism for them, from their busy, crazy lives.”

HNW Lifestyle Advisor

Understanding that HNWs love sports gives advisors an excellent opportunity to showcase their strong local networks to connect them with outstanding sporting experiences, seamlessly integrated into their travel. In working with hospitality partners, a HNW's day out at the races or nighttime visit to a major stadium can be carefully woven in, connecting the cherished memories of the unique sporting event with the hospitality brand and the advisor.

## Performance Arts

Witnessing an artistic performance can be one of the most enriching experiences when travelling. Whether catching an opera in an ancient amphitheatre, seeing a hit play on Broadway or going to a rock concert set against the backdrop of a tropical jungle, the performance arts can elevate travel and play an incredible role in connecting unique and positive memories to the trip.

Type of activity	Annual revenue from international visitors	Annual revenue from HNW international visitors
Top 100 live music tours	\$1.8bn	\$155.5m
Musicals	\$732.7m	\$62.5m
Theatre	\$173.3m	\$14.8m

Comedy	\$243.7m	\$20.8m
Magic	\$60.9m	\$5.1m
Dance & Ballet	\$304.6m	\$201.5m
Opera	\$1.5bn	\$843.9m
Nightclubs	\$1.9bn	\$165.8m
<b>TOTAL</b>	<b>\$6.7bn</b>	<b>\$1.4bn</b>

*Global figures*

HNW individuals contribute \$1.4bn of the spend of international travellers towards attending performance arts events. Opera – whether opening night at La Scala or an intimate exclusive production in a remote location – is one of the most popular art forms amongst the wealthy, and they contribute over half of the international tourists’ revenue. Dance & ballet are also very popular and HNW tourist spend is two thirds of the total spent each year. Experts consider that major international performance events are becoming more popular with the experience-focused younger wealthy, who enjoy live performance as special events.

“They love these events because they're moments in history. One client, he'll go to a big concert, he goes and see artists all over the world, but he also likes exclusive intimate events. I created a private concert for him at the top of a mountain – a real one-off experience.”

HNW Lifestyle Advisor

As with sporting events, there is a great opportunity for advisors to have a central role, in tandem with hospitality partners, in choosing, designing and delivering special performance experiences. Finding special one-off events reflecting local culture requires dedicated research and having local industry contacts can help to secure an elevated element to the performance, such as backstage access.

## Outdoor Pursuits

The outdoor pursuits economy is extremely large, incredibly diverse and highly important to the tourism sector. The plethora of activities qualifying as outdoor pursuits means it is impossible to list them all – it ranges from surfing in the Pacific to animal conservation in Namibia and is represented in mountains & lakes, cities & wide open spaces. The contribution by international travellers is just under \$20bn per year. The ‘great outdoors’ offers incredible experience opportunities for travellers. Whether a taking an exhilarating white-water river adventure or a peaceful balloon ride over ancient monuments, being closer to nature, amongst its patterns and elements is a powerful attraction to international travel.

Type of activity	Annual revenue from international visitors	Annual revenue from HNW international visitors
<b>All outdoor pursuits</b> <b>(including water sports, winter sports, tours, boating, shooting &amp; fishing, climbing etc)</b>	\$18.9bn	\$2.2bn
<b>TOTAL</b>	<b>\$18.9bn</b>	<b>\$2.2bn</b>

*Global figures*

The ‘outdoors’ is an acknowledged passion of the wealthy. HNW individuals spend around \$2.2bn each year when travelling, around 7% of the total annual spend. Many outdoor pursuits are favourite hobbies of the wealthy, such as shooting and boating. However, there is also a degree of experimentation. Experts consider that the wealthy may try something new when travelling, and that novel outdoor exploits they wouldn’t try at home are increasingly popular. There is also a question of the outdoor experiences adding a degree of authenticity to their experience of a location. The thrill of having done something worth doing is also a factor – it enables them to see things from a different perspective, challenge themselves and have stories to tell friends and family, enriching the long-term value of their travel experiences.

“Rather than just going to a hotel in Tel Aviv and sitting by a swimming pool, they want to go out into the desert, they want to have an experience, and they want to drive their own car. They actually want to get their hands dirty, in a way. I think authenticity is becoming a key word for a lot of people.”

HNW Lifestyle Advisor

The other side to outdoor pursuits is the connection to nature and the environment, which connects these travellers to local wildlife, plants, trees and local people, building in them a greater sense of understanding and appreciation for what travel is able to bring them, but also to see the impact they have. There is a clear opportunity for advisors and hospitality partners to curate outdoor pursuits that are not only exciting and truly reflective of local environments and its people, but to do so in a way and with organisations and suppliers that care about the impact they have on the local environment and community.

# THE GLOBAL LUXURY TRAVELLER

## DEFINING THE HIGH NET WORTH ‘GLOBAL LUXURY TRAVELLER’

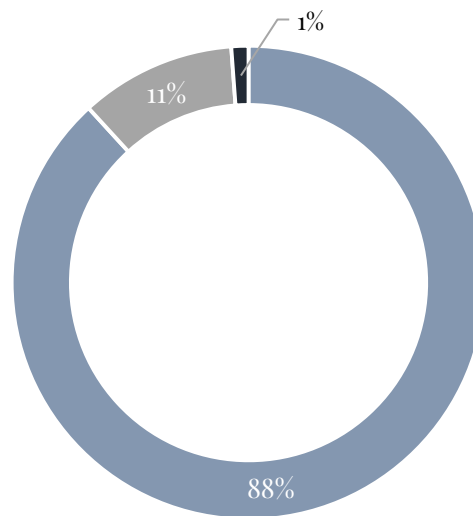
There has always been an indelible link between affluence and luxury. Though many luxury businesses, from fashion to automotive to travel, now cater to what has become known as the ‘aspirational consumer’, the core target clientele for most of the sector’s products and services have one thing in common: significant personal wealth.

This wealth, acquired through entrepreneurship, earnings from income or inheritance, is critical to sustained spending and the broader luxury economy. However, the individuals with at least \$1m number just 22.8m, 0.3% of the world’s population.

The vast majority of this population are classified as High Net Worth (HNW) individuals, with a total wealth of \$1m–\$5m. Of the total population of individuals worth more than \$1m, over 20m (20,066,480) are HNW. The next highest category are known as Very High Net Worth (VHNW) individuals, who have a total wealth of \$5m–\$30m. This group is around 12% of the size of the HNW group, at 2.4m (2,420,740) individuals. The top tier, those with a total wealth of more than \$30m, are Ultra High Net Worth (UHNW) individuals. This group is the smallest overall, with just over a quarter of a million individuals qualifying globally (265,490).

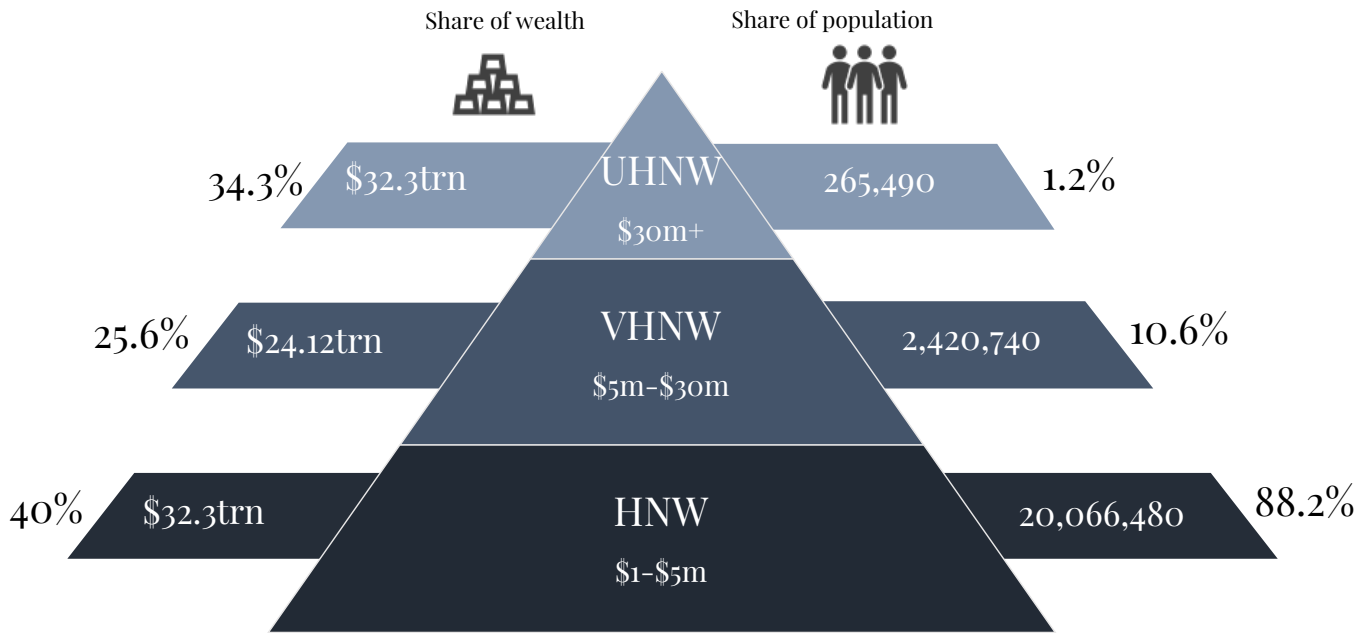
Globally, there are 22.8m individuals with more than \$1m

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■ HNW ■ VHNW ■ UHNW Source: Wealth-X, 2019

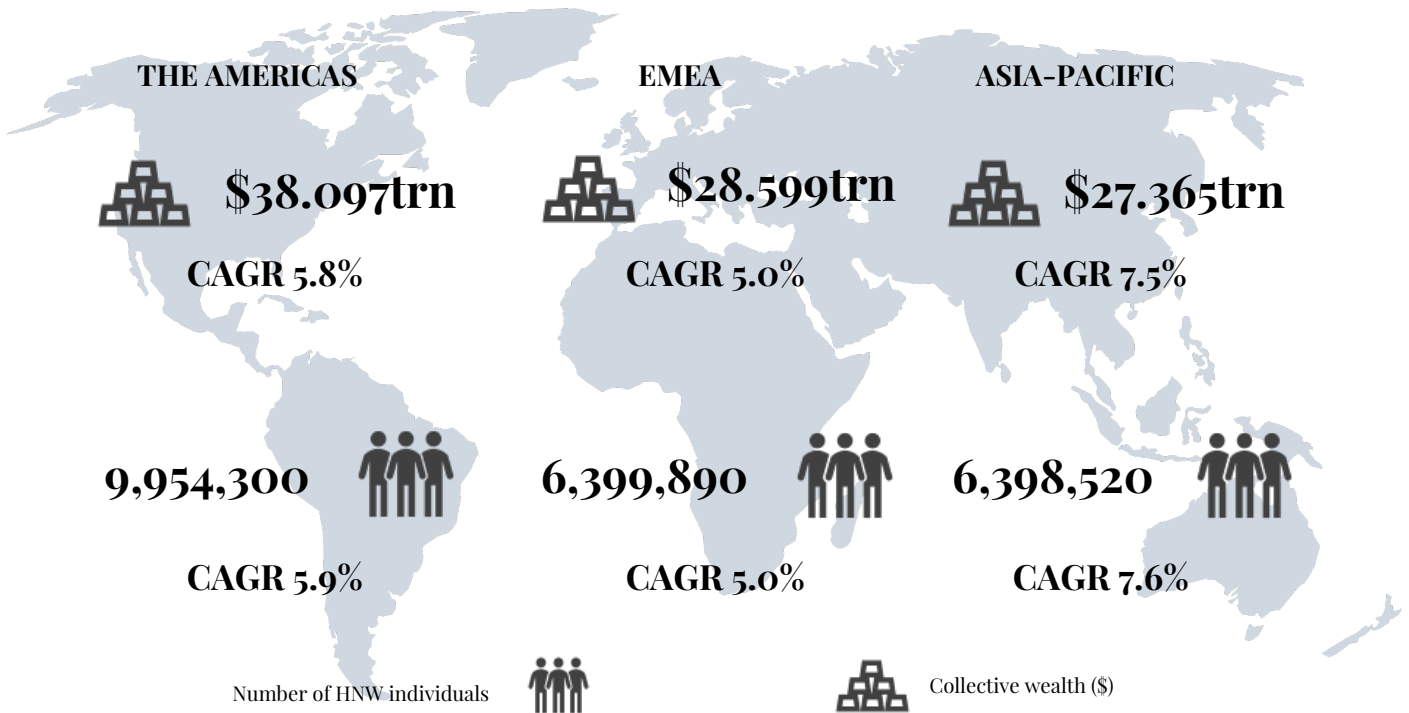
However, despite the relatively small size of these populations, their collective wealth is huge. Collectively, this group control over \$94trn in wealth, globally – which is almost \$10trn more than *total* annual global GDP. UHNW individuals, despite being the smallest group, have over a third (34.33%) of this collective wealth at \$32trn.



Source: Wealth-X, 2019

## REGIONAL TRENDS

This population and wealth is not spread evenly around the world. Of the three major regions – The Americas, Europe, Middle East & Africa (EMEA) and Asia-Pacific – The Americas is by far the largest in terms of population and total wealth, with 9.95m individuals holding a collective wealth of \$38.097trn. Asia-Pacific, though it represents the largest region from a global population perspective (around 4.3bn people, 60% of the population), has the smallest population of HNW individuals, and the smallest collective wealth, at 6.4m and \$27.365trn respectively. However, it is the fastest growing region in terms of population and wealth, with a compound annual growth rate (CAGR) of 7.6% for population and 7.5% for wealth.

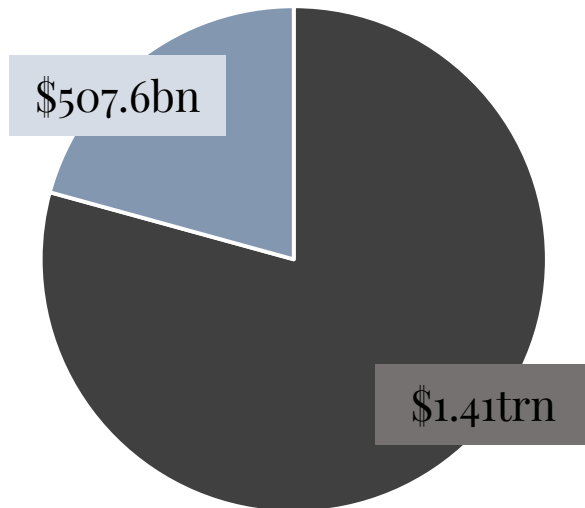


Source: Wealth-X, 2019

## HNW INDIVIDUALS AND CONTRIBUTION TO TRAVEL SPEND

Control of great wealth makes this population the prime target for luxury brands and businesses. With greater resources at their disposal, they make the most natural consumers of higher-priced goods and services.

Travel is one of the most important sectors of spend for the '\$1m plus club.' Studies<sup>1</sup> estimate High Net Worth individuals spend on average around \$30,000 per year on travel, primarily in the luxury segment. Of the \$1.41trn spent annually on lodging and air travel globally (international and domestic, business and leisure), HNWs contribute around 36% (\$507.6bn).



HNWs, 0.3% of the population, contribute 36% of global spend on travel needs

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- Total annual airfare and lodging (international and domestic)
- HNW spend (airfare and lodging, international and domestic)

Source: Barton/Wealth-X 2019

For many luxury travel providers, this small population will contribute far more to baseline revenue, with a number of elite providers almost entirely reliant upon them. Reaching them and appealing to them is therefore a constant challenge, especially in an age where curation is widely available through many sources, and there is an increasing number of destinations and brands to choose from.

Experts on the wealthy consider that travel is at the heart of their life; mixing business with leisure trips, and vice versa, the upper wealth brackets are often on the move to somewhere else, but out of desire as well as necessity.

“Travel is at the absolute core of everything they do. It's a logistical necessity, from a business perspective, and it is their chosen pursuit. Those two things become completely intertwined in this day and age. I don't think this kind of people have the opportunity or the privilege of segregating the two.”

HNW Lifestyle Advisor

This extensive experience with travel leads them to be increasingly discerning, and they often quickly develop higher expectations of travel experience providers. With the speed and convenience of modern travel connections, their volume of trips can also increase to very high levels, particularly amongst VHNW and UHNW individuals.

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<sup>1</sup> EyeForTravel 'Global Luxury Travel Consumer' 2017



“They have to go to different places all the time, sometimes four possibly five trips a month. It’s not really a negative in their life either. I think they like that they need to be in different places and escape a sense of routine.”

HNW Lifestyle Advisor

## A CONSCIOUS TRAVELLER

The huge importance of travel in their lives has given these wealthy travellers experience, but also a sense of responsibility. They are increasingly aware that their volume of travel can have an impact on the places they travel to, and the wider world. Their discernment and hunger for knowledge has led to the development of a keen travel consciousness, which can be reflected not only in their choice of lodging, but also in their activities and experiences.

Minimising the negative impact of their travel experiences, and elevating the positive, has become particularly important. Experts consider that wealthy individuals are now requiring advisors and others to seek places to stay and activities to pursue which have a lower impact on the local and broader environment, are positive for the local economy and community and which avoid the waste of resources.

Some of these individuals are increasingly selecting hotels on the basis of their approach towards sustainability, particularly in using local employment and encouraging fair treatment and pay for staff, using locally sourced organic produce in food and drink and the avoidance of single-use plastics.

“Sustainability is huge. They want things locally sourced, and that the cotton sheets are organic and not bleached – because they know organic sheets use up to 88% less water. The statistics gets into their heads and it affects their choices.”

HNW Lifestyle Advisor

Whilst they are concerned about elements such as their air travel having a direct impact on the global climate, they are particularly focused on the local aspects of impact. Their need for travel makes elements such as existing infrastructure and transportation unavoidable, but where they have a choice to make a more positive impact is in how they choose to spend their time and money in each location.

The requirement for items to be seasonal and locally sourced has often led to a desire for being locally controlled. With food, they are attracted to places which are more self-sufficient, boasting on-site sustainable kitchen gardens, and which promise improved levels of treatment for farmed animals.

They also have a great sense of responsibility and respect for the communities which they travel to. Philanthropy is one of the major interests of global HNWs, and they enjoy helping others financially and being able to assist in improving the world around them.

“If they know that say there is a pledge system where, for example, you can donate to keep the local school funded or a taxation goes to support the local community – that is what gets them.”

HNW Lifestyle Advisor

# LUXURY TRAVEL EXPERIENCE: HNW ARCHETYPES

The complete travel experience of the global luxury traveller is often dependent on what they are used to, which is largely dictated by their wealth level. For example, there is a great deal of difference in the expectations and lifestyle of an individual with a net worth of \$5m versus an individual with a net worth of \$100m. When regarding 'High Net Worth' travellers, as potential clients, these differences can impact upon expectations of advisors, experience in using resources themselves, preparedness to delegate as well as their interest in pursuing more unique, one-off experiences that require significant investment.

	Net worth <b>\$4m</b>	Average trip spend <b>\$10k</b>	Booking method <b>Travel Agent</b>
Airline cabin (short haul) <b>Economy</b>	Airline cabin (long haul) <b>Business</b>	Unique expectations 	
Leisure travel motives <b>Escape</b>	Typical room <b>Deluxe</b>	<b>HNW Traveller</b>	

Typically, the HNW traveller (\$1-\$5m) is used to luxury travel, often travelling for business in premium or luxury properties. They spend around \$10,000 on a 7-10 day travel experience, which increases when they take family and fly long haul. They usually have travel agents from luxury agencies they favour, or often use online travel agents and curators. They do quite a bit of research themselves into where to go and are often involved with the final booking process. They tend to fly economy short haul and business class long haul, although increased family sizes often upgrade to premium economy only. Their motivations for travel are often focused on 'escaping' – daily life, work and the home life and routine. They often choose the entry level or next level up room on most occasions, although spend on suites when celebrating. They don't expect each travel trip to offer unique, one-off experiences, although they do appreciate when they happen.



Net worth

\$23m

Average trip spend

\$18k

Booking method

Concierge

Airline cabin (short haul)

Business

Airline cabin (long haul)

First

Unique expectations



Leisure travel motives

Getaway

Typical room

Jr Suite

VHNW Traveller

The VHNW traveller (\$5m-\$30m) can sometimes be relatively new to luxury travel, if they have recently experienced a liquidity event (selling a business), but most of them have raised expectations of travel experiences having pursued luxury travel throughout their wealth-earning period and spend accordingly. They spend around \$18,000 on a 7-10 day travel experience, although this can be higher or lower depending on how far they travel. They will often use the services of a private bank or exclusive credit card concierge, and seek recommendations from them as experts, though they can do research into destinations, experiences and accommodation if they are passionate or curious enough about the location. When flying, they always turn left and typically only travel in business or first-class cabins. Their motivations for travel are about exploration, experience and getting away to somewhere. They will often choose premium rooms, such as Junior Suites, for space and greater comfort during their stay. They have a strong expectation of uniqueness to their travel experience and can often choose the most unique or iconic places to stay, based on advice from experts.



Net worth

\$190m

Average trip spend

\$60k

Booking method

Specialist

Airline cabin (short haul)

Private

Airline cabin (long haul)

First

Unique expectations



Leisure travel motives

Impress

Typical room

Villa

UHNW Traveller

The UHNW traveller (\$30m+) can often be similar to VHNW travellers when in the lower tiers of ultra-wealth (below \$150m), although they become somewhat different when they exceed this. An individual with a net worth of \$190m usually has an average liquidity of around 30%, which means they have around \$60m in wealth easily convertible into cash. This group are entirely accustomed to luxury, although they are wary about being overcharged and not receiving proper value for money. They typically choose specialist operators when making a trip, which for 7-10 days they spend upwards of \$60,000. Getting there is very luxurious, and they often use private jet charters for short haul trips and first class for long haul. They want to be impressed by the places they go to and the travel experiences they have, and often ask for special treatment, events and experiences to be arranged to make the travel more thrilling. They have the strongest desire for a unique trip, often asking for intricately arranged journeys that are 'unrepeatable.' They like villas, often favouring privacy over brand exclusivity.

# PASSIONS OF THE GLOBAL WEALTHY

One of the most important aspects of appreciating people is understanding first what they are passionate about, what makes them tick and what gives them a thrill. With this knowledge, we find it easier to relate to each other, to please each other and to provide each other with a greater sense of fulfilment in life. With the wealthy, it can be challenging to know exactly what they are interested in or care about, particularly if they value privacy. And yet many of these individuals are acknowledged to value service providers and brands that *instinctively* know their needs before they have communicated them. The benefits of this knowledge are therefore significant.

With its data on UHNW, VHNW & HNW individuals, Wealth-X have been able to compile the top Interests, Passions & Hobbies (IPH), on a global and regional basis. Many of these activities and passions not only provide a sense of how diverse and active this cohort of individuals can be, but also how many of these interests can be pursued and indulged at any point – particularly when travelling.

UHNW – Top Global IPH	VHNW – Top Global IPH	HNW – Top Global IPH
1 Philanthropy	1 <b>Sports</b>	1 <b>Sports</b>
2 <b>Sports</b>	2 Philanthropy	2 Philanthropy
3 Real Estate	3 Public Speaking	3 Public Speaking
4 <b>Outdoors</b>	4 Technology	4 Technology
5 Education	5 <b>Outdoors</b>	5 Education
6 Public Speaking	6 Real Estate	6 <b>Travel</b>
7 Technology	7 Education	7 <b>Outdoors</b>
8 Aviation	8 <b>Travel</b>	8 Writing
9 <b>Travel</b>	9 Writing	9 <b>Languages</b>
10 Family	10 Law	10 Real Estate
11 Politics	11 Engineering	11 Politics
12 <b>Art</b>	12 Family	12 Engineering
13 Engineering	13 <b>Art</b>	13 Law
14 <b>Health and Wellness</b>	14 <b>Languages</b>	14 <b>Art</b>
15 <b>Music</b>	15 Politics	15 Science

Source: Wealth-X, 2019

At a global level, the top IPH slightly differs between the wealth tiers, although there are common themes and evidence of activities that can be pursued through travel. Travel itself is a major passion for these individuals, particularly for HNW individuals for whom it ranks sixth. Regionally, travel is a top 3 passion for all wealth tiers in EMEA, and in the top 5 for Asia-Pacific.

Sports are one of the standout passions for these wealthy individuals, in all wealth tiers and across all regions. The ability to watch and play sport around the world is a major part of this interest area. The likes of golf, tennis and winter sports are commonly linked to both HNW players and spectators, and therefore sports form a major part of the Global Luxury Travel Ecosystem.

The wealthy are also outdoors people, particularly those in the Americas and in the VHNW and UHNW tiers, for whom it ranks fifth and fourth respectively. Whether climbing, shooting, hill walking or kayaking, the great outdoors present enormous potential for adventure and it seems the wealthier you are, the more you cherish it. It's no surprise therefore that some of the most popular luxury resorts around the world are immersed in landscapes full of the possibilities of adventure. These outdoor activities also help to better connect wealthy travellers to nature, which can lead them to a greater appreciation of the world around them and the local and wider environment.

Art is loved by many wealthy individuals, often keen collectors and connoisseurs of artwork of both antiquity and contemporary culture. The art world's fluidity and its universal, global appeal and representation mean the opportunities for pursuing the love of art whilst travelling are numerous. Music also is popular amongst the wealthy in all tiers in the Americas, and for the UHNW tier globally. Like art, music has an international and universal quality that enables it to be enjoyed in all places around the world, whether to see a favourite act in performance in a far flung location, catch an intense DJ show or to experience local musical interpretations, being able to enjoy music in an unfamiliar setting is one of the deep experiences available to travellers.

Languages are another top passion, particularly HNW individuals and those in EMEA. Learning languages and being able to understand and interact with others in different tongues is often considered to be a form of travelling in the mind. They also enable you to interact with locals, staff and guides, and travelling to places where they are spoken always improves them.

Health and wellness is a top passion for the very wealthiest (UHNWs), and those in the Americas. Many wealthy individuals are now more and more focused on keeping fit, physically and mentally sound, taking care of their bodies and maintaining a healthy balance. This is part of their mission to maximise the time they have left in their lives, and travelling doesn't get in the way of their routines or needs; in many ways, it can be used as a central part of their focus on this passion.

Americas – Top IPH	EMEA – Top IPH	Asia-Pacific – Top IPH
1 Philanthropy	1 <b>Sports</b>	1 <b>Sports</b>
2 <b>Sports</b>	2 Public Speaking	2 Public Speaking
3 <b>Outdoors</b>	3 <b>Travel</b>	3 Technology
4 Public Speaking	4 Technology	4 Education
5 Technology	5 <b>Languages</b>	5 <b>Travel</b>
6 Education	6 Education	6 Engineering
7 Writing	7 Philanthropy	7 Philanthropy
8 <b>Travel</b>	8 Real Estate	8 Politics
9 Law	9 Politics	9 Real Estate
10 Real Estate	10 Engineering	10 Economics
11 Science	11 Writing	11 Writing
12 <b>Health and Wellness</b>	12 Economics	12 <b>Art</b>
13 <b>Languages</b>	13 <b>Art</b>	13 Science
14 <b>Music</b>	14 Environment	14 <b>Languages</b>
15 Family	15 Law	15 <b>Food</b>

Source: Wealth-X, 2019

## KNOWLEDGE & UNDERSTANDING OF THE WEALTHY

Expert lifestyle advisors to the wealthy believe the need to provide a specialist, personalised service to wealthy individuals is becoming ever more important. They cite the importance of understanding who they are as people, their choices and personality. Instead of creating generic experiences designed for an archetypal ‘wealthy traveller’, the best way is to use all the knowledge you can collect from them to build a picture of what they are most likely to care about and value in the travel experiences they seek.

“The more you understand about what they value and what they enjoy, the better a job you can do. My job is to try and tailor that experience to what I know they will appreciate and love. It's that attention to detail and really creating a bespoke experience for them - 'understanding', is the word I would use.”

HNW Lifestyle Advisor

Experts also point out that wealthy travellers are increasingly risk-averse. However, this doesn't mean they aren't open to new experiences and discovery – quite the opposite. They like being given advice that feels tailored to their preferences, and feeling that the person in charge of designing their trip is highly knowledgeable about the destination and what they would most appreciate about it.

“They love an itinerary. And an itinerary that an intelligent person has put together which matches their preferences. They like discovery of new things but also knowing what they're going to do when they're there.”

HNW Lifestyle Advisor

## BECOMING THE TRUSTED ADVISOR

The question is, how do advisors get to know these individuals better? How do you build knowledge on them, showing an understanding of them? Experts point out that the wealthy are incredibly private in the management of their lives and need to trust individuals before they open up to them. And this makes showing understanding and knowledge very difficult in the early stages. However, the long-term value of being trusted by one of these valuable clients is huge, and patient relationship building is required by advisors looking to build the best lasting client relationships.

“It takes time. The trick is to actually be there forever. That's how you learn really what they like and what they don't like. It's all about touch points. So, how often do you see your client? What are you talking about when you're with them?”

HNW Lifestyle Advisor

However, delivering valued experiences is an even greater challenge from a hotel perspective, although it is a great opportunity. Experts consider that the industry has responded to the wealthy travellers' needs in this area but believe there is still a long way to go in designing and delivering the right kind of personal and memorable experiences for the HNW client. Having lasting relationships with every HNW guest is also impossible for many hotel businesses. However, this is where working in unison with the advisors and travel consultants used by the wealthy can be so valuable. In this regard, the hotel's proxy for the relationship with the wealthy individual is encouraging a closer relationship with these advisors. In addition, by working with passionate local experts on-the-ground who can create special experiences that go beyond the expectations of wealthy travellers, the hotel can move further in playing a major role in creating memories that last a lifetime.

# METHODOLOGY

## HNW Population

To size the High Net Worth population and its combined wealth, Wealth-X use a proprietary Wealth and Investable Assets Model. This model produces statistically significant estimates for total private wealth and estimates the size of the population by level of wealth and investable assets for the world, and for each of the top 75 economies, which account for 98% of the world GDP.

Wealth-X use a two-step process. First, to estimate total private wealth, they use econometric techniques that incorporate a large number of national variables such as stock market values, GDP, tax rates, income levels and savings from sources such as the World Bank, International Monetary Fund, Organization for Economic Cooperation and Development (OECD), and national statistics authorities. Second, they estimate wealth distribution across each country's population. Due to a lack of wealth distribution data, most wealth models estimate wealth distribution patterns using income distribution data. However, Wealth-X's proprietary database of more than 540,000 records of HNW individuals across the globe enables them to construct wealth distribution patterns using real, rather than implied, wealth distributions, making the model more reliable. Wealth-X then use the resulting Lorenz curves to distribute the net wealth in a country across its population. The database is also used to construct investable asset distribution patterns across each country's population. The model uses residency as the determinant of an individual's location.

To profile the HNW population in greater depth, Wealth-X use their unique and proprietary Wealth-X Database, the world's most extensive collection of curated research and intelligence on wealthy individuals. The database provides insights into their financial profile, career history, known associates, affiliations, family background, education, philanthropic endeavours, passions, hobbies, interests, and much more. The Wealth-X proprietary valuation model (as defined by net worth) assesses all asset holdings, including privately and publicly held businesses and investable assets.

## The Global Luxury Travel Ecosystem

To size the Global Luxury Travel Ecosystem, Barton used a combination of proprietary data on wealthy individuals from Wealth-X (population, wealth, and interests, passions & hobbies) as well as statistical insight from industry sources on ecosystem activities.

The first requirement was to define the Global Luxury Travel Ecosystem by specifying the qualifying activities connected with luxury travellers. These were selected based on consultancy with lifestyle advisors to HNW individuals and identifying the top interests, passions and hobbies (IPH) of HNW, VHNW and UHNW individuals around the globe, connecting these to activities possible through travel.

The activities themselves were sized by sourcing industry data on annual revenue and statistics on international inbound tourism in the top 50 most visited countries in the world. Using secondary data on tourism contributions to these economies, we were able to estimate the contribution to these activities made by international tourists. Using the Wealth-X data, we were then able to estimate the likely contribution made by the 22.8m individuals worth more than \$1m.

In addition, consultations with HNW Lifestyle Advisors were conducted to understand the trends in HNW travel, the elements of the Ecosystem that are most important for them and the changing values of these travellers.



# REPORT AUTHORS

## Barton

Barton is focused on consulting businesses in the luxury and prestige sectors, combining evidence and guidance to help these organisations and brands grow and thrive. Whether for business strategy, brand assessment, communication, trend analysis or thought leadership, Barton knows that businesses need to have confidence in their decisions. Barton offers cross-sector knowledge in a responsive, agile way, combining creativity with pragmatism, providing the perspective needed to make informed choices.

<http://www.barton-consulting.co.uk>



## WEALTH-X

The global leader in wealth information and insight, Wealth-X partners with leading prestige brands across the financial services, luxury, not-for-profit and higher-education industries to fuel strategic decision-making in sales, marketing and compliance. Wealth-X boasts the world's most extensive collection of records on wealthy individuals and produces unparalleled data analysis to help organizations uncover, understand, and engage their target audience, as well as mitigate risk. Founded in 2010, with staff across North America, Europe and Asia, Wealth-X provides unique data, analysis, and counsel to a growing roster of more than 500 clients worldwide.

<http://www.wealthx.com>

DEFINING THE  
GLOBAL LUXURY  
TRAVEL ECOSYSTEM