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How is Technology Changing the Meaning of Luxury?

Introduction

Everyone is fully aware in their daily lives of how much technology-driven change has taken place in recent years. This has affected everything from how we communicate with each other to how we shop, and the change is continuous. At the time of writing there is great media interest in the testing of driverless cars. At the same time technological innovation is influencing what we wear, with the advent of smart watches, for instance.

In the world of tourism, hospitality and events, technological developments have had an enormous impact on the consumer experience, the product being offered by the industry, and the ways in which consumers buy the products and services available to them.

In this chapter we will explore specifically how changes in technology are affecting the concept of luxury. I will seek to suggest that the Internet and mobile devices, in particular, are transforming the nature of luxury. I will argue that these developments have democratised travel and that democratised markets call into question the very meaning of luxury. The argument will also be advanced that technological developments have made what would formerly have been seen as luxurious into what is now expected and seen as the norm. Both developments represent a challenge to industry players seeking to position themselves as luxury providers.

Figure 8.1 attempts to represent some of the ways in which technology is influencing both the supply and demand sides in the luxury sector in tourism, hospitality and events.

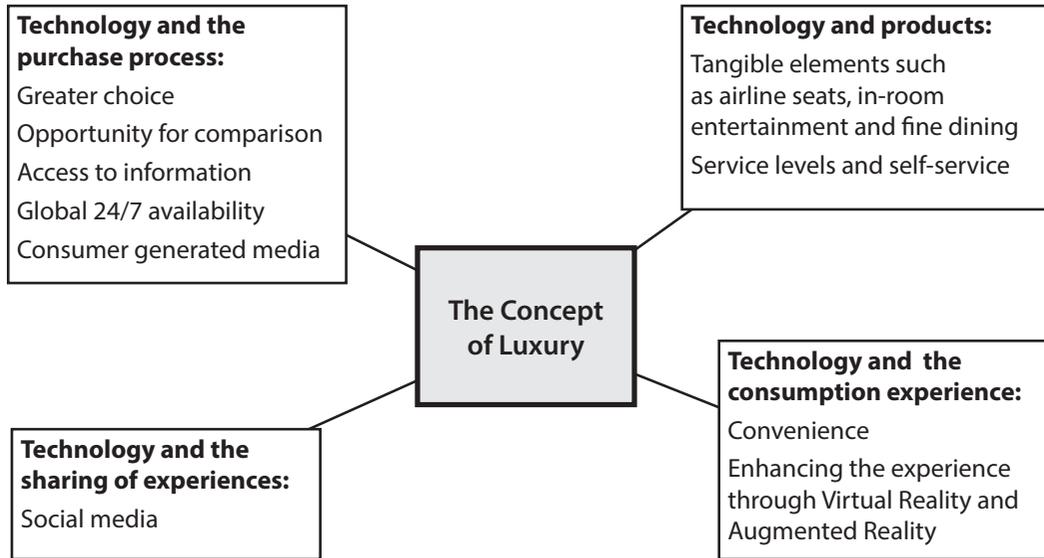


Figure 8.1: The impact of technology on the concept of luxury

Technology and the purchase process

To make any purchase any consumer needs information on what is available to them. Luxury consumers would traditionally have had access to more information than others through personal experiences, word of mouth from well-travelled friends and relatives, and high end travel agents. However, the Internet has democratised access to information with more being available in general and anyone being able to access it from a variety of online sources. Indeed it could be argued that today's 'tech savvy' backpacker on a budget has access to a wider range of up-to-date information on what is available in the market than a rich couple in their 70s who are not confident IT users and whose long-term trusted travel agent has just retired. In the Internet age, perhaps access to masses of information at low cost or no cost is a luxury in itself, and one which is exclusive because many people are not confident or knowledgeable to access the vast quantity of information that is now available.

The other 'luxury' which the Internet bestows on all is the ability for everyone to purchase products and services wherever they are in the world, 24 hours a day without any need for language skills. As such it could be said, again, that technological innovation is rendering the idea of luxury obsolete because it is making a high level of service and convenience available to any consumer regardless of their income.

However, consumers can only enjoy these benefits if they have reliable access to the Internet, and that is not currently the case even in some remote regions in affluent countries let alone in developing countries. And in some hotels, guests are still being charged extra for wi-fi access, not realising that today most guests see this as a necessity rather than a 'luxury'.

The Internet has had another really interesting impact on the purchase process that has profound implications for the luxury sector. Most people use the Internet in terms of tourism and hospitality because they are looking for a 'deal' or a 'bargain' and they have been conditioned to believe that the Internet is where the lowest prices are to be found. We now therefore have a whole new category of 'discounted luxury'. Long gone are the days when it was said that 'if you had to ask the price you could not afford it!'

Today one can find discounted five star hotels, high end cruises and business class air tickets all over the Internet. We are therefore seeing widespread price competition across the luxury market. This is possibly bringing new consumers into the market, who have aspirations to luxury but cannot afford the high 'published' prices for these things. However, over time, this practice of selling luxury primarily on price may serve to undermine the idea of luxury or at least change it significantly.

Technology and products

Technological innovation has been very influential in the evolution of the luxury traveller experience. In the airline sector, much investment has been made in differentiating experiences through the tangible elements of the product. While this has occurred across all classes, it is first and business which have seen the most innovation in this respect. We have seen the development of the seat which converts to a bed and now we have separate cabins. Catering technologies have been used to improve the quality of meals that can be served.

However, technological innovations in aviation, in general, have tended to benefit all passengers, not just those at the front of the aeroplane. That includes planes with longer ranges that no longer need to stop en route to refuel, to improved air circulation systems.

Staying with air travel, an airline may invest many millions of dollars in seats and entertainment systems, but it may only enjoy a few months of competitive advantage before a competitor introduces an even more innovative seat or entertainment system.