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The Future of Luxury in Tourism, Hospitality and Events

Introduction

I have argued throughout this book that after centuries when the concept of luxury was quite simple and easily understood by all, it is now undergoing rapid and radical change which is changing it forever. This has been a result of the interaction of a wide range of factors ranging from economic development to terrorism, from technological innovation to social change. Furthermore these factors are continuing and new ones are emerging all the time. Many of them are to date little researched and imperfectly understood as we noted in Chapter 13.

In the last chapter I suggested that we are currently living through a transition period where traditional ideas of luxury are living alongside those which are emerging literally every day.

Tourism, hospitality and events has always been a sector with a high profile due to its nature, and each sector has its iconic elements which are globally recognised as symbols of luxury. But the size of the global markets for all three have increased enormously in recent decades and are continuing to do so. As a result, the markets have increasingly become democratised so that what was once a luxury product only available to the few is now available to hundreds of millions of people. This requires a major re-think of what the concept of luxury, as defined in terms of rarity, exclusivity and so on, means today and indeed if it still has any meaning.

It is in this context that I will now seek to make predictions about the future of the idea of luxury in tourism, hospitality and events, based largely on trends which I believe can be identified today. This attempt to predict the future is a brave, or rather a foolish thing to do in such volatile times but here goes!

Let us begin by identifying the factors that will, in my opinion, shape the future of the luxury concept in general and specifically in tourism, hospitality and events. These factors are presented in Figure 15.1.

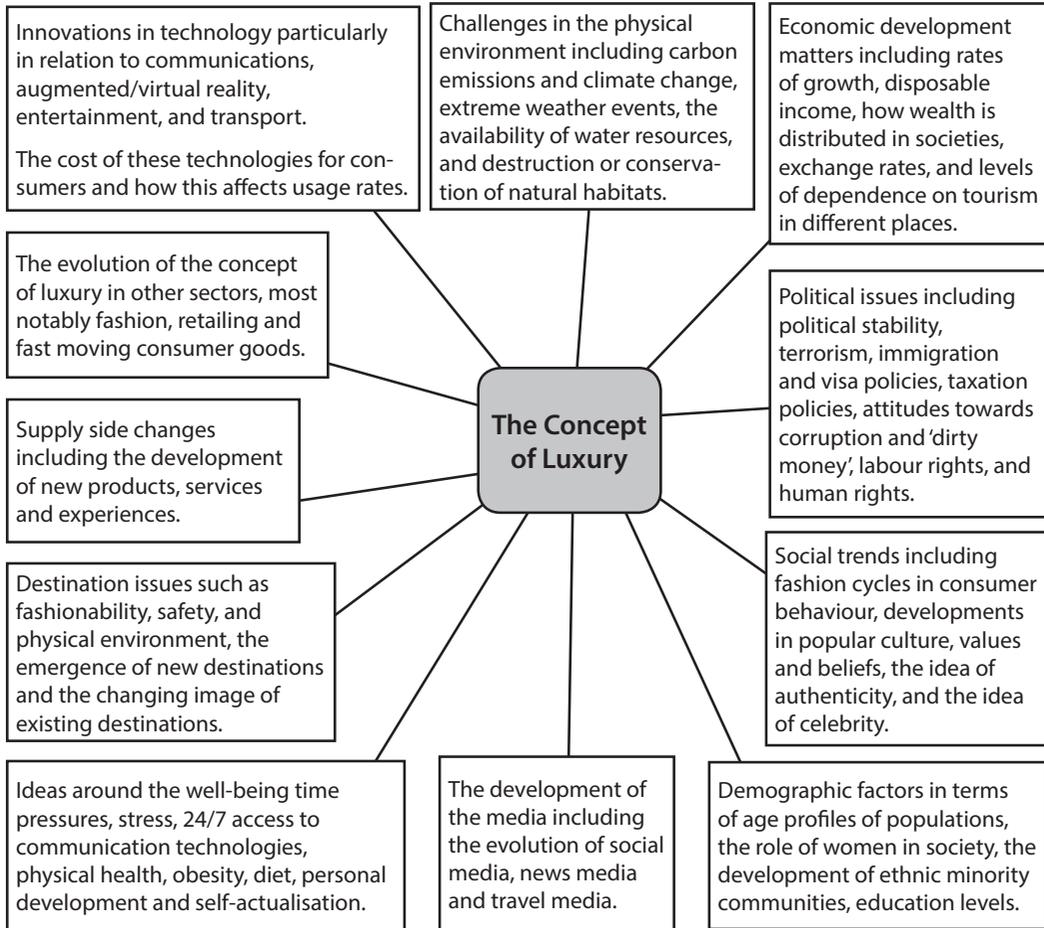


Figure 15.1: Factors that will influence the future meaning of luxury

Before we begin to examine the contents of Figure 15.1 we need to recognise that some of the factors that influence the future of the luxury concept may not even be known yet! Nor does the diagram include every single factor that might influence the future of the idea of luxury in tourism, hospitality and events.

However, notwithstanding what has just been said, there is plenty that is known and more than enough to give us food for thought!

Almost all of the factors identified in Figure 15.1 seem to represent challenges to traditional ideas of luxury. In Figure 15.2 we will look at how these factors are likely to affect the meaning of luxury in the future. In the meantime we will simply make some observations about the factors themselves.

First, they will be felt differently in different parts of the world and of course what is important in the tourism, hospitality and events market is how these factors work in both the country the consumers live in and the countries they visit in their leisure time. In Figure 15.3 we will try to explore these issues further when we look at the geographical evolution of the meaning of luxury in the future.

Second, there is the question of timescales as some of the factors which are already highly visible will be short-lived while others may become almost permanent features of our world. Others that are hardly recognisable yet may become major phenomena in the next few years. And some may be cyclical, assuming great significance for a while and then apparently disappearing again for a period of time before re-emerging. I believe that the challenge will be how difficult all this will be to predict, anticipate and plan for. Once we expected economic downturns on a regular cycle of, say, eight or nine years, yet we have now been in some form of recession for ten straight years. In microcosm, this gives us an insight into the difficulties of predicting the future in this more uncertain world.

Third, there are some 'mega factors' at work which far outweigh the others in potential importance for the planet, as well as for tourism, hospitality and events. I would like to suggest that these include three in particular namely:

- **Environmental** challenges including climate change and water resources in particular.
- The growth in **international terrorism**, in which consumers of tourism, hospitality and events appear to be prime targets. While thinking about and researching this book there have been attacks on concert goers in Manchester, airport users in Brussels, nightclub users in Istanbul, hotel guests in Egypt and tourists strolling around London and Nice
- **Technological innovation**, particularly in terms of those which provide information for travellers and those which make it easy for consumers to share their experiences

Fourth, what is frightening for industry is that not only are these mega factors totally outside their control, but so are most of the factors featured in Figure 15.1. Tourism, hospitality and event organisations are used to having to cope with the impact of uncontrollable factors such as bad weather and strikes. But the uncontrollable factors shown in Figure 15.1 are on an unprecedented scale. To anticipate and plan for them, industry needs to be proactive and take decisive action but the great uncertainty and sheer scale of some of these factors may sap the self-confidence of organisations so they become like 'rabbits in the headlights' on the road to change and fail to take the decisive action that is required!

Fifth, there is the power of another uncontrollable factor, the media. The traditional travel media, which was sympathetic to the industry and often existed in

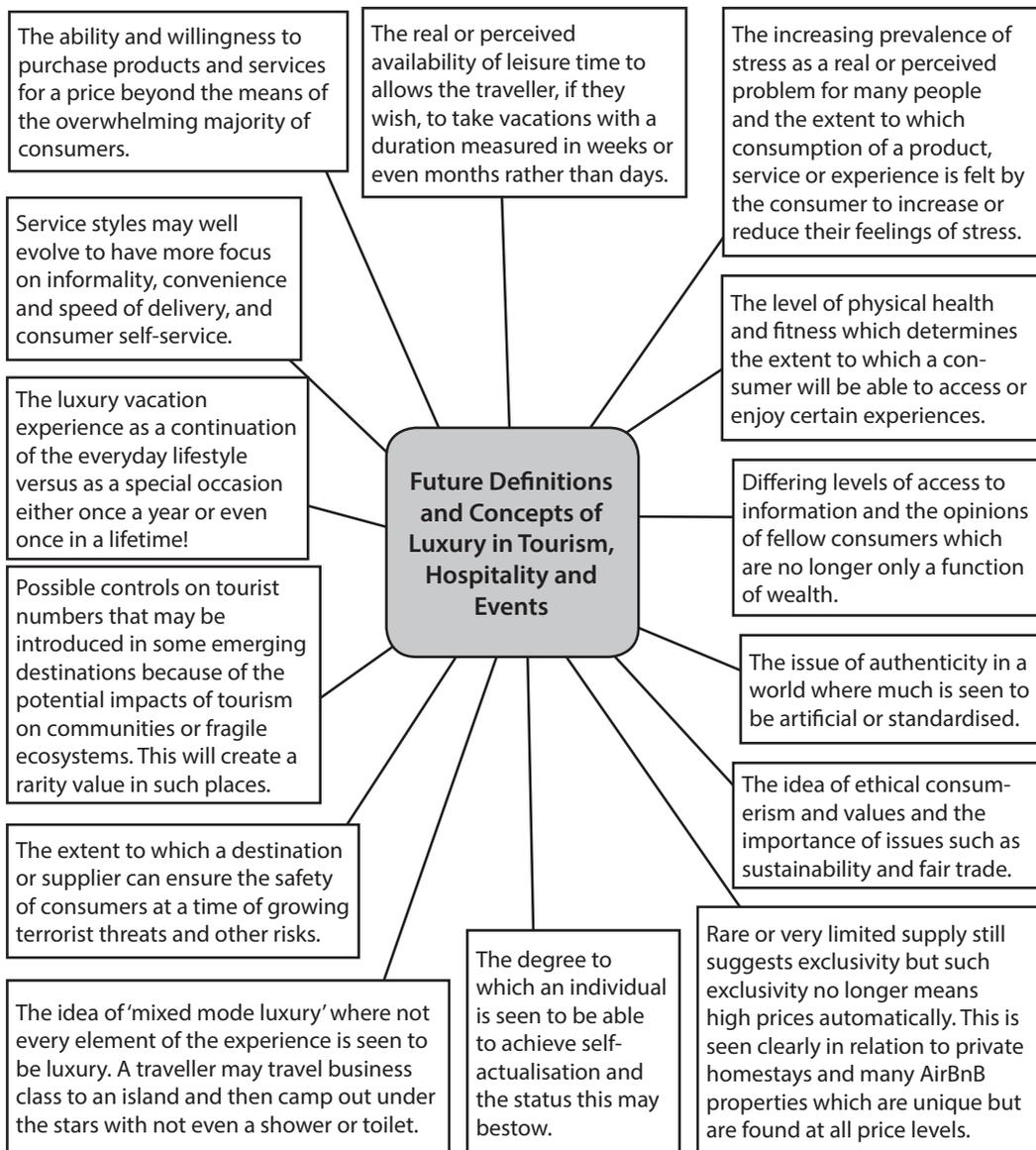


Figure 15.2: Potential future perspectives on the concept of luxury in tourism, hospitality and events.

The ability to pay for luxury

A classic traditional definition of luxury travel would have been the **ability and willingness to purchase products and services for a price which is beyond the means of most tourists**. Being seen to be able to pay a very high price brought status and, until recently, the market was polarised between high volume lower price and low volume high price.