

TMR Outlook on Luxury 2017-2018



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LETTER FROM THE PUBLISHER

Boston Consulting Group puts the luxury travel industry at over \$200 billion worldwide, and while hard luxury goods (watches, jewelry, fashion) are facing strong headwinds, travel continues to grow.

Travel Market Report designed the *TMR Outlook On Luxury* to provide travel sellers and providers a look under the hood. Who is doing best in luxury? What do top luxury sellers do to ensure happy customers and to set themselves apart from the competition? How do clients hear about the various hotels agents book for them? What matters most in terms of recommending a specific hotel? What role does traditional media play? Are travel bloggers making an impact? How are agents using social media to gain bookings and ensure customer satisfaction? What do customers want to do on their luxury trips? What's more important, fine dining or a good spa? In which types of luxury products are clients most interested? Which luxury clients are most interested in Airbnb? What keeps luxury travel agents awake at night?

More than 650 readers of *Travel Market Report* responded to our extensive survey and shared their thoughts on what's important and what's not. Would customers rather have a free night or a room with a great view? A free breakfast or a spa credit?

Like *TMR* itself, *TMR Outlook On Luxury* is the voice of the travel professional. Whether you are a travel agent, a travel supplier or a member of the media, I think you will find this research insightful and helpful in your endeavors.



Yours truly,

A handwritten signature in black ink that reads "Anne Marie Moebes".

Anne Marie Moebes

EVP and Publisher

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ABOUT THE SURVEY



From May 4 to 7, 2017, Travel Market Report's TMR Outlook on Luxury Survey via Survey Monkey received 664 responses.

Agents surveyed come from the readership list of Travel Market Report, are based in the United States and Canada, and average 15 years of experience in the travel industry and more than \$1.5 million in personal sales.

TMR offered an incentive of two \$250 gift cards for completing the survey. Agents were asked to respond about their personal sales while agency owners and managers were asked to respond based on agency sales. Six percent of respondents said they did not have any luxury sales.

RESULTS WERE ANALYZED AS FOLLOWS:

- Overall results
- Agents/Agencies that have 75% + luxury sales
- Agents/Agencies that have 50% + luxury sales
- Agents/Agencies than have less than 25% luxury sales excluding those that had none
- Agents/Agencies whose clients typically spend \$25,000+, excluding air, on a seven-day luxury vacation

The goal of looking at the multiple slices of the data was to identify differences between agents/agencies that have a high, medium or low proportion of luxury sales as well as those who have high spenders.

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DEFINITIONS



Overall : Total respondents less those who don't sell luxury

Heavy Sellers : Agents/agencies who have at least 75% luxury sales

Medium Sellers : Agents/agencies that have at least 50% luxury sales
(includes Heavy Sellers)

Low Sellers : Agents/agencies that have 1-24% luxury sales

Big Spenders : Agents/agencies whose clients typically spend
\$25,000+ excluding air on a seven-day luxury vacation



How much luxury do you sell?

While luxury may be a sweet spot for travel, only 4% of agents say 100% of their sales are from luxury. In fact only 22% of agents say at least 75% of their sales are from luxury, a group we call Heavy Sellers. So while some agents are focused on luxury, many agents have a wider mix of business.

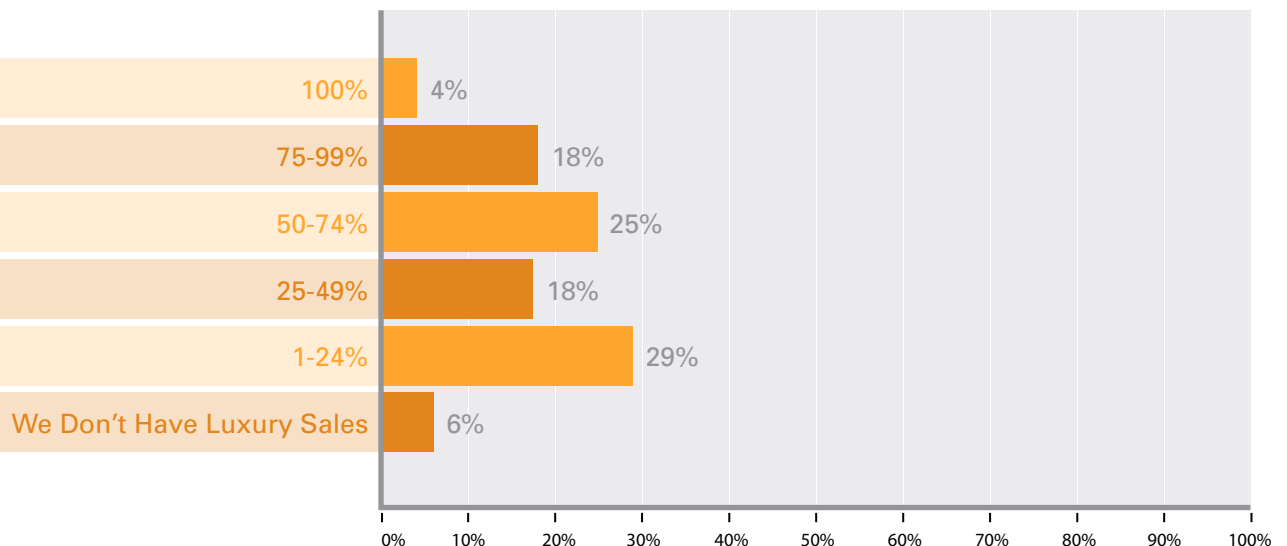
Still, there are differences. Heavy Sellers represent just 22% of travel agents surveyed but account for almost half of agents who have Big Spender clients, who regularly spend \$25,000 for a seven-day trip, excluding air. Conversely, while Low Sellers (agents with 1-24% luxury sales) represent 29% of our sample, they were less likely to have Big Spenders (12%).



KEY INSIGHTS:

- Agents who cater to Big Spenders are likely to focus on luxury sales.
- Suppliers who are looking for Big Spenders should focus on agencies that have at least 50% of sales coming from luxury. Those agents represent over 80% of the Big Spender population.

Many agents and agencies have a mix of business. What % of your personal sales, if you are a travel agent, or agency sales, if you own/manage the agency, come from luxury?





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How do your clients fly?

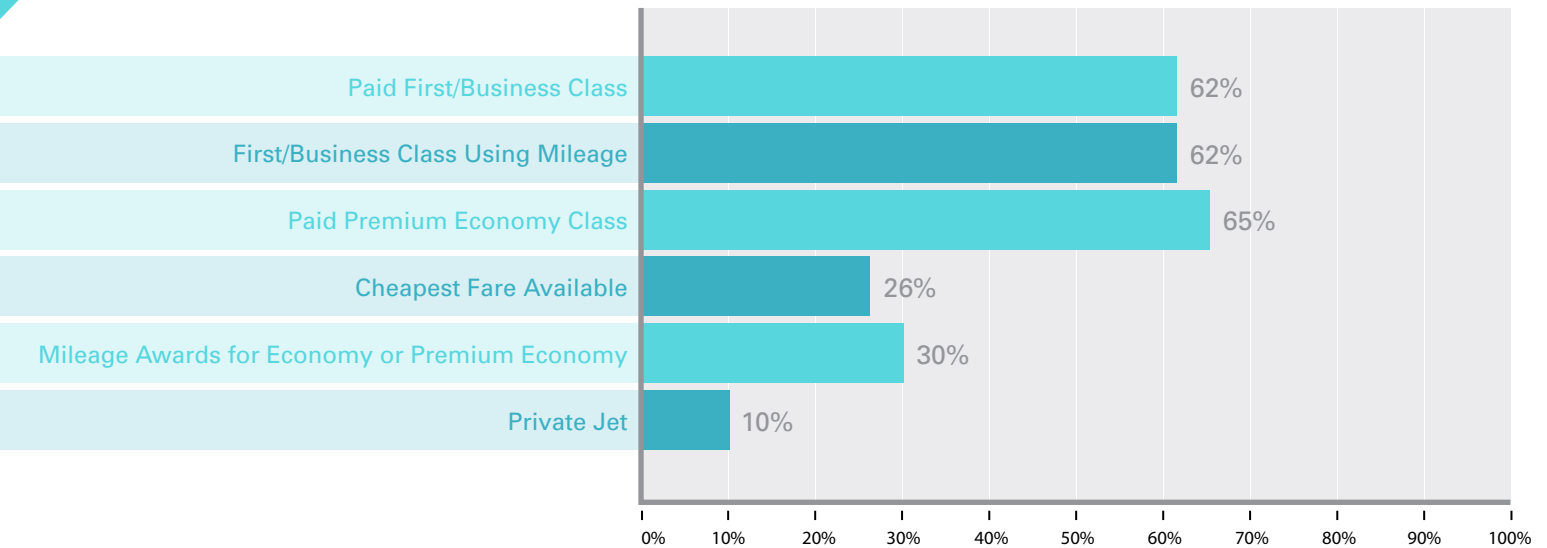
Nearly two-thirds of agents (65%) said premium economy is the most frequent choice for clients heading on a luxury vacation. The good news is both American Airlines and Delta Air Lines have joined the long list of foreign carriers that have been adding a premium economy cabin for their international long-haul flights.

Paying to fly in first/business class and using mileage (both mentioned by 62% of agents) were tied for a close second. Less popular is using mileage to redeem premium economy seats (30%) and flying via the cheapest fare (26%). Only 10% of agents said their clients typically fly by private jet to their luxury vacations.

KEY INSIGHTS:

- Agents who want to make money selling paid first- and business-class tickets need to look for big spending clients. Big Spenders are the most likely to splurge on sitting in the front of the plane.
- Airlines trying to sell premium economy tickets to the leisure market will find strong sales across the luxury-selling agency community. The same goes for developing sales for paid first/business. Even 52% of Low Sellers say they have clients that typically will pay first/business class for their vacations.

When traveling on a luxury vacation, how do your clients typically fly? (check all that apply)



Agents who have Big Spender clients are significantly more likely (87%) to have clients who travel via paid first/business class tickets and conversely the least likely to have clients traveling on the lowest fare (12%).

	Heavy Sellers 75%+ Luxury Sales	Medium Sellers 50%+ Luxury Sales	Low Sellers Under 25% Luxury	Big Spenders \$25K+ Per Trip
Paid First/Business Class	67%	69%	53%	87%
First/Business Class Using Mileage	68%	69%	52%	67%
Paid Premium Economy Class	65%	69%	60%	52%
Cheapest Fare Available	25%	24%	30%	12%
Mileage Awards for Economy or Premium Economy	27%	31%	32%	27%
Private Jet	23%	16%	4%	27%



How much do your luxury clients spend per trip?

We asked agents how much their clients typically spend on a “full luxury vacation,” which we described as “at least seven days.” We also told agents to exclude airfare costs.

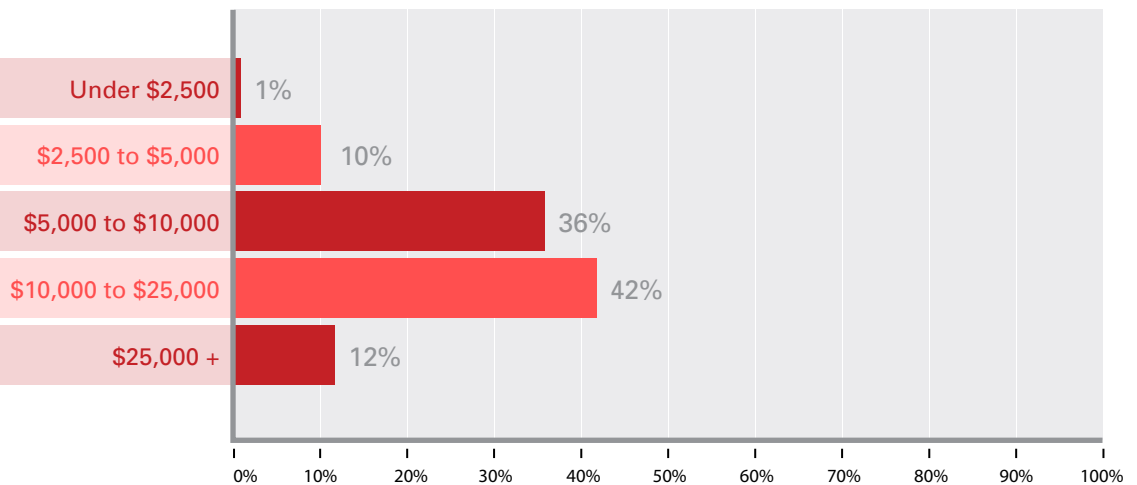
We gave agents several options (\$25,000+, \$10,000 to \$25,000, \$5,000 to \$10,000, etc.). To put this another way, \$25,000 for a seven-day vacation excluding air means spending about \$3,500 per day for ground. A client spending \$5,000 to \$10,000 for seven days would be spending \$700 to \$1,400 per day.

The highest percentage of clients (42%) spend between \$10,000 and \$25,000 for their vacations, followed by those who spend \$5,000-\$10,000 (36%). Only 12% typically spend over \$25,000, while 10% spend between \$2,500 and \$5,000.

KEY INSIGHTS:

- While luxury is a broadly used term, suppliers looking for Big Spenders should focus on Heavy/Medium Sellers. Low Sellers have a stronger grip on lower spenders, although those clients are spending from \$300 to \$1,400 per day.

How much do your clients typically spend on a full luxury vacation (at least seven days) excluding air (include all persons in the booking, i.e., if it is for a family of four, what was the total non-air cost for all four travelers)?



Heavy Sellers (67%) and Medium Sellers (61%) are more likely to have clients who spend over \$10,000 on their vacations than are Low Sellers (42%). Low Sellers are more likely (59%) to have clients spending \$2,500 to \$10,000 than are Medium (39%) and High Sellers (33%).

	Heavy Sellers 75%+ Luxury Sales	Medium Sellers 50%+ Luxury Sales	Low Sellers Under 25% Luxury	Big Spenders \$25K+ Per Trip
Under \$2,500	2%	1%	1%	0%
\$2,500 to \$5,000	9%	10%	14%	0%
\$5,000 to \$10,000	22%	28%	44%	0%
\$10,000 to \$25,000	44%	43%	38%	0%
\$25,000 +	23%	18%	4%	100%



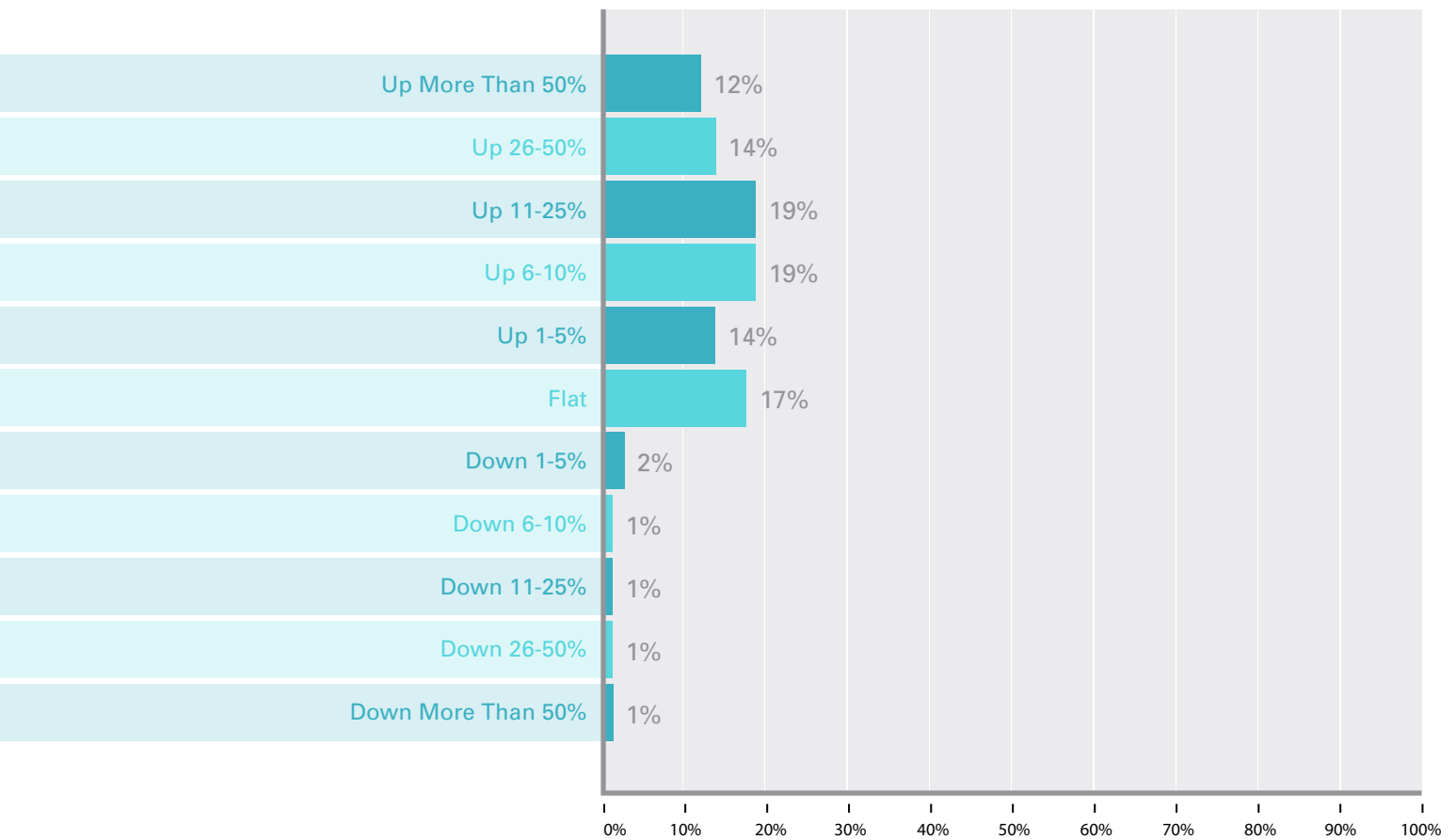
How were your luxury sales in the past year?

Agents selling luxury had a banner year, with 45% reporting double-digit sales increases and 26% reporting 25%+ growth in the past year. Overall, 78% of agents saw some increase while 17% said business was flat. Only 6% reported sales declines.

KEY INSIGHTS:

- Like the general population, the rich are getting richer. Agents who are focused on luxury sales and have Big Spenders as clients are seeing the largest sales gains. In other words, if you are an agent and want to have success in luxury, you need to focus on luxury. And of course it helps to have big-spending clients.

Thinking about your luxury bookings in the past year, were the luxury sales for you or your agency:





How were your luxury sales in the past year?

Chart 4 Continued



The spoils weren't equally divided. Heavy (72%) and Medium (66%) Sellers and those agents with Big Spenders (73%) reported double-digit growth, while just 13% of Low Sellers did. Low Sellers (63%) were more likely to have seen luxury sales range between a 5% decrease and 5% increase than were Heavy (11%) and Medium Sellers (16%) or those who have Big Spenders (16%).

For some 29% of Heavy Sellers, the past year was really good. They reported luxury sales increased by more than 50%. Only 2% of Low Sellers reported that type of growth.

	Heavy Sellers	Medium Sellers	Low Sellers	Big Spenders
	75%+ Luxury Sales	50%+ Luxury Sales	Under 25% Luxury	\$25K+ Per Trip
Up More Than 50%	29%	21%	2%	25%
Up 26-50%	22%	21%	3%	14%
Up 11-25%	21%	24%	8%	35%
Up 6-10%	14%	16%	17%	8%
Up 1-5%	5%	7%	27%	10%
Flat	4%	8%	31%	4%
Down 1-5%	2%	1%	5%	2%
Down 6-10%	0%	0%	2%	2%
Down 11-25%	1%	1%	0%	0%
Down 26-50%	2%	1%	3%	0%
Down More Than 50%	1%	0%	2%	2%



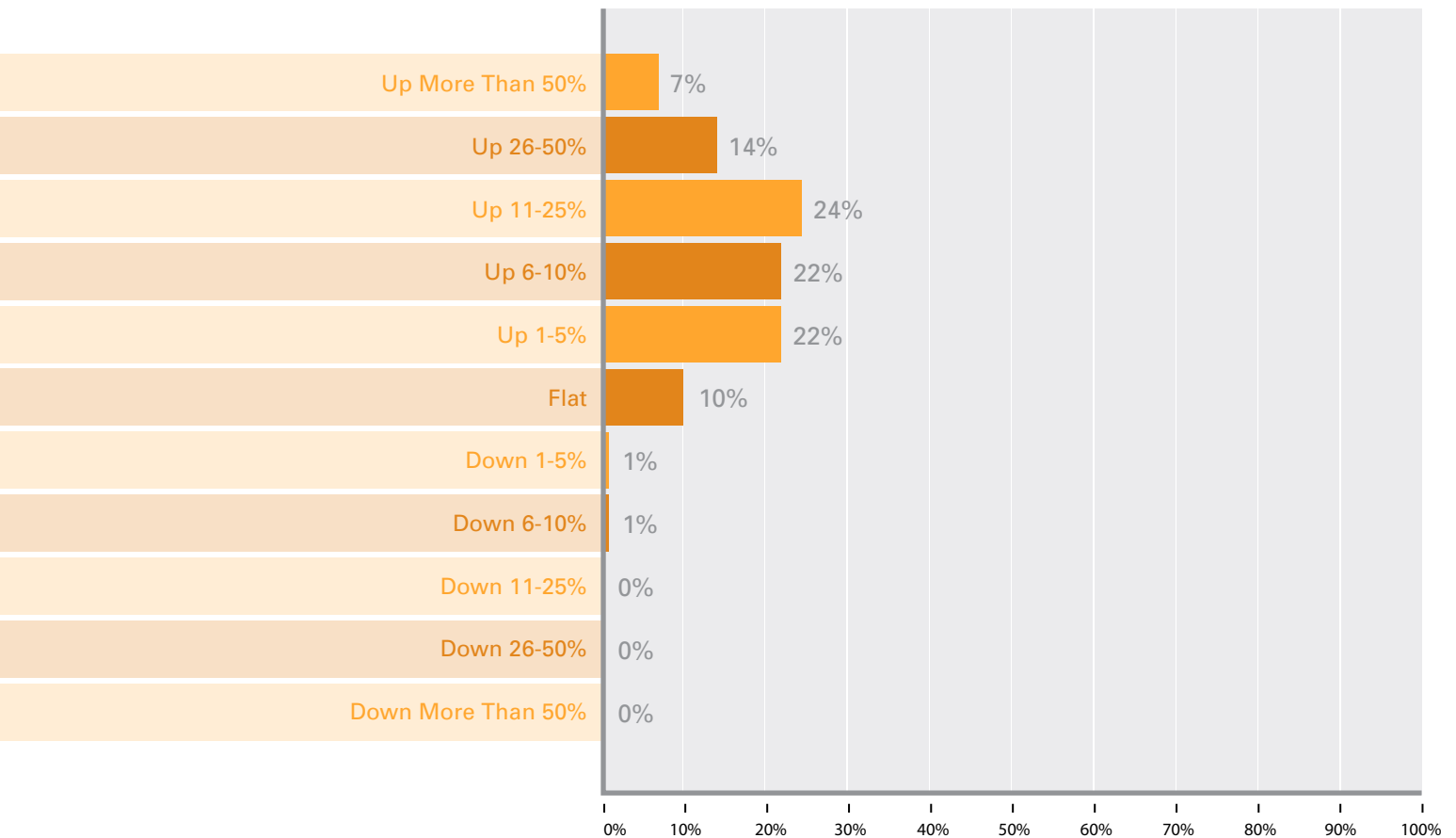
What type of sales growth do you see for luxury sales in the next 12 months?

Travel agents think luxury will remain a growth segment for the next 12 months, with 89% projecting luxury sales will increase, including 45% who project double digit growth and 21% expecting growth of more than 25%.

KEY INSIGHTS:

- The agents who are the most optimistic about luxury sales are those that are the most focused on the segment.
- Suppliers who are looking for agencies with sales growth should focus on those agencies that are Heavy Sellers of luxury already, though fully 79% of Low Sellers also project the next 12 months will see sales growth.

What type of luxury sales growth do you project for the next 12 months?





What type of sales growth do you see for luxury sales in the next 12 months?

Chart 5 Continued



Optimism for the future is divided, however. Only 17% of Low Sellers project double-digit luxury sales growth, whereas 74% of Heavy Sellers and 66% of Medium Sellers expect luxury sales to grow by more than 10%. In fact, 18% of Heavy Sellers expect their luxury sales to increase by more than 50% in the next year.

What type of luxury sales growth do you project for the next 12 months?

	Heavy Sellers	Medium Sellers	Low Sellers	Big Spenders
	75%+ Luxury Sales	50%+ Luxury Sales	Under 25% Luxury	\$25K+ Per Trip
Up More Than 50%	18%	12%	1%	4%
Up 26-50%	23%	22%	5%	24%
Up 11-25%	33%	32%	11%	31%
Up 6-10%	15%	20%	23%	28%
Up 1-5%	6%	9%	39%	4%
Flat	4%	4%	20%	8%
Down 1-5%	0%	0%	1%	0%
Down 6-10%	1%	1%	0%	0%
Down 11-25%	0%	0%	0%	0%
Down 26-50%	0%	0%	0%	0%
Down More Than 50%	1%	0%	1%	2%



What things do you do to ensure everything goes smoothly?

Read consumer complaints about online travel agencies (OTAs)* and you will find customers who show up at a hotel and discover their reservations can't be found or are incorrect. We asked agents what they do to ensure client satisfaction.

Trust but verify: More than 80% of agents reconfirm all reservations details immediately after making the booking and immediately before their clients arrive. Over half of agents (52%) monitor the weather where their clients are traveling and nearly 4 in 10 contact suppliers while clients are there (39%) and monitor clients on social media (38%). Fully 84% of agents personally call clients after their trip, while 29% contact clients during their trip to make sure things are going well.

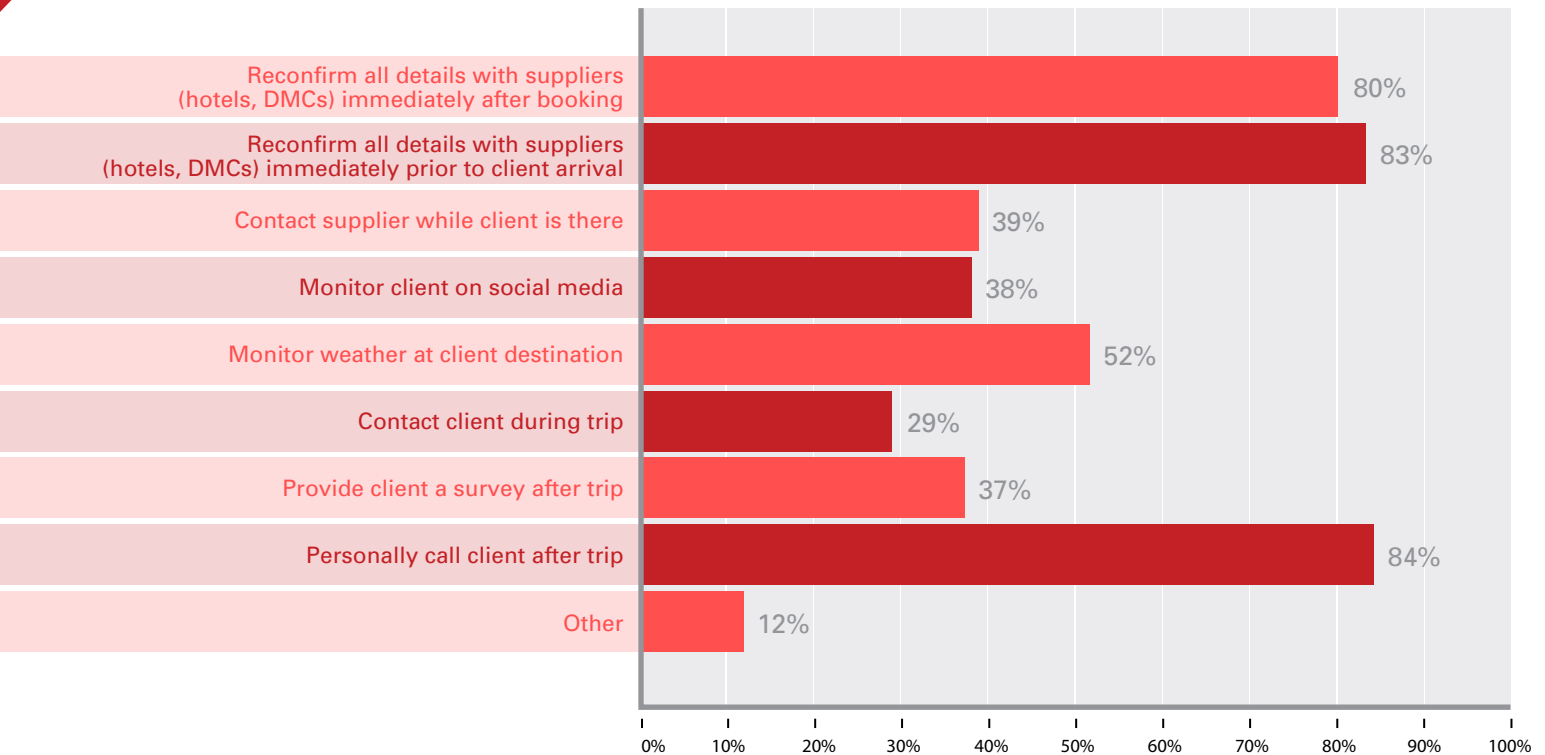
Many agents tell clients they are available 24/7 in case anything goes wrong, and monitor flight departures and arrivals, changing drop-offs and pick-ups as needed. Other agents call their clients a few days before departure to make sure clients haven't forgotten anything

KEY INSIGHTS:

- While OTAs and suppliers often send customers post-stay surveys, travel agents at all ends of the spectrum offer an intensive level of personal service – seen and unseen – to make sure their customers' vacations are going well.

and to personally give reminders about the latest weather where they are going. One agent even says she tracks lost baggage for her clients.

Luxury is all about service. What type of things do you do to ensure client satisfaction? (check all that apply)



* As OTAs Expand Their Reach, a Trail of Complaints Suggests Online Booking May Not Be the Best Choice for Consumers www.travelmarketreport.com/articles/As-OTAs-Expand-Their-Reach-a-Trail-of-Complaints-Suggests-Online-Booking-May-Not-Be-the-Best-Choice-for-Consumers



What things do you do to ensure everything goes smoothly?

Chart 6 Continued



Low Sellers were less likely to contact clients during their trip (20%) compared to High (43%) and Medium (36%) sellers or those agents with Big Spenders (47%).

Similarly, Low Sellers were less likely to contact suppliers while their clients are there (25%) than Heavy and Medium Sellers (both 49%) and those with Big Spenders (47%).

Luxury is all about service. What type of things do you do to ensure client satisfaction? (check all that apply)

	Heavy Sellers	Medium Sellers	Low Sellers	Big Spenders
	75%+ Luxury Sales	50%+ Luxury Sales	Under 25% Luxury	\$25K+ Per Trip
Reconfirm all details with suppliers (hotels, DMCs) immediately after booking	80%	82%	75%	84%
Reconfirm all details with suppliers (hotels, DMCs) immediately prior to client arrival	91%	88%	82%	92%
Contact supplier while client is there	49%	49%	25%	47%
Monitor client on social media	42%	39%	39%	33%
Monitor weather at client destination	56%	54%	45%	59%
Contact client during trip	43%	36%	20%	47%
Provide client a survey after trip	35%	37%	42%	28%
Personally call client after trip	85%	88%	80%	92%
Other	14%	15%	11%	24%



How do your clients hear about the hotels you book for them?

Order takers or order makers? Hotels that put large amounts of energy into book-direct strategies often wonder if they are getting incremental sales from agents or are essentially paying commissions for business that would have come their way either way.

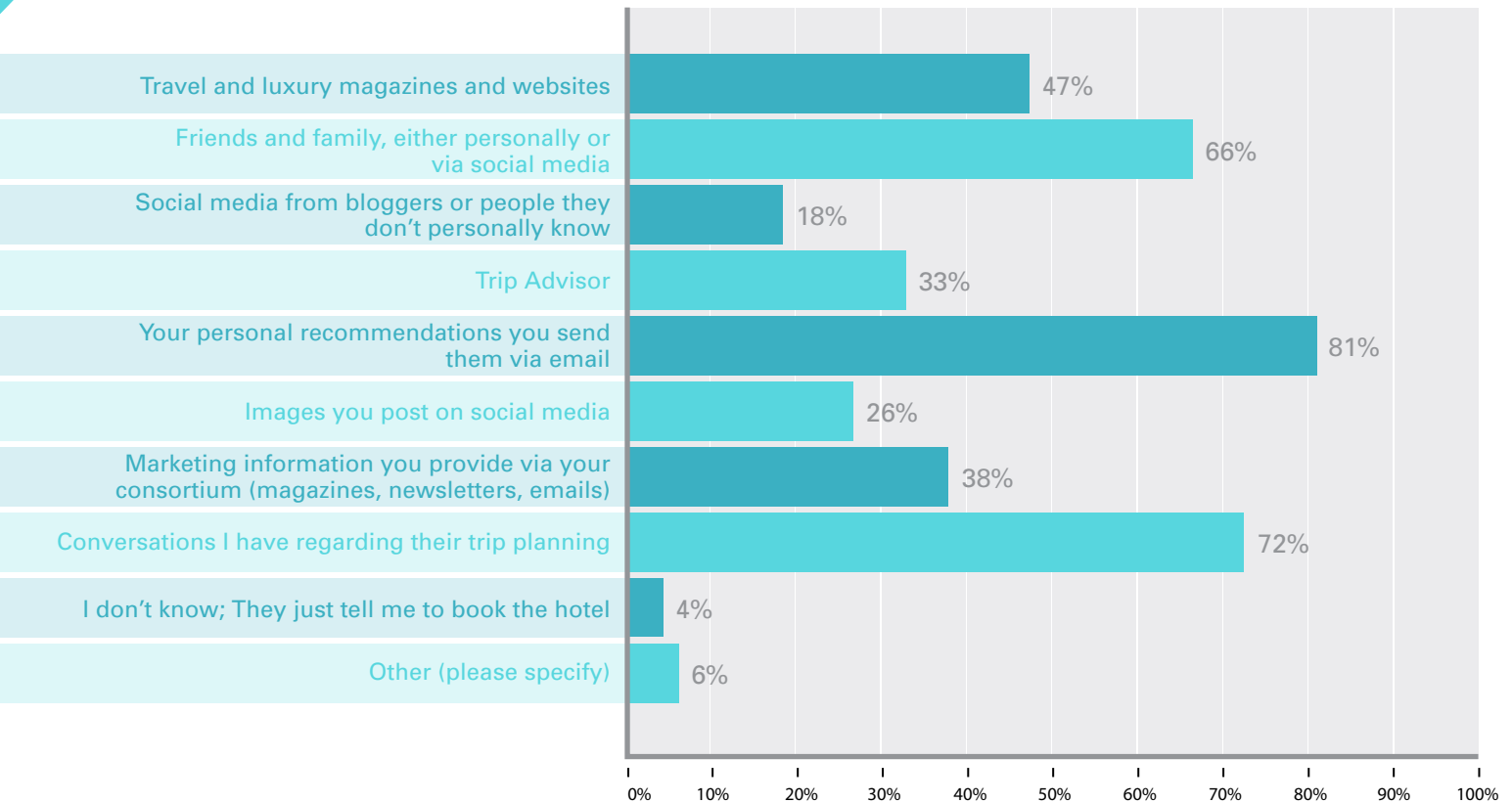
Personal recommendations agents make to customers via email (81%) and recommendations they make during conversations about planning the trip (72%) are the top ways luxury clients end up in a hotel. Recommendations from family and friends, either personally or via social media (66%), and travel magazines and websites (47%) also have significant influence. About 4 in 10 clients (38%) are influenced by marketing materials sent to clients on behalf of agents by their consortia or agency groups. Only 4% of agents say they are order takers, simply booking hotels as directed by customers.

While luxury suppliers have been trying to figure out whether or not bloggers are important, according to travel agents only 18% said clients were influenced by social media or bloggers they didn't personally know.

KEY INSIGHTS:

- Agents are the make-or-break sales team for hotels in the luxury sector, with their influence even more important than friends and family.
- Travel and luxury magazines and websites are more influential (47%) than Trip Advisor (33%) or bloggers (18%).
- Clients have very high levels of trust in what their agents recommend, both in personal conversations and via email. Agents should leverage that trust, get more clients to follow them on social media, and use social media more proactively as a marketing platform to current clients.

How do your clients mostly hear about the hotels you book for them? (check all that apply)





How do your clients hear about the hotels you book for them?

Chart 7 Continued



Some media varied by agent segment. For example, travel and luxury magazines and websites were more influential with Big Spenders (55%) than Low Sellers (39%). Trip Advisor is considerably more influential with Low Sellers (40%) than Big Spenders (12%) or overall (33%). One area where agents can up their game is using social media to gain bookings. Only 26% get hotel bookings from posting pictures on their social media.

How do your clients mostly hear about the hotels you book for them? (check all that apply)

	Heavy Sellers 75%+ Luxury Sales	Medium Sellers 50%+ Luxury Sales	Low Sellers Under 25% Luxury	Big Spenders \$25K+ Per Trip
Travel and luxury magazines and websites	46%	50%	39%	55%
Friends and family, either personally or via social media	73%	68%	63%	59%
Social media from bloggers or people they don't personally know	22%	19%	16%	14%
Trip Advisor	27%	29%	40%	12%
Your personal recommendations you send them via email	82%	85%	77%	82%
Images you post on social media	29%	29%	22%	28%
Marketing information you provide via your consortium (magazines, newsletters, emails)	36%	42%	33%	39%
Conversations I have regarding their trip planning	74%	76%	71%	80%
I don't know; They just tell me to book the hotel	5%	3%	6%	4%
Other (please specify)	12%	9%	2%	6%



What goes into booking a luxury hotel?

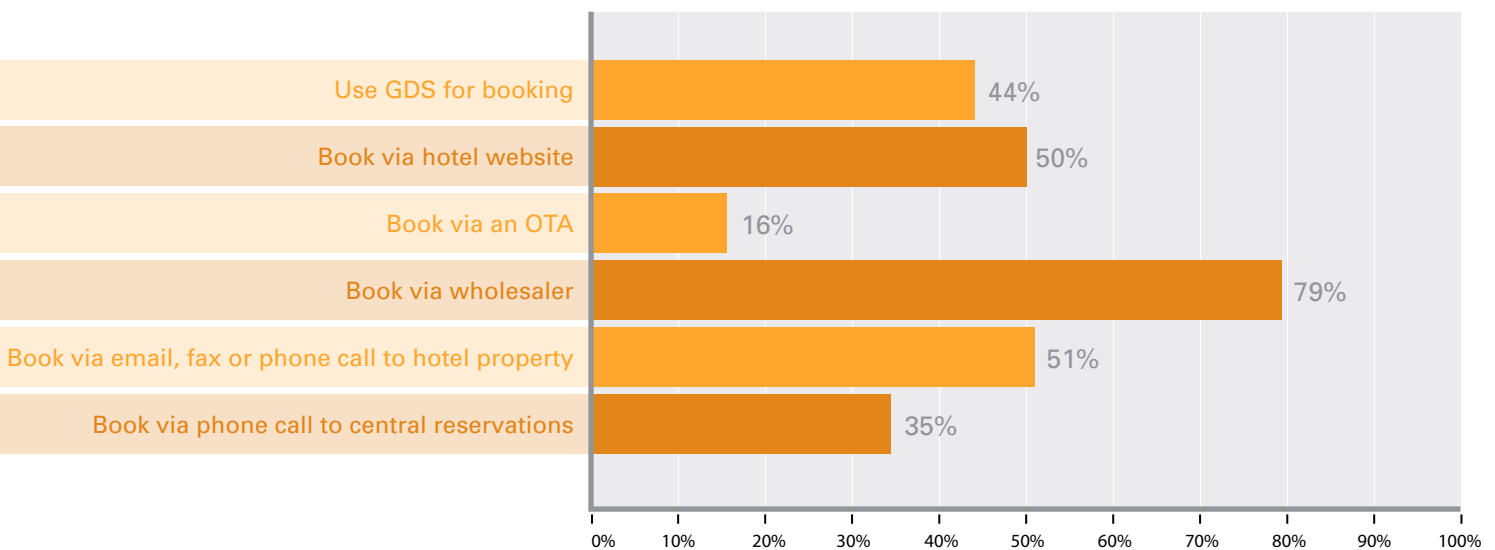
The travel industry often seems driven by technology, but when booking luxury clients, technology takes a back seat. The most popular way for travel agents to book luxury hotels is via wholesalers (79%). This is fairly consistent across all segments.

Email, phone or fax to the hotel (51%), hotel websites (50%) and GDSs (44%) were also cited as typical booking channels for luxury hotel reservations. Phone calls to Central Reservations were cited by 35% of agents, and despite efforts by OTAs to court agent bookings, only 16% mentioned the online agencies.

KEY INSIGHTS:

- Despite rumors of their demise, there is still a role for wholesalers selling hotels in the luxury segment — in fact, a big one.

Thinking about your luxury hotel bookings, check off any of the following that take place with a typical booking:



Heavy (66%) and Medium Sellers (62%) and agencies with Big Spenders (69%) were the most likely to book via email, fax or phone call directly to the property.

	Heavy Sellers 75%+ Luxury Sales	Medium Sellers 50%+ Luxury Sales	Low Sellers Under 25% Luxury	Big Spenders \$25K+ Per Trip
Use GDS for booking	48%	49%	34%	51%
Book via hotel website	42%	44%	53%	43%
Book via an OTA	17%	16%	13%	14%
Book via wholesaler	73%	82%	72%	78%
Book via email, fax or phone call to hotel property	66%	62%	40%	69%
Book via phone call to central reservations	41%	38%	30%	43%



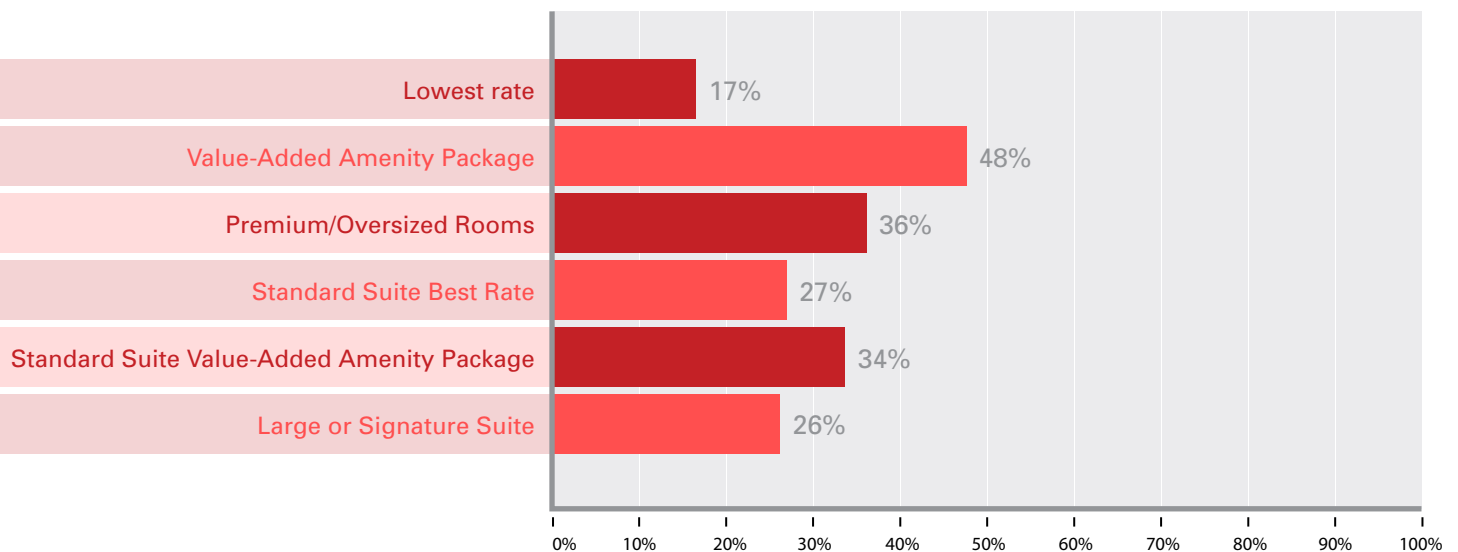
What type of rooms/room rates do you typically book?

While OTAs may drive volume, they also drive low rates, commoditizing the hotel booking process. By contrast only 17% of travel agents selling luxury say they typically sell lowest rate. At the same time, 48% say they book value-added amenity packages that often include free breakfasts, late check-out and credits for spas, bars and dining. What's more, 36% of agents regularly book premium/oversized rooms and 34% book standard suites with value-added amenity packages, versus 27% booking standard suites at best rates. Even better for hotels, 26% of luxury travel agents regularly book large or signature suites, which can range up to \$70,000 per night.

KEY INSIGHTS:

- Hoteliers who want to drive room rates should focus on creating value-added packages for agents to sell. They are very good at it.

When booking hotels for clients, what type of rooms/room rates are you typically booking? (check all that apply)



Not surprisingly, agents with Big Spenders are the most likely (47%) to be booking the large or signature suites.

	Heavy Sellers	Medium Sellers	Low Sellers	Big Spenders
	75%+ Luxury Sales	50%+ Luxury Sales	Under 25% Luxury	\$25K+ Per Trip
Lowest Rate	18%	13%	22%	6%
Value-Added Amenity Package	55%	45%	49%	55%
Premium/Oversized Rooms	50%	40%	27%	63%
Standard Suite Best Rate	31%	25%	30%	31%
Standard Suite Value-Added Amenity Package	41%	33%	35%	39%
Large or Signature Suite	36%	32%	22%	47%



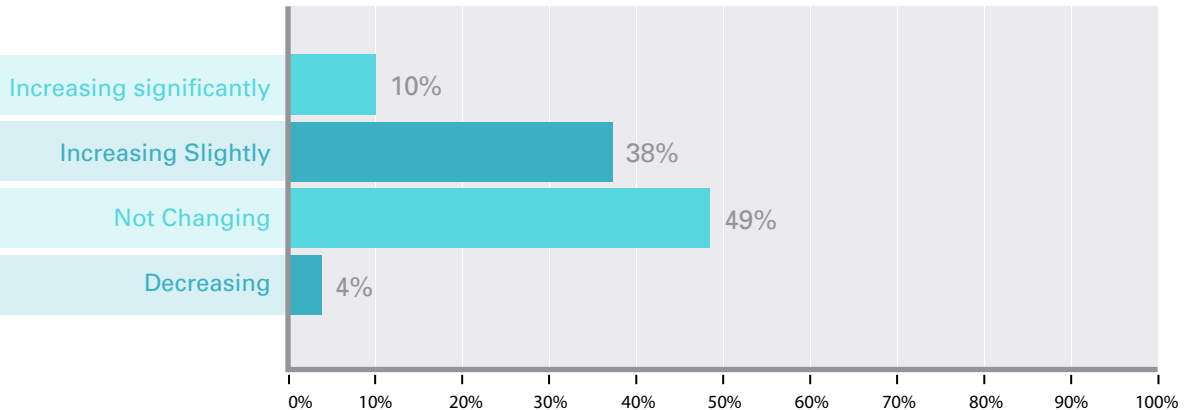
Are luxury clients interested in luxury apartments and homes?

One thing that's sure about interest in luxury apartments and homes is that it's not decreasing. Only 4% of agents say client interest is going down, and that small number was true of all segments of agents we surveyed. Beyond that, agents are evenly split about whether or not interest is increasing (48%) or staying the same (49%).

KEY INSIGHTS:

- Remember the stories about the canary in the coal mine? Luxury hoteliers need to be considering the challenge of competing with luxury apartments and homes. Four Seasons George V, for example, recently converted several smaller suites and rooms into six large luxury "apartments," each with completely different designs, much like you would find in private residences.

Are the number of clients who want to stay in a luxury apartment or home when they previously stayed in a hotel or resort:



Hotels should take note: the Big Spenders who take the most expensive suites are the most likely (14%) to be significantly more interested in hotel alternatives than other segments.

	Heavy Sellers 75%+ Luxury Sales	Medium Sellers 50%+ Luxury Sales	Low Sellers Under 25% Luxury	Big Spenders \$25K+ Per Trip
Increasing Significantly	11%	10%	6%	14%
Increasing Slightly	39%	39%	38%	37%
Not Changing	45%	46%	53%	47%
Decreasing	6%	5%	3%	2%

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What matters most in recommending a hotel to a client?

When travel agents have more than one hotel that perfectly fits the client's needs, what helps them decide which one to recommend?

Agents say that to win business from their competitors, it is extremely or very important for hoteliers to offer free WiFi (85%), very good WiFi (85%), and rooms with spectacular views (82%).

Less important, but still cited as important, are early check-in (66%), a personal relationship with hotel management (65%), guaranteed upgrades (65%), free breakfast (65%), late check-out (62%) and consortia amenity programs (62%). A good spa was cited by 58% of agents, while 52% said free-night programs and 49% said hotel rewards programs help sway their

KEY INSIGHTS:

- Free WiFi and very good WiFi often don't mean the same thing at luxury hotels, where slower WiFi is offered on a complimentary basis, while guests must pay for upgraded service. Maybe it's time to offer top shelf WiFi for free? And when building your next hotel, remember the views matter.

recommendations.

While hotels often promote Trip Advisor ratings and awards they've won, neither is important to travel agents.

What's the clear winner? Agents say free WiFi (52%) and very good WiFi (48%) are extremely important, significantly more than those citing a room with a great view (38%) or even a personal relationship with management (33%).

If all things are equal and you have more than one hotel that fits the client's needs, rate the following when recommending a luxury hotel to a client:

ALL RESPONSES	Extremely/ Very Important	Extremely Important	Very Important	Somewhat Important	Not Very Important	Not Part of the Consideration
Ability to book via GDS	27%	10%	17%	28%	17%	28%
Ability to secure a room with a spectacular view	82%	38%	44%	15%	2%	1%
Awards hotel received	41%	12%	29%	39%	13%	6%
Comprehensive gym/fitness	35%	9%	26%	44%	16%	5%
Consortia amenity programs	62%	29%	33%	22%	10%	5%
Early check-in	66%	28%	38%	26%	5%	3%
F&B credit	42%	14%	28%	38%	12%	7%
Free breakfast	65%	28%	37%	25%	6%	3%
Free night	52%	20%	32%	33%	11%	4%
Free WiFi	85%	52%	33%	13%	1%	1%
Good spa	58%	16%	42%	31%	8%	3%
Guaranteed upgrade	65%	25%	40%	27%	7%	2%
Hotels rewards program	49%	15%	34%	33%	12%	6%
Late check-out	62%	23%	39%	28%	7%	3%
Personal relationship with hotel management	65%	33%	32%	20%	9%	5%
Spa credit	43%	12%	31%	38%	13%	6%
Trip Advisor reviews	42%	12%	30%	42%	11%	5%
Very Good Wifi	85%	48%	37%	13%	2%	1%



What matters most in recommending a hotel to a client?

Chart 11 Continued

When agents have multiple hotels that fit a client’s needs, many of the points were consistent across the various segments – but there were some variances.

The ability to book via GDS was less of an issue for agents with Big Spenders (20%) than for all agents (27%). Hotel awards were also less important when selling Big Spenders (32%). Low Sellers (31%) put less importance on having a comprehensive gym. Consortia value-added programs carried the most weight with agents who have Big Spenders (76%) compared to Low Sellers (56%), perhaps a surprise. Big Spenders (76%) also were more likely to value early check-in while Low Sellers (34%) were less likely to value F&B credits. Big Spenders were the least likely to care about free nights (41%) or hotel rewards programs (43%).

KEY INSIGHTS:

- Hoteliers take note that personal management relationships are most important with agents focused on luxury and those with Big Spenders, but it’s all about free and very good WiFi, plus the ability to secure a room with a spectacular view.

Personal relationships with hotel management were more important with Heavy Sellers (79%), Medium Sellers (74%) and Big Spenders (75%) than Low Sellers (57%). Heavy (50%) and Medium Sellers (47%) were most likely to say spa credits are extremely/very important, while Big Spenders (20%) were the least likely to care about Trip Advisor reviews.

If all things are equal and you have more than one hotel that fits the client’s needs, rate the following when recommending a luxury hotel to a client:

		Heavy Sellers	Medium Sellers	Low Sellers	Big Spenders
EXTREMELY/VERY IMPORTANT	All Respondents	75%+ Luxury Sales	50%+ Luxury Sales	Under 25% Luxury	\$25K+ Per Trip
Ability to book via GDS	27%	29%	30%	25%	20%
Ability to secure a room with a spectacular view	82%	86%	83%	83%	88%
Awards hotel received	41%	39%	42%	39%	32%
Comprehensive gym/fitness	35%	43%	39%	31%	41%
Consortia amenity programs	62%	66%	67%	56%	76%
Early check-in	66%	70%	69%	62%	76%
F&B credit	42%	53%	50%	34%	47%
Free breakfast	65%	65%	64%	65%	66%
Free night	52%	54%	51%	57%	41%
Free WiFi	85%	85%	84%	87%	84%
Good spa	58%	56%	58%	59%	55%
Guaranteed upgrade	65%	66%	66%	66%	63%
Hotels rewards program	49%	48%	50%	51%	43%
Late check-out	62%	64%	62%	58%	62%
Personal relationship with hotel management	65%	79%	74%	57%	75%
Spa credit	43%	50%	47%	39%	36%
Trip Advisor reviews	42%	36%	36%	51%	20%
Very good WiFi	85%	87%	85%	85%	86%



What types of luxury hotels and resorts are your clients most interested in?



When it comes to luxury travel, resorts are the number-one choice (89%), far ahead of city hotels (55%). Despite all the media attention toward trendy lifestyle hotels, larger traditional luxury groups, including Ritz-Carlton, Four Seasons, Waldorf –Astoria, Mandarin Oriental (68%) and traditional luxury hotels (62%) are most popular. All-inclusive (56%) and couples only/adult hotels (50%) have caught the attention of clients, say agents. Family-friendly was only important with 42% of agents.

Lifestyle hotels that are part of luxury groups such as Thompson, W Hotels and Andaz were cited by only 37% of agents, and the independent lifestyle hotels that seem to be popping up like spring flowers were mentioned by only 22%.

Perhaps that's because 58% of agents believe their clients want hotels with fine dining, compared to only 21% for rooftop bars and just 9% who mentioned hot bar scenes.

There were some large differences among the various travel-agent segments. For example, interest in all-inclusive resorts rated highly with Low Sellers (63%) compared to Big Spenders (27%). City hotels are also more in demand by clients of Heavy Sellers (63%), Medium Sellers (61%) and Big Spenders (69%) compared to Low Sellers (44%).

Heavy Sellers (33%) and Big Spenders (22%) are much less likely to book couples-only and all-inclusive resorts than Medium (46%) and Low Sellers (56%).

Low Sellers (29%) are also less likely to have clients focused on smaller groups of traditional luxury hotels such as Peninsula Hotels or Dorchester Collection. The same holds true when it comes to independent luxury hotels (24%) as well as independent lifestyle hotels (11%).

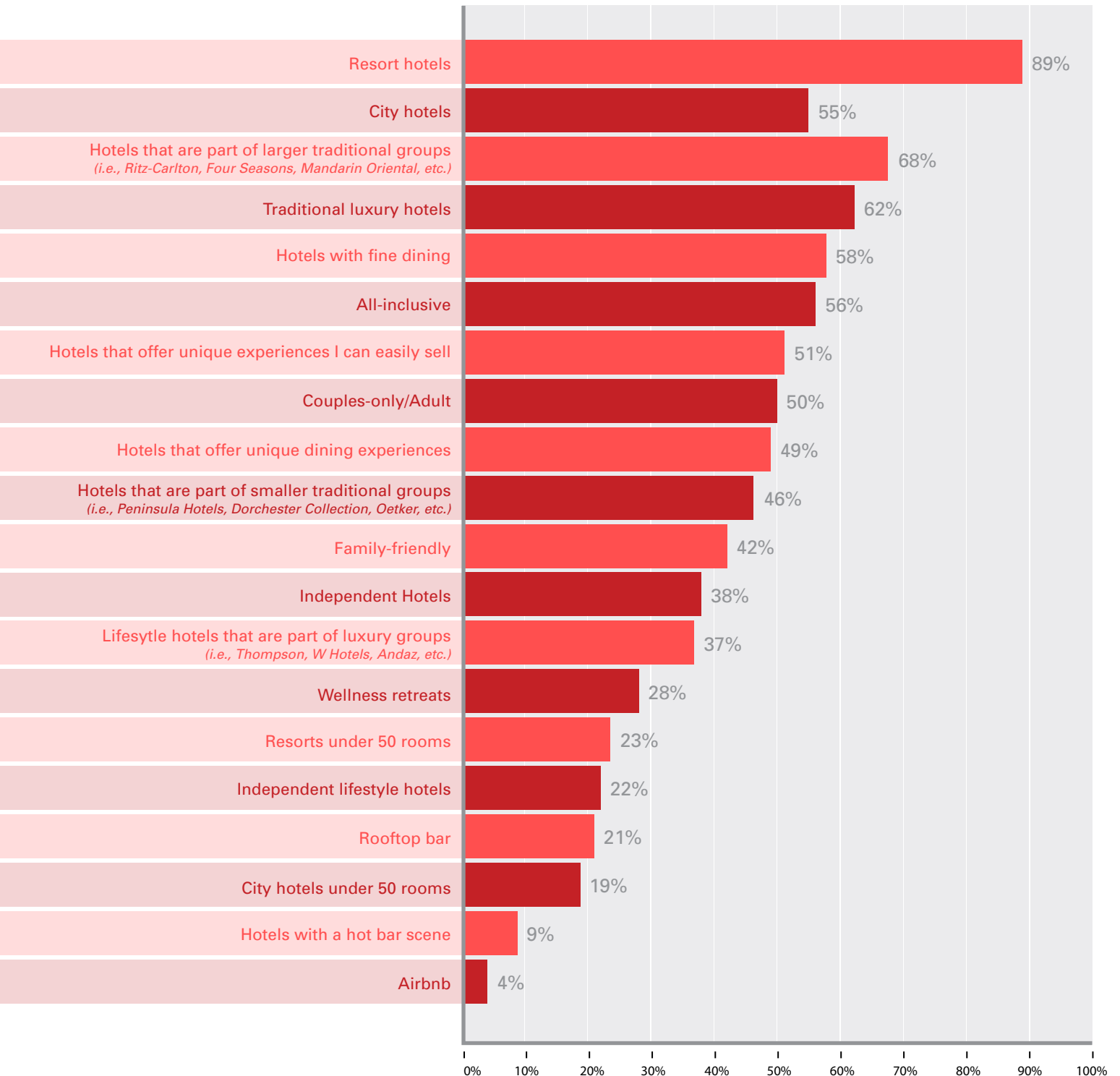
Small luxury hotels and resorts (those with under 50 rooms) will find their sweet spot with travel agents who have Big Spenders as clients.

Chart 12 Continued on next page



What types of luxury hotels and resorts are your clients most interested in?

In which types of hotels and resorts are your clients most interested? (check all that apply)





What types of travel and activities are the focus of luxury trips?

We asked agents about 41 different types of activities that could either be the purpose of a trip or an element of a larger trip. The goal was to see what elements are critical to attracting luxury travelers, what type of trips they are most interested in, and which activities and trends haven't gained traction.

Eating is at the top of the list, with agents saying fine dining (59%) and exploring local cuisine (52%) are very interested/integral to the trip. But only 11% said local street vendor food drives interests.

There was a similar split in terms of destination immersion. More than half (51%) of agents said being able to explore a destination with a private car and driver is an integral part of their clients' trip, with 35% saying

KEY INSIGHTS:

- When luxury travelers think about vacation, they think about eating, both fine dining and trying local cuisines. They also want to be pampered as they explore, preferring a private car and driver (51%) to being part of a group on a bus (16%).

clients want to understand local culture and 34% want VIP access. A further 31% consider being able to visit places they can explore by walking, while only 21% were very interested in having a "meet the locals" experience.

While fitness and healthy lifestyles may be an increased focus for affluent North Americans, being able

What types of activities are the focus of luxury trips? Which ones do clients hope to fit into their overall trip plans?

OVERALL	Very interested/integral to the trip	Somewhat interested	If it fits in with their overall trip plan	Not very interested	Too niche for me to focus on
Ability to exercise/fitness	14%	34%	35%	15%	1%
Accomplishment spa (Weight loss, health improvement)	3%	11%	24%	33%	28%
Attend major sporting events (Kentucky Derby, World Cup, British Open, Wimbledon)	10%	30%	33%	16%	10%
Attend rock music festivals (Coachella, WMC, etc.)	3%	15%	34%	28%	20%
Beach and pool/relaxation	46%	36%	14%	4%	1%
Biking trips	7%	23%	40%	21%	9%
Car rental to drive between destinations	11%	37%	33%	15%	4%
Discover family history/heritage	9%	25%	36%	21%	9%
Exploration cruises	27%	35%	25%	10%	3%
Exploring local cuisine	52%	35%	9%	3%	1%
Extreme sports (mountain biking, heliskiing, white water rafting, kite surfing, mountain climbing, etc.)	6%	14%	35%	31%	14%
Fine dining	59%	32%	7%	1%	0%
Fitness class offered at hotel they are staying at	6%	21%	40%	22%	11%
Golf	13%	32%	36%	14%	6%
Local sightseeing via group tour in bus/minibus	16%	30%	30%	23%	1%
Local sightseeing via private guide and driver	51%	33%	13%	3%	0%
Local street vendor cuisine	11%	24%	34%	27%	4%
Luxury barges	21%	28%	27%	15%	8%
Luxury river boats	37%	39%	18%	4%	2%
Luxury trains	24%	35%	29%	7%	4%



What types of travel and activities are the focus of luxury trips?

Chart 13.1 Continued

to exercise while on vacations didn't rank highly. Forty-six percent of agents' clients want a beach/pool for relaxation and 27% value a private pool in their suite or villa. Having a spa rated with just 23%, the ability to exercise with 14%, to play golf 13%, soft adventure experiences such as hiking and paddle boarding 11%, biking 7%, extreme sports 6% and tennis 6%.

Still, a number of elements can drive extra revenue for agents and suppliers.

Biking and fitness classes offered at the hotel were mentioned by 40% of agents followed by tennis (39%).

Sporting events such as going to a baseball or football game (38%), opera or theatre performances and exhibits at museums (37%) are also of interest.

In looking at types of luxury travel that can be combined, though we normally think of them as stand-alone trips, ocean cruises (46%) ranked highest, followed by river cruises (37%), safaris (26%), villa rentals (26%), luxury trains (24%), spa/wellness resorts (23%), luxury barges (21%), golf (13%), trips by car rental (11%), family heritage discovery tours (9%), private jet tours (7%), dude ranches (6%) and medical spas (4%).

What types of activities are the focus of luxury trips? Which ones do clients hope to fit into their overall trip plans?

OVERALL	Very interested/ integral to the trip	Somewhat interested	If it fits in with their overall trip plan	Not very interested	Too niche for me to focus on
Medical Spa (surgery)	4%	8%	19%	37%	32%
Meet the locals	21%	29%	35%	14%	1%
Ocean cruises	46%	34%	15%	4%	2%
Places they can explore via walking	31%	39%	24%	4%	1%
Private jet tours (Four Seasons, A&K, Crystal)	7%	22%	27%	27%	17%
Private pool in their suite/villa	27%	39%	23%	7%	3%
Ranch/Dude Ranch vacations	6%	19%	33%	28%	14%
Safaris	26%	34%	26%	9%	5%
Shopping for locally made items	22%	44%	27%	6%	2%
Shopping for luxury goods	20%	41%	29%	9%	2%
Soft adventure (Hiking, paddle boarding, zip line, snorket, etc.)	11%	34%	37%	13%	4%
Spa/Wellness	23%	39%	28%	8%	2%
Take part in competitions (marathons, fishing tournaments, triathalons)	3%	11%	34%	31%	21%
Tennis	6%	21%	39%	24%	10%
Travel to attend concerts by big rock acts (U2, Billy Joel, Lady Gaga, etc.)	4%	14%	36%	26%	19%
Travel to see ongoing performances and cultural events (opera, theatre, museum exhibitions)	12%	29%	37%	14%	9%
Travel to see sports teams (i.e. attend a baseball game at Fenway Park)	5%	20%	38%	24%	14%
Understand local culture	35%	37%	23%	4%	0%
Villa rentals	26%	37%	25%	10%	3%
VIP access at attractions	34%	40%	17%	6%	2%
Visit museums and cultural attractions	40%	38%	20%	2%	0%
Visit UNESCO World Heritage Sites	25%	37%	25%	9%	5%



Which activities do clients want if they fit within their overall trip plan?

In asking about activities that are integral to making the sale, there were some differences. For example, Heavy (20%) and Medium Sellers (17%) and agents with Big Spenders (18%) were nearly twice as likely to say the ability to exercise was integral than were Low Sellers (10%). Similarly, fine dining was more important to clients of Heavy and Medium Sellers (both 63%) and Big Spenders (69%) than Low Sellers (52%).

This trend also held for exploring local cuisine, visiting museums and cultural attractions, interest in UNESCO World Heritage sites, wanting to sightsee with a private

KEY INSIGHTS:

- For destinations that value spending per visitor as a key measure, agencies focused on luxury or that have Big Spenders are more likely to deliver clients who are going to spend more on dining, visiting attractions, buying locally-made and luxury goods.

How does the interest in various activities and trip types vary by the different segments we looked at in our research?

	All Respondents	Heavy Sellers 75%+ Luxury Sales	Medium Sellers 50%+ Luxury Sales	Low Sellers Under 25% Luxury	Big Spenders \$25K+ Per Trip
VERY INTERESTED/INTEGRAL TO THE TRIP					
Ability to exercise/fitness	14%	20%	17%	10%	18%
Accomplishment spa (Weight loss, health improvement)	3%	4%	4%	3%	0%
Attend major sporting events (Kentucky Derby, World Cup, British Open, Wimbledon)	10%	11%	10%	11%	12%
Attend rock music festivals (Coachella, WMC, etc.)	3%	6%	4%	3%	0%
Beach and pool/relaxation	46%	46%	42%	48%	41%
Biking trips	7%	9%	7%	6%	4%
Car rental to drive between destinations	11%	12%	10%	12%	10%
Discover family history/heritage	9%	8%	9%	9%	8%
Exploration cruises	27%	39%	33%	21%	51%
Exploring local cuisine	52%	64%	58%	45%	63%
Extreme sports (mountain biking, heliskiing, white water rafting, kite surfing, mountain climbing, etc.)	6%	5%	4%	6%	0%
Fine dining	59%	63%	63%	52%	69%
Fitness class offered at hotel they are staying at	6%	7%	6%	6%	2%
Golf	13%	11%	11%	17%	14%
Local sightseeing via group tour in bus/minibus	16%	17%	15%	19%	12%
Local sightseeing via private guide and driver	51%	62%	60%	35%	69%
Local street vendor cuisine	11%	11%	10%	10%	6%
Luxury barges	21%	33%	27%	15%	49%
Luxury river boats	37%	45%	44%	31%	59%
Luxury trains	24%	32%	31%	16%	45%
Medical Spa (surgery)	4%	4%	4%	3%	2%



Which activities do clients want if they fit within their overall trip plan?

Chart 13.2 Continued

car and driver, VIP access, desiring private pools, and shopping for luxury goods (which had its biggest appeal with Big Spenders) and locally-made items.

Some of the largest differences came in the travel types in which agents said their clients are very interested. Big Spenders (49%) are significantly more interested in luxury barges than are clients of Heavy (33%), Medium (27%) and Low Sellers (15%). Agents with Big Spenders (59%) said clients were very interested in river cruises compared to Heavy (45%), Medium (44%) and Low (31%) Sellers. The same holds true with luxury trains, where primary interest

is from Big Spenders (45%) compared to Heavy (32%), Medium (31%) and Low (16%) Sellers of luxury.

For private jet tours, interest was strongest from Big Spenders (18%) compared to Heavy (10%), Medium (9%) and Low Sellers (3%). It was a similar story with safaris, where interest is strongest with Big Spenders (45%) compared to Heavy and Medium Sellers (31%) or Low Sellers (19%). Villa rentals are markedly more popular with the clients of Heavy (34%) and Medium (31%) Sellers and Big Spenders (29%) as compared to Low Sellers (16%).

How does the interest in various activities and trip types vary by the different segments we looked at in our research?

		Heavy Sellers	Medium Sellers	Low Sellers	Big Spenders
VERY INTERESTED/INTEGRAL TO THE TRIP	All Respondents	75%+ Luxury Sales	50%+ Luxury Sales	Under 25% Luxury	\$25K+ Per Trip
Meet the locals	21%	28%	20%	19%	20%
Ocean cruises	46%	51%	48%	41%	59%
Places they can explore via walking	31%	32%	32%	27%	37%
Private jet tours (Four Seasons, A&K, Crystal)	7%	10%	9%	3%	18%
Private pool in their suite/villa	27%	33%	32%	17%	33%
Ranch/Dude Ranch vacations	6%	8%	7%	2%	6%
Safaris	26%	31%	31%	19%	45%
Shopping for locally made items	22%	32%	25%	17%	27%
Shopping for luxury goods	20%	24%	23%	15%	27%
Soft adventure (Hiking, paddle boarding, zip line, snorket, etc.)	11%	12%	9%	14%	14%
Spa/Wellness	23%	26%	24%	22%	22%
Take part in competitions (marathons, fishing tournaments, triathalons)	3%	2%	2%	3%	2%
Tennis	6%	6%	6%	6%	8%
Travel to attend concerts by big rock acts (U2, Billy Joel, Lady Gaga, etc.)	4%	6%	5%	5%	0%
Travel to see ongoing performances and cultural events (opera, theatre, museum exhibitions)	12%	17%	14%	8%	16%
Travel to see sports teams (i.e. attend a baseball game at Fenway Park)	5%	5%	4%	6%	0%
Understand local culture	35%	42%	37%	29%	29%
Villa rentals	26%	34%	31%	16%	29%
VIP access at attractions	34%	43%	38%	28%	53%
Visit museums and cultural attractions	40%	48%	45%	32%	49%
Visit UNESCO World Heritage Sites	25%	29%	27%	20%	35%



What special services or touches do you provide?

What's the secret sauce that's fueling the growth of travel agents in the luxury market? Wouldn't you like to know!

Certainly the OTAs and new hybrid agencies who are trying to figure it out, either by increasing customer service via technology or melding technology and the human touch, would love to know. Unfortunately, the investors who have pumped hundreds of millions of dollars of venture capital into trying to crack the luxury market may find what we found depressing. Perhaps it's the same reason they use professionals to help manage their money or haven't turned over taking care of their kids to a robot. It's all about the human touch.

When we asked agents about the types of things they do that set them apart, they had a lot to say. As we discussed on pages 18-19, agents reconfirm bookings, both after making them and immediately before their client arrives. They also are in contact with each supplier while their client is there, and even monitor the weather to make alternate plans if the skies impede pre-planned activities. They don't just send post-trip surveys to clients; they pick up the phone and make a personal call.

Agents say their value comes from recommendations based on their personal experiences or feedback from

KEY INSIGHTS:

- When one looks at what good agents do for their luxury customers, it's easy to understand why luxury customers love their travel agents.
- Travel agents that want to grow their luxury business will be happy to know it's not rocket science. To be a top performer you just need to be dedicated, motivated, focus on the details and be ready to proactively get ahead of problems 24/7!

colleagues who have recently visited the destinations, ships, trains, safari camps and hotels they sell. It also includes taking the time to test new attractions, experiences and VIP services. Agents tap into local destination marketing companies, and are experts in setting up customized experiences and private access.

"I am their personal concierge," wrote one agent. "I listen to their want list. I listen to their needs list."

Many agents meet their clients face-to-face not in the office but in a house call, according to the client's schedule. After booking, they keep monitoring prices to watch for a better deal or opportunities for upgrades and added perks. They use negotiated amenity programs from their consortia to provide free breakfasts, upgrades, late check-out and F&B or spa credits.

What special touches or services do you or your agency provide that you think sets apart the service you deliver from other sellers of luxury travel?

Meet in Person **Highly Individualized Touch**
Lots of Agents Available 24/7 **Amenities**
Attention To Detail **Communication**
Private Transfers **Experience Properties** **Service**
Local Clients **Complimentary Travel** **Follow-Up Gifts**
Perks **Tours** **Limo** **Product Response**
Upgrades **Bottle Of Wine** **Listen**



What special services or touches do you provide?



Then they add those small touches. They put together comprehensive itineraries, which they hand-deliver and also format for the customer's smartphone.

Each element has a confirmation number and a contact name with a local phone number and email. They send pre-trip gifts, such as premium document holders, beach bags and travel pillows. They help clients decipher the best international calling plan or provide "cheat sheets" on local etiquette and tipping. They arrange VIP meet-and-greet and transfer services and keep detailed accounts of where they've saved clients money and added value. "Even luxury travelers like to know we are trying to save them money whenever possible," wrote one agent.

During the trip, they send surprise gifts, using their intimate knowledge of client preferences. "Hotels just send up a random bottle of wine that fits in their budget. We send a specific local bottle of wine that's based on the type of wine that client likes. Sometimes, it's two bottles, one for the husband, one for the wife. If they don't like wine, they'll find a favorite snack that's not available where they happen to be."

Agents also help clients track down final hotel bills and follow up with suppliers to resolve disputes. When clients return home, in addition to a personal call, they may find pictures taken from social media the client posted in a framed montage of highlights.

Agents say another secret to their grip on luxury travelers is the personal relationships they have

developed with suppliers over the years. Having the mobile phone number or direct email to the boss can help them straighten out kinks before they become problems that ruin the client's trip. By being proactive problem-solvers, agents often generate repeat business and customer recommendations for their suppliers and help them avoid unhappy customers.

And agents don't rest on their laurels. They take supplier training programs to boost their knowledge, and when visiting on familiarization trips, keep intensive 16-hour schedules and take copious notes, including which hotel rooms have the best views and which to never put a client in.

At the end of the day, it comes down to understanding how each client is different, making individualized recommendations, offering expert advice based on experience, and then diligently making sure everything goes as planned. When suppliers or the weather have mused things, having a travel agent to set things right helps underscore to clients why they should keep coming back – to the supplier and to the agency.

Agents also say they are passionate about what they do. They approach every trip with the excitement of creating dreams to last a lifetime. They don't take no or not available for an answer and they sleep with their cellphones. One agent said her rule is, "No request is impossible. It's just a new challenge." How do you feel about that, Watson?



What keeps you up at night?

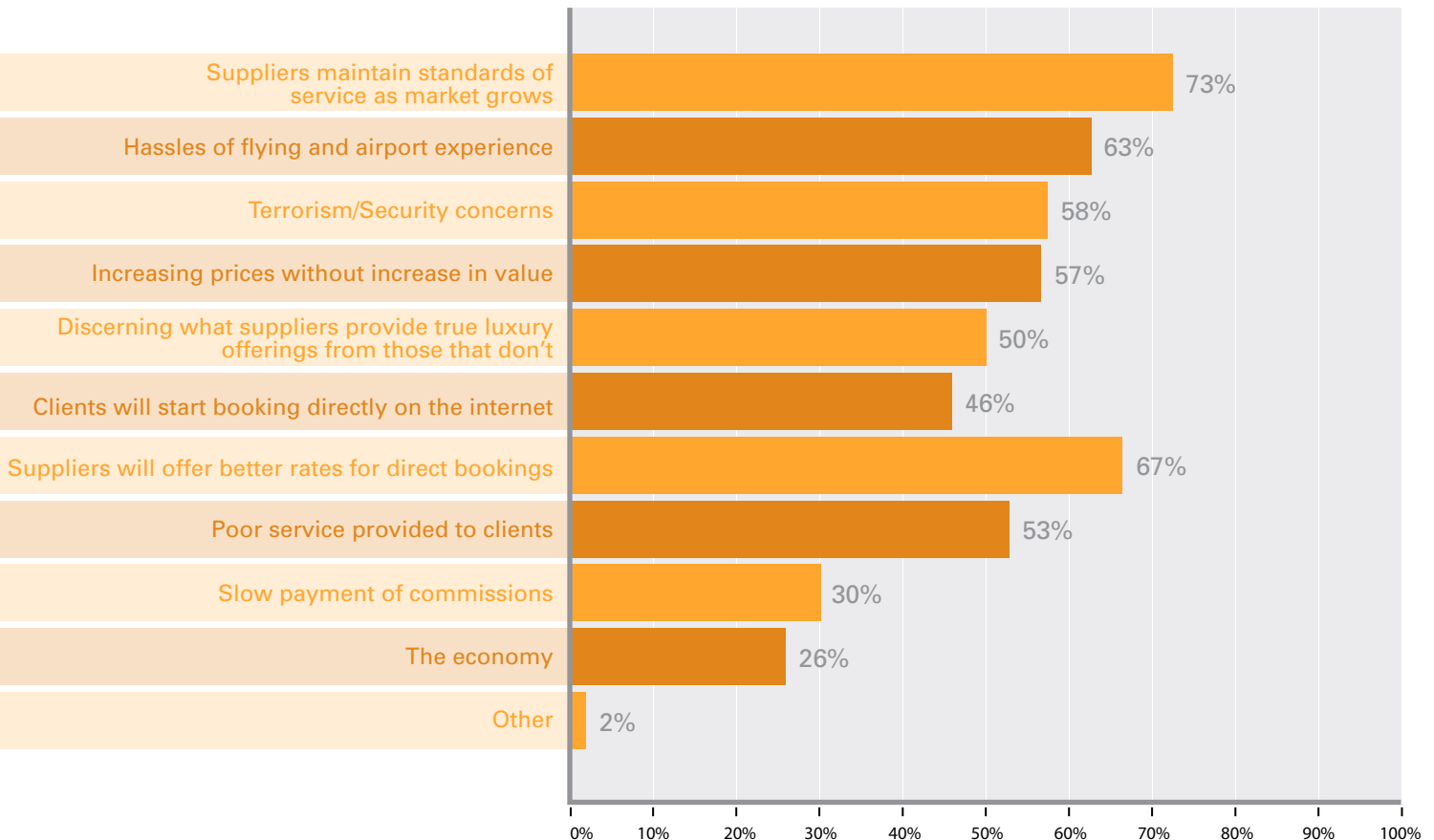
The luxury segment is growing fast, with new hotels expanding and suppliers ramping up new products in the arms race to compete for who can offer experiences that will be talked about for generations, or at least posted to Instagram and Facebook.

Therefore it's not surprising that 73% of agents said their biggest concern is that suppliers maintain standards of service as the market grows. Close behind is that suppliers will offer better rates for direct bookings (67%), the hassles of flying and the airport experience (63%), terrorism concerns (58%), increasing prices without increase in value (57%), poor service provided to clients (53%), discerning which suppliers provide true luxury offerings from those that don't (50%), and concerns that clients will start booking directly on the Internet (46%).

KEY INSIGHTS:

- Agents want to make sure their supplier partners keep delivering high-quality service.
- They do not expect their highest-spending clients to turn to online booking anytime soon.

***Looking forward, what are you most concerned about when it comes to selling luxury?
(check all that apply)***





What keeps you up at night?

Chart 15 Continued

Even within the luxury market, the voice of agents wasn't homogeneous, though it was remarkably similar across the segments we tracked. The biggest variances were with agents who have Big Spenders as clients, who were more concerned (88%) about suppliers maintaining standards of service and also significantly less concerned (22%) that clients will start booking online.

One agent commented, "Many travel vendors want to go direct. They do not realize that if they do, they will have to hire a tremendous support team for not only reservations, but also for customer service. Travel Advisors do all of that for the vendor." Another agent described the broader competition for discretionary luxury purchases as competition, as "many (clients) are buying luxury vacation properties."

A third still sleeps soundly, though. "We're a 70-year old agency," she said. "We've learned to adapt."



Looking forward, what are you most concerned about when it comes to selling luxury? (check all that apply)

	Heavy Sellers	Medium Sellers	Low Sellers	Big Spenders
	75%+ Luxury Sales	50%+ Luxury Sales	Under 25% Luxury	\$25K+ Per Trip
Suppliers maintain standards of service as market grows	79%	78%	66%	88%
Hassles of flying and airport experience	61%	66%	61%	57%
Terrorism/Security concerns	56%	57%	59%	51%
Increasing prices without increase in value	56%	58%	57%	57%
Discerning what suppliers provide true luxury offerings from those that don't	54%	53%	48%	55%
Clients will start booking directly on the internet	42%	42%	52%	22%
Suppliers will offer better rates for direct bookings	59%	64%	66%	65%
Poor service provided to clients	52%	56%	51%	57%
Slow payment of commissions	34%	34%	25%	33%
The economy	30%	26%	31%	22%
Other	4%	4%	1%	6%

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