



JANUARY 2015

# IN FOCUS: **EXPERIENTIAL TRAVEL**

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*This article provides an overview of trends in luxury leisure travel, showcases Luxury Frontiers' business model, and highlights the rationale behind Luxury Frontiers' global partnership with HVS's Athens and Milan offices.*

## Contemporary Luxury

Over the past several years, and particularly after the 2008 global recession, there has been a notable shift in the preferences of buyers of luxury goods and services. Gone are the days of opulent excess as research has repeatedly shown **"a shifting tendency among the affluent to seek and discover authentic experiences as opposed to purchasing and owning physical luxury items"** (2014 MasterCard Affluent Report). For instance, over 72% of respondents in a 2013 American Express survey said they would rather spend money on experiences than material goods. Moreover, luxury consumers desire bespoke and personalized products and services, and nowhere is this truer than in luxury travel.

## Luxury Leisure Travel

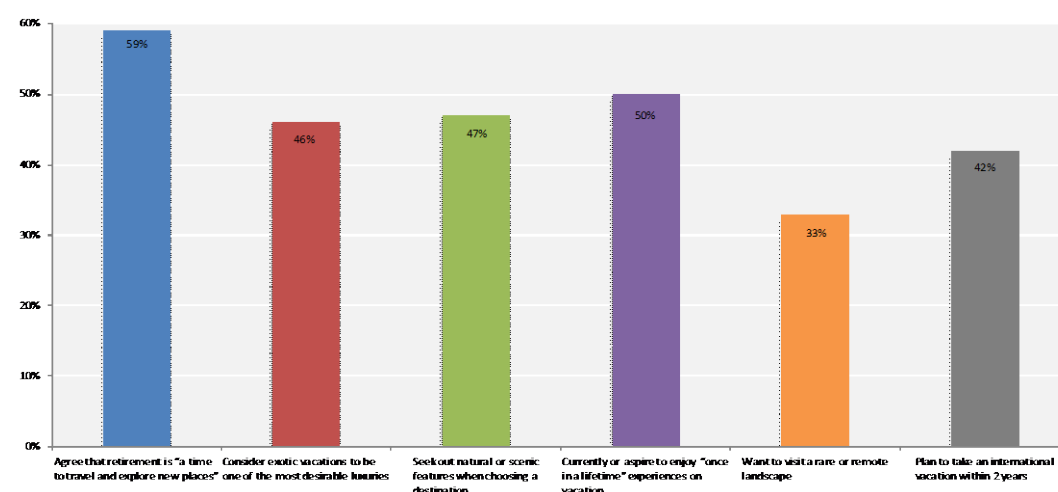
In 2013, the Boston Consulting Group estimated the luxury leisure travel market's overall value at \$460 billion, and it has been growing by an average of 11% each year. According to the 2011 Howarth HTL report on the Future of Luxury Travel, "Luxury travellers today are...no longer drawn by ostentatious services, they have moved towards a quieter, understated luxury, and plan their trips with a focus on authenticity and experiential travel". They do so by choosing travel products that allow them to experience local cuisine, art and culture, off-the-beaten-track destinations, spectacular scenery and nature reserves. The report explained the changing profile of luxury travellers, which includes the following characteristics:

- A desire to be entertained, engaged and enriched rather than just pampered
- An increasing need for authenticity, simplicity and environmental care
- Growing use of internet and social media
- An increased interest in very exclusive products and memorable experiences
- A growth of multi-generational family travel

The following chart illustrates some statistics on the travel preferences of wealthy travellers, including large percentages who desire "exotic" vacations and "once in a lifetime" experiences:

## Demographic and Sustainability Shifts

TRAVEL PREFERENCES OF AFFLUENT US TRAVELLERS



Source: Resonance Report on US Affluent Travel & Leisure

According to the 2013 *Resonance Report on US Affluent Travel & Leisure*, Baby Boomers (55+) are the ones with the most time to spend on travel & leisure. As the report explains, "With newfound time, disposable wealth and an **"inexorable desire for new sensory and life experiences"**, Boomers have become "the most potent and profitable travel consumers in history." Multigenerational travel has been named the biggest travel trend by the *Virtuoso* luxury travel network for

four consecutive years. The primary drivers of the popularity of multigenerational travel according to a 2014 *Wall Street Journal* article are the **“baby boomers with money and a hankering for meaningful experiences”**.

Meanwhile, Generation X-ers are also spending more time and money on leisure activities. And, while Generation Y-ers (“Millennials”) generally do not have the accumulated wealth (or time) to represent a large share of luxury leisure travel, they are influential in setting trends. One key example is the use of social media. When it comes to their travel choices, Millennials look for “something extra” and the “cool factor” rather than boring and ordinary. The pictures they then share with their social networks have a snowball effect in influencing subsequent travel choices of their family and friends.

These new trends in luxury tie well with a distinctive demographic group that has emerged over the past decade: *Lifestyles of Health and Sustainability (LOHAS)*. According to the Natural Marketing Institute (NMI) in a 2007 study, LOHAS consumers represent approximately 19% of the U.S. adult population and have even greater influence (as they are trend setters). They are motivated to buy products and services that are environmentally conscious, sustainable, socially responsible, and/or healthy for themselves and the planet. With the emergence of the LOHAS consumer, then, it is no surprise that ecotourism, nature, cultural and “soft adventure” tourism **will all grow faster over the next 20 years** than the tourism industry as a whole (UNWTO’s 2012 *Tourism in the Green Economy Report*).

## Experiential Travel

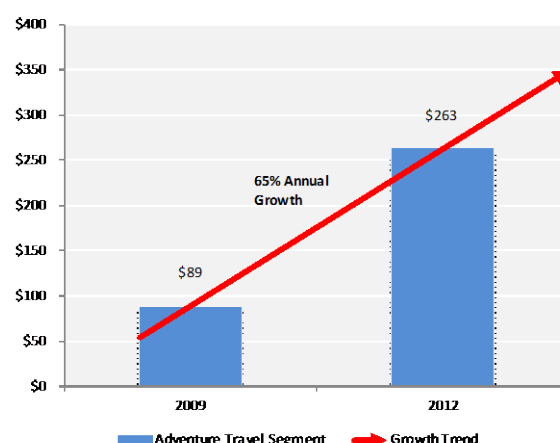
Given these changes in consumer travel preferences, it is no surprise that a 2014 report entitled “The Rise of Experiential Travel” by the Skift travel research firm concluded, **“Arguably the most significant, systemic trend in worldwide tourism today is the demand for ‘experiential travel’”**. Take, for instance, the exponential growth in ‘adventure travel,’ which can be considered a subset of the experiential travel segment. A study commissioned by the Adventure Travel Trade Association (ATTA) found that the adventure travel market grew from \$89 billion in 2009 to \$263 billion in 2012, representing annual growth of 65%.

Skift defines experiential travel as travel that is “more immersive, local, authentic, adventurous and/or active.” AFAR magazine explains, “Experiential travellers want to dive deeper into authentic, local, culture, connecting with people from other cultures in ways that enrich their lives and create lasting memories”. Experiential travel can take many forms, including personalized adventures, spiritual journeys, voluntary tourism and nature-based ecotourism. Distinguishing aspects of this type of travel include the emphasis on personal enrichment and learning (activities often led by experts), authenticity (experiences reflect local environment, culture) and active participation.

The challenge for a resort owner or operator seeking to enter this market segment is how to design and develop an experiential lodging component that captures the sensation of “camping” in spectacular natural settings, while also providing the most important comforts of a luxury hotel room (comfortable beds, private, fully-appointed bathrooms, and so forth). Another challenge is how to create experiential programming that will engage and inspire guests, based on the unique natural and cultural attributes that the destination has to offer.

Steps are actively taken to ensure that experiential travelling gains the position it deserves in the market, with the most recent being the announcement of **National Geographic’s** Unique Lodges of the World. This is a collection of 25 lodging facilities around the world offering a wide variety of activities and experiences in environments of exquisite natural beauty. As the market grows, such efforts are expected to multiply.

ADVENTURE TRAVEL MARKET GROWTH (US\$ BLN)



Source: Adventure Travel Trade Association

## Luxury Frontiers & HVS – Working together on new concepts

Luxury Frontiers, with the global support of the Athens and Milan offices of HVS, provide expertise and global market intelligence to resort owners and operators interested in entering (or expanding) into the rapidly growing experiential travel segment. **Luca Franco**, Luxury Frontier's managing partner, explained, "The Luxury Frontiers team has designed and developed some of the world's most distinguished luxury resorts and experiential hospitality concepts. With the addition of HVS's unrivalled intelligence gathering and presence throughout the world, our alliance will bring the best industry know-how and insight to resort owners and operators looking to offer discerning travellers experiences of a lifetime." **Demetris Spanos**, Managing Director of HVS Athens and HVS Milan, said, "peculiar formats of accommodation conceived and designed by Luxury Frontiers to integrate perfectly in unique environments, i.e. tent camps into the rainforest or in deserts, tree houses, etc. allow customers to enjoy unique settings and live amazing experiences, without renouncing the comfort and amenities of a small luxury resort."

### The Mission and Business Model

Luxury Frontiers is a leading global expert in the concept, design, development, execution, and integration of resort additions through the creation of low impact and unique luxury guest experiences. Currently, the market is served by individual manufacturers looking only to sell product or by architects providing alternative design solutions. No other group offers (or has the capacity to offer) Luxury Frontiers' holistic experiential design, development and operations expertise.

Led by a global team of seasoned executives, Luxury Frontiers offers **asset value enhancement solutions** to resort owners and operators in response to the increasing consumer demand for "collecting memories" instead of more items to dust. The business model adopted has the ability to quickly and profitably create unique lodging experiences with low capital costs. As Luxury Frontiers partner **Roy Paul** notes, "Our model not only capitalizes on the modern luxury travellers' preferences for unique, 'one of a kind' experiences, but also leverages existing infrastructure and operations to generate exceptional profit margins and high returns on capital." In an environment where monies for capital expenditures are scarce, Luxury Frontiers is also willing to invest the majority of the required capital.

The model has been well received by leading industry players. For instance, **Herve Humler**, *President & COO of Ritz-Carlton*, opined: "The future of the high-end luxury business is in enhancing brand reputation through authentic leadership in social and environmental responsibility. The average daily rate for Luxury Frontiers' 'room under canvas' can enhance the position of the hotel and the destination adding mystique to the location." **Jennifer Fox**, *President, Fairmont Hotels*, noted: "This new concept is very creative and very right for today's consumer who is looking for a unique and authentic experience. I agree the concept is best served when existing infrastructure is already there and it adds a new dimension and option for the guest."

### Unique Experiences, Products and Programming

Luxury Frontiers specializes in designing and developing alternative, light on earth, concepts and experiences, such as *Luxury Under Canvas* suites, *Tree-top Living and Dining* pods, prefabricated timber cabins and other alternative building methodologies that incorporate environmentally friendly practices (such as green roofs, natural ventilation, locally sourced materials, etc.). **Ezio Poinelli**, Director HVS Athens and Milano, explained, "even though the concept is perfect for exotic and wilderness locations, we found a strong interest from resort and hotel owners in some European countries where the restrictions imposed by environmental authorities and urban zone planning do not allow to expand the resort capacity/build new units. Tents and tree houses are very flexible formats and an acceptable compromise/ solution towards the public administration concerns and constraints, in sensitive places."

Luxury Frontiers also integrates a collection of activities, educational programs and adventures drawn from a site's unique natural assets, cultural heritage and culinary traditions.

In an era when green engineering, high eco-consciousness and health and wellness are steadily becoming critical important factors in the high-end market spectrum, this proposition is poised to succeed.



## Case Studies of Experiential Travel Concepts<sup>1</sup>

### Four Seasons Golden Triangle, Thailand

Located along the Ruak River, adjacent to an elephant reserve, guests arrive at this resort – the first all-inclusive Four Seasons – via traditional long-tail boats. The resort is comprised of 15 tents (3 deluxe, 12 standard) measuring 54 m<sup>2</sup>. All tents are air-conditioned, and furnished with hard wood floors, open baths, indoor/outdoor rain shower, and feature private decks with views of the surrounding hillsides, jungle and/or river valley. The deluxe tents also feature a private, outdoor hot tub. Public areas include a full service spa with two treatment rooms; an open-air restaurant/bar, and several other venues where private meals are served. Additional experiences offered by the resort include elephant training and baths, jungle hikes, riverboat tours, and a cooking school.



Rack rates (full board, transfers and elephant trekking included) range from approximately \$2,500 per night for the standard tents and \$2,800 per night for the deluxe tents, double occupancy. The resort is open year round. Further details are available at [www.fourseasons.com/goldentriangle](http://www.fourseasons.com/goldentriangle).

### Clayoquot, British Columbia, Canada



Located in a remote part of Vancouver Island, guests arrive to this “eco-safari” wilderness destination via private seaplane from Vancouver (45 minutes). The resorts’ 20 tents include eight standard tents and 12 luxury en suite tents. While the latter feature private baths with indoor/outdoor showers, the former do not. The former have private composting toilets and dedicated showers in a nearby shower house. The suite tents can sleep a family of up to five members. Public areas include two lounge tents, dining tent and spa facility with two massage tents, hot tubs and sauna. The resort features a wide range of wilderness activities (from bear watching to archery), which are personalized to each guest’s interests and abilities. Rate Packages (all-inclusive) for standard tents are: 3 nights (CA\$4,750-4,988 per person), 4 nights (CA\$5,700-5,985 per person), 7 nights (CA\$9,450-9,923 per person); and for deluxe tents: 3 nights (CA\$6,050-6,353 per person), 4 nights (CA\$7,260-7,623 per person), 7 nights (CA\$12,100-12,705 per person); children <12 half price. The lodge is open from mid-May to end of September. Further details are available at <http://www.wildretreat.com/>.

### Aman-i-khas, India

Located in India’s Ranthambore National Park and Inspired by the Mughal travelling tents, Aman-i-Khas is an exclusive, high-end safari tented camp. At the centre of the park is the 10th century Ranthambore Fort, and scattered nearby are ancient temples and mosques and crocodile-filled lakes. Each of the resort’s ten luxurious tents measures a spacious 108 m<sup>2</sup> and has a soaring six meter tall canopy ceiling with canvas interior and exterior walls, and private screened-in patios; each air-conditioned ‘room’ features an oversized daybed. Bathrooms and dressing rooms include deep marble bathtubs and multiple private chambers. Public areas include a dining tent, lounge tent, spa tent with two treatment areas, outdoor pool



<sup>1</sup> All rates presented in this section are indicative and as available in the public domain at a specific time-point while research for this article was carried out

and terrace and outdoor fireplace. All public spaces are constructed of the same natural canvas tent material, with high ceilings and open-air screens on all sides of the structures that allow natural breezes through. The camp's outdoor fireplace functions as an informal outdoor lounge and dining area. The resort offers twice daily safari drives into the National Park for tiger, leopard and other wildlife spotting. Rack rates range from \$1,000 to \$1,100 per night, room only. Open for 8 months each year (October to May). Further details available at: [www.amanresorts.com/amanikhas/home.aspx](http://www.amanresorts.com/amanikhas/home.aspx)

### Virgin Limited Tasmodot Kabasgah, Morocco

Located in the Atlas Mountains one hour from Marrakech, the property has 18 conventional rooms and suites and 9 luxury tents. The property started with five luxury tents in 2005 before adding four more tents in 2010. Measuring approximately 65 m<sup>2</sup>, the Berber tents feature a king-size bed, large bathtubs for soaking, and a terrace with sun loungers and space for outdoor dining. Some tents also offer private plunge pools. The resort offers a variety of activities and excursions, including: cooking classes, mule trekking and hikes in the surrounding Atlas Mountains, visits to neighbouring villages and craft houses and guided excursions to Marrakech. Rack rates range from approximately \$970 to \$1,100 (low/high season) for the standard tents and from approximately \$1,150 to \$1,300 (low/high season) for those with private pool. Open are available at [www.kasbahtamadot.virgin.com](http://www.kasbahtamadot.virgin.com).



### Amanwana Indonesia

Amanwana is a water-based island resort on Indonesia's Moyo Island, a nature and marine reserve. This is an active hotel operation, which benefits from the "camp" feeling so that whether participating in an activity, or relaxing after one, the guest is always engaged in the local environment. The Amanwana tents consist of solid walls with large glass-paned windows, and tented ceilings. The rooms are spacious and are air-conditioned for sleeping comfort. The tented camp's public spaces, including the main dining room, are open-air facilities with large thatched overhangs. Guests have access to diving and snorkelling excursions in the surrounding marine reserve, trekking to waterfalls and seaside cliffs in the nature preserve, and boat cruises to nearby beaches and islands. Rack rates for the jungle tents range from approximately \$750 to \$900, room only, and for the ocean tents, from \$900 to \$1,050, room only. The resort is open year round. Further details are available at [www.amanresorts.com/amanwana/home.aspx](http://www.amanresorts.com/amanwana/home.aspx).



Located in Lapland of Sweden, the Treehotel opened in July 2010 with four treehouse operated in conjunction with a simple adjacent guesthouse. The Treehotel features six whimsical, unique tree-mounted structures designed by well-known architects. The current "rooms" are the Mirrorcube, the Cabin, the Bird's Nest, the Blue Cone, the UFO and the Dragonfly. The Treehouses vary in size from 15 m<sup>2</sup> to 52 m<sup>2</sup>, and accommodate two to six people.

There are no showers/tubs in the rooms, but bath/sauna facilities are nearby. Future designs may include a self-contained shower system. The Treehotel is a destination in itself where people come for the innovative designs and experience (reliving childhood of sleeping in the forest), while also offering a host of activities to enjoy both winter and summer in the surrounding natural environments. Design choices focus on sustainability – the units are constructed from sustainably harvested wood and have electric radiant floor heating (but no air conditioning) and a non-flushing combustible toilet. Rack rates range between approximately \$670 to \$1,000 per night. The hotel is open year round. Further details are available at [www.treehotel.se](http://www.treehotel.se).

### Taj Safari Lodges, Pradesh, India

Taj Hotels, together with &Beyond, created a uniquely positioned Indian wildlife circuit comprised of four safari lodges and tented camps situated on the borders of India's world-renowned tiger reserves in Madhya Pradesh state. Nicknamed the 'Heart of India,' Madhya Pradesh offers a treasure trove of wildlife reserves, temples and palaces, and a rich tradition of arts, crafts and cuisine. Taj Hotels' safari camps in Madhya Pradesh are: Banjaar Tola at Kanha National Park (two camps of nine tents each); Mahua Kothi at Bandhavgarh National Park (12 suites); Baghvan at Pench National Park (12 bungalow suites); and Pashan Garh at Panna National Park (12 luxury stone cottages). Nightly rates at the lodges range from approximately \$440 per person, low season, to approximately \$700 per person high season. This rate includes all meals, house wines and spirits, twice daily jungle safari drives, and applicable taxes and park fees. The lodges operate year round. Further details are available at [www.tajsafaris.com](http://www.tajsafaris.com).



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Press release: [“HVS and Luxury Frontiers Establish a Strategic Alliance in Athens and Milan”](#), Tuesday May 27, 2014



## About HVS

**HVS** is the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries. Established in 1980, the company performs 4500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 30 offices and 450 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. [www.hvs.com](http://www.hvs.com)

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**HVS Athens and HVS Milan**, established in 2006 and 2012 respectively, offer a wide range of consulting services for hotels, resorts, serviced apartments and mixed-use developments in Greece, Italy, the Mediterranean the Balkans and the broader EMEA region. The two offices specialize in feasibility studies, valuations, strategy and branding advisory, and market research and demand analysis.

## About the Authors



Ezio Poinelli is the Director of the HVS office in Milan. He has more than 17 years experience in Hospitality, Real Estate, and Leisure Real Estate markets in Europe, Caribbean, Latin America, and South Africa. He joined HVS in 2010 having significant

experience in executive positions at Northcourse Advisory Services (Wyndham Worldwide), Ernst & Young, and other companies in the hospitality and real estate field. He is a graduate in Economics and Business Administration and holds a M.Sc. in Tourism Economics from Bocconi University. Contact him at [epoinelli@hvs.com](mailto:epoinelli@hvs.com) or +39 02 873 43016

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