Developing and Marketing the UK as a Luxury Destination

Four Case Studies
New Zealand
Mexico
California
Iceland

Prepared for
VisitBritain
by TEAM Tourism Consulting
June 2018
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1. Introduction

1.1 Research objectives

VisitBritain commissioned TEAM Tourism Consulting to produce four case studies which showcase the development of a luxury tourism proposition, with the objective of enhancing this sector within Britain.

The primary business objective is to provide insight which will guide VisitBritain on the development of its luxury tourism strategy.

1.2 Context

VisitBritain commissioned some initial consumer research from Kantar Millward Brown to understand luxury travellers, identify what Britain should offer, establish how to reach this audience, and understand the differences and trends across three target markets: China, GCC (Gulf Cooperation Council, represented by Saudi Arabia and UAE), and the USA. First, they undertook 30 depth interviews (10 per markets). Then, those results fed into the writing of a questionnaire for a further quantitative research in those same markets. Overall results show that:

1. Accommodation and authentic experiences are essential parts of any luxury holidays. Local food experiences are also highly sought after. However, the destinations sometimes have to be their guide: luxury travellers are looking for something unique that they would have some difficulties to define themselves.

2. For Britain in particular, awareness and consideration to visit for a luxury holiday is high. However, there is a lack of knowledge about what is on offer for this audience around Britain. There is a need to showcase the luxury offer through many touch points as possible to boost consumers’ knowledge, and to highlight the exotic, different and exclusive, what genuine and unique experiences lesser-known places have to offer.

3. Planning their holidays is a part of the travel experience that is enjoyable. There are opportunities to connect with the luxury travellers at that stage, but marketing should be appropriate to the target markets. Each of them can be looking for different things when planning a holiday.

4. Over half of the luxury travellers in those three markets would still mention shopping as an important component of their luxury holiday. Customisation is critical too across all three markets, so there still are some common themes across all luxury traveller markets.

As part of its report, Kantar Millward Brown focused on High Net Worth (HNW) and Mass Affluent (MA) in the 3 key luxury markets of USA, China and GCC. The graphs below define those target groups and give an estimate of their respective sizes.
DEFINITION OF THE TARGET GROUPS

US$150,000 - $1 Million in liquid assets

High Net Worth Individuals (HNWIs)

$1 Million plus in liquid assets

DEFINITION THE TARGET MARKETS

<table>
<thead>
<tr>
<th>MARKET</th>
<th>HNW population</th>
<th>International tourism expenditure</th>
<th>Recent visits to Britain (2014-2016 averages)</th>
<th>2016 ranking for total inbound spend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 HNWIs</td>
<td>2016 spending</td>
<td>Spend per visit</td>
<td>Spend per night</td>
</tr>
<tr>
<td></td>
<td>ranking</td>
<td>2016 spending</td>
<td>£960</td>
<td>£111</td>
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<tr>
<td></td>
<td>Growth on 2015</td>
<td>2016 spending</td>
<td>£2,233</td>
<td>£118</td>
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<tr>
<td></td>
<td></td>
<td>2016 ranking</td>
<td>£2,886</td>
<td>£172</td>
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<tr>
<td>American</td>
<td>4,795,000</td>
<td>$123.8 bn</td>
<td>16</td>
<td>2</td>
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<tr>
<td>Chinese</td>
<td>1,129,000</td>
<td>$261.1 bn</td>
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<td>Saudi Arabia</td>
<td>178,000</td>
<td>$18.7 bn</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: International Passenger Survey by ONS, UNWTO (January 2018), Capgemini World Wealth Report 2017

1.3 Case Study Selection

On 9 May 2018, VisitBritain selected the four highlighted destinations among the below list of potential case studies presented to them, based on the following criteria:

- **Six primary criteria** – type, target market, relevance & transferability, commissionability, alignment to VisitBritain’s strategic goals and access to information/contacts.
- **Some secondary criteria** – innovation, stakeholder engagement, depth of experiences, evidence of success and budget.
2. Main Learnings and Recommendations

The reviewed luxury destinations have developed and adapted a range of strategies and activities, which show some commonalities. Therefore, here are some recommendations to develop and market the UK as a luxury destination. Those learnings and recommendations are ranked in order of importance here below:

**#1 ENGAGE THE TRAVEL TRADE**
- Travel trade partners are absolutely critical and are different by market. Identify them first.
- Initiate and nurture relationships with key travel trade and advisors by region i.e. Virtuoso.
- Fundamentally know your target audience. Data on First Class passengers from IATA has supported both Mexico and New Zealand strategies.
- Up-weight presence at ILTM – other shows such as Pure can also work well.
- Enable travel trade managers to hand-pick product and contact tour operators directly (to support the development of successful familiarisation trips).

**#2 HAVE A CLEAR PROPOSITION TO EXECUTE**
- Develop a clear proposition and content strategy from the outset.
- Focus marketing messages around beauty, unique experiences, food and wellness.
- NZ’s Dream, Plan & Book customer journey funnel helped both planning and execution.
- Out of London (which is a huge motivator), consider a focus on rural counties / bespoke itineraries underpinned by established luxury accommodation providers.

**#3 DEVELOP MEDIA AND SUPPLIER PARTNERSHIP**
- Media partnerships that integrate a range of stories and channels can be very impactful.
- Build B2B activity with leading accommodation brands – e.g. Soho House.
- Audit and consider working with membership clubs for partner marketing.
- Ensure suppliers deliver overtly against core market themes e.g. sustainable tourism.

**#4 USE ‘INFLUENCERS’ TO CARRY THE MESSAGE**
- Leverage influencers across the world who want to visit the UK and amplify their stories.
- Leverage relevant celebrities, and recent news on British Royalty to showcase the very best of contemporary Britain and chance the traditional, ageing image of Britain.
- ‘Affluencers’ can deliver – but need to be genuine and have a real connection to the place.

**#5 BUILD INTERNAL CAPACITY AND MARKET KNOWLEDGE**
- Consider establishing a luxury network that draws together suppliers and travel trade.
- Invest in assets and collateral that tell the story of the UK luxury offering.
- ‘Unburdened by tradition’ positioning may be more attractive to e.g. Millennial markets.
3. The Case Studies

Case Study 1 – New Zealand

New Zealand – 1. Executive Summary

1.a) Short project description, including rationale

In 2012-2013 the mission for Tourism New Zealand was mandated to increase the value of international visitors to New Zealand by ultimately ensuring a higher spend per visitor and sustainable economic prosperity for New Zealand. The vision was to be the world’s most authentic storyteller by bringing 100% Pure New Zealand to life in new and fresh ways that capture the world’s attention year after year.

In 2013 Tourism New Zealand developed a strategy to ensure New Zealand was front and centre in the luxury market. Over the next 12 months it set out the following with a dedicated premium team across key markets:

- Started building sector knowledge;
- Developing strong industry partnerships;
- Refining priority target markets;
- Leveraging high profile celebrity relationships to highlight New Zealand’s fresh perspective on luxury.

New Zealand selected a priority luxury target audience of 1.5 million individuals with a wealth range of $US 5 million upwards which is referred to as Ultra High Net Worth Individuals (UHNWI) and Very High Net Worth Individuals (VHNWI).

To identify the target markets of US, Australia, Europe (UK/France/Germany cluster) and Singapore and Hong Kong, New Zealand used the World Wealth Report, together with proximity where there were established trade relationships and the highest numbers of billionaires / millionaires to finalise those key markets. In 2017 the final target markets were identified as:

- North America – New York City, Los Angeles.
- Asia Pacific – Sydney, Melbourne, Singapore, Hong Kong.

The challenge was to attract a group of people who are notoriously difficult to communicate with, to a country without a luxury reputation. The approach led by the dedicated Premium Team, and in collaboration with premium industry partners has been highly successful to date.

Overall the luxury industry as a whole has grown with NZ Luxury Lodge revenue data showing an increase from March 2012 to March 2017 of 141 percent and the Tourism New Zealand luxury team have won Virtuoso Travel Board of the year for three years running – 2015/2016/2017.
1.b) Key challenges and solutions

There were a number of challenges from the outset:

1. The additional investment from the New Zealand Government of $20 million (NZ) over 4 years needed to show quick results. TNZ needed to recruit and train staff with expertise in marketing and trade in the luxury sector. Whilst recruiting talent with luxury experience, management leveraged expertise from within the business to continue the planning and creation of assets.

2. Defining and understanding the target audience and target markets evolved over 1-2 years through a test and learn approach. As new research and insights became available the team refined the strategy.

3. The UHNWI and VHNWI (1.5 million individuals) are notoriously hard to reach and require more of a one to one rather than one to many communications approaches. Again, the test and learn approach enabled the team and media agencies to measure and adapt campaigns based on results.

4. Defining KPI’s was challenging. The Luxury Lodges NZ data became the benchmark measure and in 2017 IATA data also became available which provided inbound first and business class seats coming to NZ and therefore added another useful measure.

5. New privacy rules have made obtaining third party data much more difficult for marketing purposes.

1.c) Main learning points applicable to VisitBritain

1. It’s important to have a clear proposition and content strategy from the outset to position your destination clearly and distinctly from the competition.

2. It’s all about trade and trade partner relationships particularly in the UHNWI target.

3. Know your target audience. The UHNWI and HNWI are notoriously difficult to communicate with.

4. The dream/plan/book customer journey funnel is used across all of the Tourism New Zealand sectors and it enables a clear approach to planning and executing activity across different markets and sectors. For VisitBritain luxury this framework could help with varied target groups within the luxury sector (mass affluent to UHNW) and markets.

5. Using Affluencers works - High-net-worth influencers when they are genuine and have a real connection to the destination brand provide a partnership that opens up a very high-quality network of people.

6. Upweight presence and involvement at luxury travel shows like ILTM and PURE which are excellent ways to showcase the destination and products.
New Zealand – 2. Development of luxury proposition

2.a) The base luxury proposition
Key Objectives of the development of New Zealand as a luxury destination:
1. To capture greater value from the lucrative premium sector who have a greater average daily spend than the average visitor;
2. Provide economic benefit for NZ outside the ‘golden trail’ of the most visited regions;
3. To leverage the already successful luxury lodge offering through partnerships.

2.b) History and reputation of the destination’s Luxury product

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 – September</td>
<td>NZ Government allocates additional funds to Tourism New Zealand to develop high value sectors – funds allocated to Luxury/Business Events and Special Interest. Luxury allocation is NZ $5 million (£2.6 million) per year.</td>
</tr>
<tr>
<td>2014</td>
<td>Showcase NZ Luxury at Virtuoso Travel week in the US.</td>
</tr>
<tr>
<td>2014</td>
<td>TNZ delivers content called ‘Big Blue’ featuring a US UHNW family travelling through NZ on their super yacht. An intimate portrayal of a family which saw 500k highly qualified views targeted at the super yacht community as part of the Tiger 21 partnership (the featured family part of the wealthiest and most powerful social networking group in the world).</td>
</tr>
<tr>
<td>2015</td>
<td>Created still and moving assets to build awareness of NZ as a premium destination for marcomms and partnership activity.</td>
</tr>
<tr>
<td>2015/2016/2017</td>
<td>Virtuoso Tourism Board of the Year.</td>
</tr>
<tr>
<td>2016</td>
<td>Launched ‘Perfection from every perspective’ campaign to show the fresh take on luxury that NZ offers.</td>
</tr>
<tr>
<td>2017</td>
<td>IATA Data became available to measure first and business class seats coming to NZ.</td>
</tr>
</tbody>
</table>
2.c) Product Strength & Hero Content

LUXURY LODGES OF NEW ZEALAND

TNZ worked and continues to work closely with the Luxury Lodges of New Zealand – a portfolio of 32 highly qualified unique properties (See https://www.lodgesofnz.co.nz/lodges).

Luxury lodges of New Zealand collates revenue data from each lodge twice a year and an aggregated report is used by Tourism New Zealand for a measure of sector growth.

The luxury lodges became the anchor for the luxury creative campaigns across media from 2014-2017.

From May-July 2017 TNZ ran a print and digital campaign with US Town and Country magazine comprising print ads, advertorial, sweepstakes, sponsorship, online and social media support and included a media famil. They partnered with Luxury Lodges NZ around the sweepstake component offering a luxury trip to NZ with 5-night accommodation at three luxury lodges.

INDUSTRY RECOGNITION FOR TOURISM NEW ZEALAND


2.d) Project funding

The New Zealand government allocated a total of NZ $20 million (£10.5 million) to Tourism New Zealand for the luxury sector for four years. This equated to NZ $5 million per year (£2.6 million) for the luxury sector.

New Zealand – 3. Marketing Objectives & Strategy

3.a) Destination marketing and brand

New Zealand has seen record international visitor arrivals which outstrip leading world travel trends. In 2016/2017 New Zealand saw total visitor numbers increase by 10 percent to 3.6 million and holiday arrivals increase by 12 percent to 1.9 million and that growth is continuing into 2018.

LUXURY MARKETING COMMUNICATIONS

Objectives

TNZ needed to inspire their audience through emotional storytelling with what they can do in New Zealand, the warmth of their service supported by the world-class exclusive experiences they would have access to. It had to be worth the distance.

Activity was targeted to those already actively considering New Zealand (it’s already on their top 5 dreaming destinations list) whose behaviour indicated they were UHNWI or HNWI. Those active
considerers of New Zealand were targeted through different channels and using messaging based on whether they were in the dreaming, planning or booking stage of the customer journey.

**Strategies - an experience-led approach**
Tourism New Zealand’s premium strategy aims to improve the awareness of New Zealand as a luxury destination amongst ultra-high net worth individuals (UHNWI) and their trusted advisors – with the ultimate goal of increasing the number of high value visitors to New Zealand.

The team knew that the needs of luxury travellers were diverse – some travel with a set plan in mind and others adapt their itinerary to whatever takes their fancy. The TNZ strategy was to highlight experiences that would provide them with a return story worth sharing amongst their exclusive networks.

TNZ worked closely with New Zealand’s luxury travel sector to ensure agents could provide an ideal experience with customized local experiences that have the personal touch. This was achieved through unique personalized campaigns, agent familiarisations and promotion of the 100% Pure New Zealand experience with partner networks.

**Luxury Proposition**
‘An amazing contrast of places and experiences made richer with guides who get you closer, so you can discover more’.

What New Zealand offers (The product truth):

- **DIVERSE LODGES & LANDSCAPES** – an amazing contrast of lodges and retreats that each reflect their own unique locales and environments. So, you can enjoy unique activities, each in harmony with their surroundings.
- **YOUR NATURAL PLAYGROUND** – you ‘own’ your paradise. It’s all yours to immerse yourself deeper and do what you want, your way. Private, personal, perfect, untouched – yours.
- **EMBRACING PEOPLE** – less formal hosting, more personalised guides. Genuine locals who take you to places and share with you experiences that reveal the hidden gems of New Zealand.

**Perceived Barrier**
New Zealand? I imagine it’s beautiful but will it be one dimensional or up to my standards? (I think I’ll stick with a known quantity – Australia or Africa for now).

**Promise and proposition**
100% Pure New Zealand – finding your place to discover your journey – lodges and retreats that unlock a diversity of landscapes, environments and immersive experiences for you.

**Guiding expression**
Perfection from every perspective.

New Zealand has a richness of easily accessible once in a lifetime luxury experiences, set in stunning natural backdrops and made all the more special by the refreshingly genuine people.
TARGETING THE PREMIUM SECTOR
The strategy was developed through trade marketing, media and PR and consumer marketing in key markets.

Trade marketing activity comprised of the following:

- Luxury travel trade shows;
- Joint ventures - with airlines & luxury lodges;
- Strategic trade partnerships - with virtuoso, Traveller Made etc.;
- Training and famil programmes;
- Development of effective sales tools/Toolkit.

Media and PR were comprised of the International media programme (IMP).

Consumer marketing was delivered through major digital marketing campaigns and partnered campaign work.

To engage with both the target audience and their trusted advisors through relevant marketing channels TNZ focused on telling the story of NZ as a premium destination featuring key interest areas (lodge, food, family gatherings, super yacht in distinctive NZ landscape setting) and targeted engagement with key media outlets, trade and industry partners.

Harnessing the power of social media
In 2014 TNZ formed global media partnerships with Facebook (& Instagram) and Google across the entire 100% Pure New Zealand campaign. At that stage most of the total destination media spend was digital (aside from print in the US and some outdoor advertising in Australia) and there was a need to develop a more agile and measurable approach to the TNZ media spend across all markets and sectors. Facebook enabled a more global and therefore more efficient approach to media planning and buying.

The Facebook & Instagram partnership enabled both parties to test and learn and refine the targeting metrics with a focus on moving active considerers of New Zealand from dreamers into planners by landing them on the newzealand.com website. The landing pages were tailored to sectors and campaigns to overcome the barriers for New Zealand which were ‘Why New Zealand’ and ‘Things to see and do’ and ‘how to get around’.

Content Partnerships
In 2016/2017 the NZ premium consumer marketing activity consisted of five content partnerships in the key markets of US and Australia which were supported by ongoing Facebook activity and Google SEM.

On the whole the Robb Report partnership delivered the most value for NZ with a substantial bespoke content hub supported by a full schedule of ads and traffic drivers as well as ongoing adjustments throughout the campaign to continually test and learn, improving results. The Robb
report was an excellent example of a digital campaign that used content, site wraps, eDMs, Digital banners, traffic drivers and video over a five-month period to enable the telling of the diverse luxury New Zealand story with a particular focus on food and wine grounded in the luxury lodges experience.

In terms of driving traffic, Facebook delivered the most cost-effective traffic with the most sophisticated targeting and the greatest ability to test and optimise.

Affluencers/Influencers
The affluent influencer is a key demographic for many digital luxury brands. The group combines affluence with influence and has great potential to increase awareness of and affinity for your brand.

Who you know: The James Cameron Effect – In 2016 TNZ partnered with award winning film director, renowned adventurer and businessman – James Cameron, one of the few people in the world who can influence in the premium market with a genuine love of New Zealand and everything it offers.

James and his wife Suzy spent 4 days filming in NZ, taking in the wonders of the place and using a TED talk he had given many years earlier as the voice over to the two-minute commercial.

The campaign had a halo effect across all of the TNZ sectors in particular for the US audience and the premium team, who leveraged the content in the following way:

- Capitalizing on the film-makers international exposure they launched a global marketing campaign with American Express publications Departures and Centurian (targeted at AMEX’s 143 million HNWI who hold platinum or the invitation only Centurion American Express cards). The campaign garnered more than 12 million impressions across both print and digital editions of the publications, 200,000 Facebook engagements, and 80,000 visitor sessions to the dedicated NZ luxury hub.
- Took over the TNZ luxury hub with James Cameron content spanning premium, special interest (cycling and hiking) and film tourism interests developed through in-depth interviews with James.
- Created print ads, digital banners, link posts to be used in the ‘always on’ media campaign.
- Exclusive PR interviews in US magazines.

PR
The premium PR managers deliver brand messages through third parties (opinion leaders, independent media) to drive preference for visiting New Zealand and assist in converting dreamers into planners into bookers. They do this through:

- Focused IMP (International Media Program) and content created by those partners who usually visit New Zealand on a familiarisation;
- Leveraging the profile of others (Affluencers/Influencers);
- Strategic partnerships.
2016/17 program partnerships were Conde Nast Traveller (UK/USA), Private Clubs, Robb Report, Departures, Vogue Online, Mayfair, Qantas magazine, Centurion, International Traveller, Singapore Tatler which is valued at equivalent advertising value (EAV) of $5 million.

3.b) Target markets & segments
From 2013-2017, TNZ has developed a better understanding of their target audience and is now able to clearly identify and target Active considerers of New Zealand in the Ultra High Net Worth Individual (UHNWI) and Very High Net Worth Individual (VHNWI).

Key characteristics:

- Multi-generational travel is huge;
- They are looking for experiences that surprise, inspire and resonate deeper than what they’ve had before (or what their friends have had);
- Money isn’t a barrier, but time is;
- They don’t necessarily know that NZ has a luxury offering;
- They are private people that trust a circle of other people like them, because only other people like them truly understand luxury travel;
- The lady in the family makes the decisions; she is the influencer and her social circles are important, but her ultimate motivations are family.

Tourism NZ will continue to focus on a tight selection of markets where they have developed experience and trade partnerships and greatest opportunity of conversion of HNWI active considerers:

- USA (New York, Los Angeles);
- Australia (Sydney, Melbourne);
- Europe (UK / France / Germany – city cluster approach);
- Singapore, Hong Kong.

Snapshot of that market:

- Tier 1 – Ultra High Net Worth Individuals $30m+: Money is no object – a couple can spend well in excess of $150K* on a 10-12-day holiday = 145,200 adults.
- Tier 2 – Very High Net Worth Individuals $5m - $30m: Seriously well-heeled visitors who can spend between $50k-$150k on a 10-12-day holiday: 1,388,100 adults.
3.c) Other key points - e.g. tailored immersive / bespoke experiences

**Luxury travel insights**

- Globally the luxury travel market is expected to garner $1.154 billion by 2022. (Allied market research).
- The luxury travel market is projected to be the fastest growing segment of the travel industry worldwide. (Allied Market research).
- Affluent survey respondents rated travel as their top (67 percent) passion in what matters to them, with spending quality time with family at #2 with 65 percent. (Survey of affluence and wealth).
- Over the next 10 years, the growth rate in outbound luxury trips is projected at 6.2 percent, almost a third greater than overall travel (4.8 percent). (Future Traveller Tribes 2030, Amadeus).
- Twitter and Facebook are the leading communication tools for wealthy consumers to share information with friends and family. They also ranked far higher in terms of advertising reach and engagement than traditional advertising. (Shullman research centre).

**New Zealand – 4. Travel Trade Engagement**

4.a) Travel Trade context

**BUILDING PREMIUM PARTNERSHIPS**
Forging relationships with offshore trade was an integral and large component in the delivery of the TNZ premium strategy. Principal partnerships were established where objectives delivered mutually beneficial outcomes, with a very specific focus on the growth of incremental business.

Building trust through education, partner campaign support, consortia membership and famils provided a comprehensive relationship management approach to ensure contact with the luxury trade sector was regular, valuable and advantageous for both parties.

Each year the TNZ Premium team attends 50+ business generating events and education opportunities around the world and conducts almost 1000 meetings with luxury product providers.

**Famils**
In FY17 TNZ’s premium team took more than 65 luxury agents from the US, UK Europe, South America and Asia around New Zealand. These famils allowed them to showcase different regions, highlight different activities available, introduce luxury operators to agents and media and demonstrate the types of experiences clients can enjoy in New Zealand.

**Trade Shows**
TNZ premium team exhibits and attends key international luxury travel trade shows to provide a platform for the New Zealand luxury industry.
Core Partnerships & Joint Ventures
TNZ is a core partner of a number of luxury tourism networks extending their reach and understanding of the target audience. Major partners include (but are not exclusive to) Virtuoso, Traveller Made, Small luxury Hotels, American Express and Signature.

They have also partnered with Eden Luxury Collection, Ten Lifestyle concierge, Carrier, Elegant Resorts, Scott Dunn, Art of Travel, Design Reisen, Windrose Finest Travel, Dertour Delux, Voyages Confidentiels, Swain destinations, Country Holidays, Lightfoot travel and Downunder Endeavours.

ONGOING TRAINING
Many luxury agents hold GOLD Specialist status through the TNZ Specialist training program. This demonstrates their commitment to the destination each having experienced NZ first hand through training modules, attendance at localised in-market events and famil participation.

Research is currently underway to gather insights from luxury agents to develop an additional B2B support sales tool which will benefit client conversation and enhance agent product awareness. This would be an exclusive support tool for the luxury sector where personalized itinerary development and specialist trade product knowledge is crucial.

The below table summarises US trade activity based on where in the consumer purchase funnel a customer is sitting. If they’re dreaming about New Zealand, the destination will be in their top 5 for their next holiday. If they’re in the planning phase they have probably been to newzealand.com and thought about 'Things to see and do' and 'how to get around' and if they’re in the booking phase, they’re about to buy their tickets.

As a rule of thumb, the dreamers are moved down the funnel into planning using campaign and media channels and high-level messaging to overcome the barriers. Once they start planning, the trade becomes crucial to shifting them into the booking phase.

Premium USA Activation Overview

<table>
<thead>
<tr>
<th></th>
<th>Activities</th>
<th>Channels</th>
<th>Messages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dreaming</strong></td>
<td>Consumer Events</td>
<td>Consortium Partners</td>
<td>Perfect escapes to NZ</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JV Partners</td>
<td>Discover luxury NZ</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Media</td>
<td></td>
</tr>
<tr>
<td><strong>Planning</strong></td>
<td>Product Development</td>
<td>Consortium Partners</td>
<td>Diverse lodges and landscapes</td>
</tr>
<tr>
<td></td>
<td>Communications Campaigns</td>
<td>JV Partners</td>
<td>Your natural playground</td>
</tr>
<tr>
<td></td>
<td>Focused Consumer Events</td>
<td>Travel Trade</td>
<td>Embracing people</td>
</tr>
<tr>
<td><strong>Booking</strong></td>
<td>Training &amp; Sales Calls</td>
<td>Consortium Partners</td>
<td>Book (Conversion)</td>
</tr>
<tr>
<td></td>
<td>Agent Familys</td>
<td>JV Partners</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Travel Trade</td>
<td></td>
</tr>
</tbody>
</table>
North America Events H1 FY17
- Signature Travel Network
- AMEX Travel Forum 2017
- Virtuoso Events
- ILTM Americas
- Travel Leaders Group
- gtm – Global Travel Marketplace
- TUKU IHO Living Legacy

Asia Activation overview
From October 2013 – late 2015 the team focused on laying the foundations in their key cities and developing the relationships with trade partners who advise the UHNWI and VHNWI.

From 2016 onwards, the team in Asia refined the target audience and regions in Asia to Singapore and Hong Kong.

**Premium Asia Activation Overview**

<table>
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</tr>
<tr>
<td></td>
<td></td>
<td>– None-trade Affiliates – Discover luxury NZ</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Media</td>
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<tr>
<td><strong>Planning</strong></td>
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<tr>
<td></td>
<td>– Agent Famils</td>
<td>– Travel Trade</td>
</tr>
</tbody>
</table>

**New Zealand – 5. Project Performance**

The key project performance measure for Tourism New Zealand is and continues to be revenue figures from Luxury Lodges New Zealand which show a 141 percent increase over five years.

Other important data sets that help paint a picture of the success is IATA data on first class/business class trips to New Zealand, referrals from newzealand.com to the operators (20,000) for business booking and repeat visitation by luxury lodge customers.
The table below shows a measure that Tourism New Zealand uses across the business around satisfaction and is measured once a traveller is leaving New Zealand. The 94 percent score shows that travellers experience of New Zealand met or exceeded expectations of their trip and is a sure sign of strong word of mouth and social sharing.

<table>
<thead>
<tr>
<th>Top Activities for Holiday Visitors</th>
<th>Highly Satisfied &amp; Likely to Recommend</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Observing Wildlife: 88%</td>
<td>- 94% expectations of NZ experience met or exceed</td>
</tr>
<tr>
<td>- Walk/Hike/Tramp: 84%</td>
<td>- 53% Exceeded</td>
</tr>
<tr>
<td>- National Park: 74%</td>
<td>- 41% Met</td>
</tr>
<tr>
<td>- Beach: 65%</td>
<td>- 7% Worse</td>
</tr>
<tr>
<td>- Maori Cultural Experience/Activity: 61%</td>
<td>- 0% Not Sure</td>
</tr>
<tr>
<td>- Scenic Boat Trips: 55%</td>
<td>- 86% likely to recommend</td>
</tr>
<tr>
<td>- Museum/Art Gallery: 54%</td>
<td>- 9.4/10: US visitors have the highest satisfaction score of their NZ experience of all our top markets</td>
</tr>
<tr>
<td>- Geothermal Park: 43%</td>
<td></td>
</tr>
<tr>
<td>- Glow Worms: 43%</td>
<td></td>
</tr>
<tr>
<td>- Vineyard/Wine Trail: 40%</td>
<td></td>
</tr>
</tbody>
</table>

New Zealand – 6. Key Learnings

6.a) Key learning

- In-market teams make a big difference to understanding their potential clients and building relationships with key partners;
- As more data becomes available targeting becomes tighter and more efficient;
- Clear and unique brand positioning enables tight messaging and a 'one team' drive to success.

6.b) Implications for the development of UK luxury products

From the very beginning of the development of the luxury strategy, the Tourism New Zealand team partnered with Luxury lodges NZ which became the benchmark for the hero product promoted across the assets and at trade shows. This was a simple way to have a 'ready-made' and export ready partner that doubled as hero product. The lodges were shown in all the still and moving content and they were selected for representation in the assets based on innovation, sustainable architecture and their distinct landscape/location.

As time went on, hero product was extended to other operators like Over the Top helicopters in Queenstown and other very distinctly luxury product. The total number of products showcased across key events were a maximum of about 20 but with the balance being represented on newzealand.com hub pages.
6.c) Recommendations for VisitBritain

- Travel Trade relationships and key partnerships are crucial for the UHNW and VHNW target audiences. These partnerships should be initiated very early on in the planning phase to enable trade buy-in and also get input from those who are in the know.

- Trade events like ILTM and PURE are excellent places to showcase your destination offering.

- A strong luxury destination brand positioning and supporting assets can really help to bring the destination to life for potential HNW travellers to the UK and can be used for trade engagement. It's important this positioning is unique and also based on a country truth and for New Zealand helped that it focussed on both landscape and people.

- Including the Mass Affluent traveller opens up a larger group of potential travellers to the UK and naturally picks up on the 'trickle down' effect of the communications with the UHNW traveller. Much of the higher net worth activities are aspirational to the mass affluent and therefore get seen by them.

- Facebook is a very strong channel for all travellers and with careful targeting allows for strong engagement. It's also an excellent storytelling channel.

- Media partnerships can be very impactful and allow for a range of print and digital stories that allow in-depth exploration of your destination offering. They provide content generation opportunities across the dream/plan/book customer journey and paid and earned editorial and advertorial that can be easily measured.

- The Dream/Plan/Book consumer journey framework supports travel industry standards and is a helpful tool to organise priority investment and activity based on different audiences and markets.

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**New Zealand – 7. List of sources**

Case Study 2 – Mexico

Mexico – 1. Executive Summary

1.a) Short project description, including rationale
The tourism industry continues to play a vital role in Mexico’s overall economy. The favourable exchange rate, as well as improved connectivity and infrastructure have been key in increasing overall visitation to Mexico. 2016 was the fourth consecutive record-breaking year in terms of international visitation, with a total of 34.9 million tourist arrivals, compared to 32.1 million during 2015 when for the first time, Mexico ranked 9th among the 10 most visited countries in the world, according to the UNWTO Barometer.

Mexico has the most developed hospitality sector in Latin America and the Mexican Tourist Board ‘Visit Mexico’ has acknowledged the change and evolution of the luxury traveller and their needs. Affluent travellers want more than just lounging in the sun on beautiful white sand beaches, lodging in fabulous hotels and receiving massages in a spa. Not only in Mexico, but globally, these travellers in particular are looking for a wider range of activities and authentic experiences and most importantly a closer connection to local culture. Experiential travel is on the forefront and the tourist board, as well as the travel trade selling Mexico to affluent consumers, is embracing this key word.

Not only is the Mexican tourist board focusing its strategy on the affluent traveller but it is employing an integrated approach using a comprehensive digital ecosystem and acknowledging the influence and importance of digital and a well-researched and targeted approach to attract different markets.

Overall, Mexico has embraced the need to harvest useful data to fully understand their markets. The extensive use of social media as well as the published content leads to the suggestion that Mexico is focusing on the mass-affluent traveller. However mass marketing and general advertising is becoming less important than in the past as Visit Mexico sets its sights on specific audiences.

TOURIST ARRIVALS / SOURCE MARKETS / EXPENDITURE
International tourism in Mexico has reached over 39 million tourists, a growth of more than 60 percent during the first five years of the current administration.

Forecasts indicate that this strong momentum will continue in 2018, with a rate of between 4 percent and 5 percent.

The US continues to hold its dominant position as a source of tourists to Mexico – 70 percent of international visitors arriving by air in 2016 came from the US. Besides the significant US markets, there are also major opportunities to bring in visitors from the Pacific Alliance countries – Chile, Peru and Colombia – as well as Brazilian tourists. In 2016 the number of Colombian tourists arriving in Mexico increased by 7.5 percent to reach 390,000, placing it fourth in terms of arrivals by air. Mexico also has the potential to attract visitors from further afield. High-end tourists will
not come to Mexico unless they have direct flights. While Mexico has seen visitors from Germany and Japan, officials acknowledge the need to expand the flight offers with direct routes.

The source markets for tourism in Mexico are:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>9,417,601</td>
<td>10,340,463</td>
</tr>
<tr>
<td>2</td>
<td>Canada</td>
<td>1,781,469</td>
<td>1,985,084</td>
</tr>
<tr>
<td>3</td>
<td>United Kingdom</td>
<td>545,055</td>
<td>563,099</td>
</tr>
<tr>
<td>4</td>
<td>Colombia</td>
<td>439,689</td>
<td>485,371</td>
</tr>
<tr>
<td>5</td>
<td>Argentina</td>
<td>405,959</td>
<td>474,248</td>
</tr>
<tr>
<td>6</td>
<td>Spain</td>
<td>361,498</td>
<td>377,349</td>
</tr>
<tr>
<td>7</td>
<td>Brazil</td>
<td>307,439</td>
<td>376,520</td>
</tr>
<tr>
<td>8</td>
<td>Germany</td>
<td>255,940</td>
<td>277,352</td>
</tr>
<tr>
<td>9</td>
<td>France</td>
<td>23,901</td>
<td>260,821</td>
</tr>
<tr>
<td>10</td>
<td>Peru</td>
<td>182,042</td>
<td>212,613</td>
</tr>
</tbody>
</table>

The average expenditure of international tourists visiting Mexico also advanced in 2017, to reach US$213 a day, which shows an annual growth of 3.41 percent, in comparison with the US$ 145 a day average, recorded in 2010.

1.b) Key challenges and solutions
In the wider context, Mexico is facing three challenges: security, connectivity and a new range of competitors.

All the areas are being actively addressed.

- **Safety** – a cooperation between the public and private sector invested US$50 million to set up protocols, training as well as the upgrading of supportive infrastructure. Digital platforms are being used to communicate a safety narrative.

- **Connectivity** – especially important for the affluent traveller, who seeks access to cultural and off the beaten path experiences will be heavily dependent, and demand, good transport links. An array of infrastructure and service upgrades promises to expand the reach and opportunities for upscale travel to and around Mexico.

- **Competition** – the Mexico Tourism Board is actively addressing the fact that it now competes with a much broader array of destinations through digital media and has made unique and Mexico specific social media content part of its campaigns.

Mexico – 2. Development of luxury proposition

2.a) The base luxury proposition
Aside from its advantageous geographic situation, Mexico has an extremely diverse range of tourism products including archaeology (Mayan, Aztec, Toltec, Zapotec and Olmex), the largest number of heritage sites in the American continent, numerous colonial cities, several beach destinations with warm water all year long, food that is considered world heritage cuisine, enormous biodiversity and the home of an estimated 12 percent of all animal species. Mexico is
home to major cosmopolitan and cultural centres such as Mexico City, Monterrey and Guadalajara. All these elements are enough to strengthen Mexico's position in the international tourism arena. Opportunities exist to build on existing initiatives to diversify the tourism product based on a wider and more varied asset base and promote higher value tourism markets.

Luxury travel and consumer demands have shifted in the past decade and especially the affluent traveller has reassessed their values and is looking for diverse destinations which includes access to cultural, culinary, wellbeing as well as hospitality experiences. Headlines such as sustainability and immersive experiences as well as singular local experiences that deliver a strong sense of place are an important part in the positioning of Mexico as a luxury destination.

Mexico’s main assets are spread over five main tourist regions, each one with their own unique attributes and relevance to an affluent traveller.

**RIVIERA MAYA**
- The Riviera Maya is located along the Caribbean coastline of the state of Quintana Roo, located in the eastern portion of the Yucatán Peninsula.
- The Riviera Maya is famous for its large scale all-inclusive resorts and a historical tourism base of smaller boutique hotels as well as the many fine-dining restaurants available on or near the beaches. Luxury travel entities have been instrumental in increasing luxury villa rentals and yacht charters in the area however these only represent a fraction of the total tourism accommodation available.
- A major attraction throughout the Riviera Maya are coastal and reef aquatic activities dependent on the coastal water and the Mesoamerican Barrier Reef System, the second longest in the world.
- A modern airport is connecting travellers to these sights.

**LOS CABOS**
Los Cabos is a municipality located at the southern tip of Mexico's Baja California. It encompasses the two towns of Cabo San Lucas and San José del Cabo linked by a twenty-mile Resort Corridor of beach-front properties and championship golf courses. The main draw is the climate and geography, with the access to deserts as well as sea. While there has been development of resorts, hotels and golf courses, there are still smaller isolated and undeveloped beaches.

**OAXACA**
- Oaxaca is located in Southwestern Mexico. To the south, Oaxaca has a significant coastline on the Pacific Ocean.
- The state is best known for its indigenous peoples and cultures as well as its archaeological sites such as Monte Albán, and Mitla, and its various native cultures and crafts. Oaxaca is also one of the most biologically diverse states in Mexico, ranking in the top three for numbers of reptiles, amphibians, mammals and plants.
- It is also an important basis for much of the nation’s culinary product.
As unique cultural as well as food experiences becoming increasingly important for affluent travellers, this destination has been generating interest within the target market and visitor numbers and spend are increasing as a result.

**MEXICO CITY**

- Traditionally known as a business travel destination, Mexico City has been on the rise. The New York Times called the No. 1 Place to Go in 2016.
- Mexico City offers an impressive slate of 160 museums, the world's greatest single metropolitan concentration, over 100 art galleries, and some 30 concert halls. It also is home to the vast archaeological site of Teotihuacan, which contains two of the largest pyramids in the world.
- Mexico City is the cultural hub of the country with a globally relevant art fair – Zona Maco, which attracts affluent travellers and collectors to the city.

**SAN MIGUEL DE ALLENDE**

- San Miguel de Allende is a World Heritage Site.
- Gradually, its Baroque/Neoclassical colonial structures were "discovered" by foreign artists who moved in and began art and cultural institutes such as the Instituto Allende and the Escuela de Bellas Artes. With its access to art and culture, San Miguel de Allende ranks high on the list for affluent travellers.

2.b) **History and reputation of the destination’s Luxury product**

Mexico appears on three Luxe Report ‘top five’ lists, including one that ranks the top global destinations for luxury travel. The Mexico Tourism Board is embracing affluent travellers in particular and is targeting these travellers with an ambitious new program. The new strategy is centred around a digital approach and an interrelated series of projects designed to help the industry better understand travellers. The digital approach is particularly important to reach an affluent younger generation of traveller.

Among the elements of this new strategy are the following:

- A content generator unit, to provide text, images and videos to promote the destination;
- Segmented studies, to evaluate the preferences and behaviour of various market segments;
- A business intelligence unit, to provide real-time statistical analysis of Mexico’s tourism efforts as well as those of its competition;
- Customer relationship management, to create personalised content and promotions and offer services like live chat with consumers;
- A redesigned Mexico Tourism Board site (www.visitmexico.com) and app; to maximize the potential of personalization and relevance with increasingly sophisticated travellers, the Mexico Tourism Board aims to identify specific market segments and niches, and create detailed taste and behaviour profiles.
Mexico’s diverse destinations are embracing key travel trends with compelling offers. Different Mexican destinations have transformed and developed their offers to attract affluent consumers from old as well as new markets. As previously mentioned, culture, history, archaeology, adventure travel, cuisine, fashion and art have become increasingly important selling points.

1. **CUISINE AS A CULTURAL ENCOUNTER**

   Around Mexico, upmarket hotels as well as small boutiques are developing exciting offers to support their luxury proposition around food and travel. Luxury travellers seek out culinary experiences as a hallmark of their vacation. As with any other aspect of their travel, local sourcing and sustainable provenance increase in importance and impact. The luxurious Rosewood San Miguel de Allende recently unveiled an open-air culinary venue and herb garden for chef-led classes and demonstrations. An example of a smaller venue can be found in Puebla. The boutique property *Sacristía de la Compañía* is offering culinary workshops around local specialties. In Merida, an upmarket cooking school which makes shopping on the local markets part of the experience, and even features celebrities from the cooking world like Martha Stewart, has been hugely successful.

2. **HOTELS AND EXPERIENCES**

   As with any other aspect of luxury travel, the keyword ‘experience’ is what the luxury traveller is expecting. Aside from comfort and upmarket services the encounter with a local ‘context’ is high on the agenda. Typical Mexican Haciendas which have been turned into upmarket boutique hotels are increasing around the country. Added services such as cooking classes with locals, wellness treatments using ancient Mayan techniques or spiritual ceremonies are in demand.

   Stripping away extravagance and focusing on the natural surroundings with world-class culinary and wellness experiences have been the key to success with properties such as *Colibri Boutique Hotels* in Tulum. Travellers’ experience “rustic luxury” integrated into natural surroundings. Events like a dinner hosted by ‘Noma Copenhagen’ (formerly No.1 restaurant of the world) Chef Rene Redzepi, who has Mexican roots, sold out within hours. The dinners were part of a pop-up restaurant project.

   Around the country these kinds of properties and experiences gain traction and success. These are places where travellers see a convergence of food, art and design.

3. **ADVENTURE AND NATURE TRAVEL**

   The connection between nature and travel is another important aspect to consider when attracting the luxury visitor. Around Mexico, destination management companies offer tailor made experiences which include:

   - Visiting a secluded Mayan site;
   - Swimming in private sinkholes;
   - ‘Glamping’;
   - Bird watching;
   - Learning how to make handicrafts with local people of the villages.
DMCs have a wide range of expertise and access to archaeologists, ornithologists and historians among its guides. Hotels which integrate Mexico’s lush landscapes into their location are in high demand. Acclaimed hotel brands, including Grand Velas Riviera Nayarit and Four Seasons Resort Punta Mita as well as the W Punta de Mita are excellent examples of integration with the local landscape.

4. **TOP-OF-THE-LINE TRANSPORTATION**
Especially for the HNW traveller, Mexico offers a wide range of transportation additions. Although private transfers are available around the country and are seen as a standard offer, a variation of outstanding options which involve different transport modes are also available:

- Driving a high-performance luxury car from Exotic Rides Cancun;
- Booking a First Express ticket on the Chepe, a train that cuts through Mexico’s scenic Copper Canyon;
- Using the Tequilacopter, a helicopter service that shuttles visitors between the Guadalajara airport and the Sauza Tequila distillery, for private tours and tastings;
- The Jose Cuervo Express, a train service operated by Mundo Cuervo that serves margaritas, tequila and empanadas en route to the historic town of Tequila;
- Gliding over the pre-Hispanic pyramids of Teotihuacan in a hot-air balloon just outside of Mexico City.

5. **SPECIAL EVENTS**
Being in touch with pop-culture, the Mexico Tourism Board paid attention and utilised increased interest generated by the 2016 James Bond movie ‘Spectre’ to create the ‘Day of the Dead’ parade. The event was in such high demand, that is has been confirmed as a permanent event. The vibrant event attracted much attention and clearly presented an opportunity for the tourism industry.

Examples of other events which are frequented by affluent travellers are to be found around Mexico:

- Guadalajara gastronomical festivals including Poniente and the COME Festival Internacional de Sabores, both are platforms for local and international chefs to present their latest creations;
- The annual pre-Lenten celebration in Mazatlan, with parades, live music and street festivals;
- The Los Cabos International Film Festival draws an A-list array of celebrities and moviemakers;
- International Migratory Bird Festival at Riviera Nayarit;
- Punta Mita Gourmet & Golf Classic;
- Banderas Bay International Regatta;
- International Sport Fishing Tournament;
- Festival International Gourmet.
2.c) Product Strength & Hero Content

DEVELOPMENT OF RIVIERA MAYA – TOURISM GROWTH FOCUSED ON LUXURY AND SUSTAINABILITY WHILE SEEKING TO IMPROVE LOCAL LIFE

Riviera Maya is an excellent example of how a destination can evolve to cater to niche markets and keep up with consumer trends. Originally known for its large, all-inclusive, high-rise hotels, the area which stretches from Tulum to Cancun now offers a growing range of luxury accommodation with a focus on conserving nature and eco-systems. Infrastructure is excellent and well developed which is another important factor when developing a luxury destination.

In 2016 Riviera Maya enrolled into the UNWTO’s Global Sustainable Tourism Program. Many properties have specialised conservation programmes. The area of Mayakoba of 1,605 acres, planted 47,000 mangroves and brought in 228,000 plants of 108 species.

Ensuring that the benefits of tourism flow into the economy is a goal of its tourism master plan and to that end there has been home building targeted for the local community. Although room inventory has significantly grown, it is still not a crowded place and visitors can still find small fishing villages and archaeological sites further inland. Strict guidelines limit the height of buildings and even on the grounds of resorts, many are spread out offering mid-jungle and beach options.

The combination of a small number of upscale hotels which keep growth sustainable and the growing number of affluent travellers seeking authentic experiences is proof that this concept works for Mexico and could be adopted to other regions within the country.

Riviera Maya has found a way to improving life for residents, maintaining its natural beauty and still attracting key industry influencers. Interestingly enough, Riviera Maya, alongside Nayarit Riviera, are the only two destinations in Mexico who adopted a tourism management model where private sector tourism companies and government decide and invest together. These two destinations experienced significant growth and success in general and not only in comparison with destinations who are still working within an old framework where the local tourism offices decide on promotions and many general related tourism expenditures using public funding.

Mexico – 3. Destination marketing and brand

In recent years the Mexico Tourism Board has directed its efforts at opening new markets as well as deepening the main existing source markets. Campaign content and messages have been designed to be customised by market, consumer segments and products, including sun and beach, romance, adventure and nature, medical and wellness, LGBT, cruises, culture, high-impact events, luxury, sustainability and gastronomy. To maximize the potential of personalisation and remain relevant with increasingly sophisticated travellers, the Mexico Tourism Board identifies specific market segments and niches and has created detailed taste and behaviour profiles. The extensive use of available data has been an essential part of growing Mexico into a luxury destination.
Some years ago in 2010, the Mexico Tourism Board came together for its annual Mexico Travel City Leadership Forum to plan a revamp of Mexico as a top tourist destination. The aim was a new strategic approach which looked to completely reinvent and rebuild the Mexico brand while pushing the country into the uppermost tier of global travel destinations. A nine-point plan of action, which included diversifying markets, increasing online promotion and implementing a new public relations plan to correct the negative perception the US market have about traveling to Mexico. Mexico's revamp began with the initial marketing campaign ‘Mexico: The Place You Thought You Knew”. The plan received $32 million in funding and was spread across five months. Ultimately the goal was to reshape the way Mexico's target markets thought about Mexico but not by directly referencing negative issues. As expected, advertising messages ignored all negativity and highlighted new hotels, popular destinations and activities available. As a result, the integrated campaign created favourable shifts in perception, successfully completing its initial goals. A ten-fold increase in the number of positive article's and 1bn online impressions was the result of the campaign.

3.a) The Mexico Taxi Project
In 2011, the Mexico Tourism Board created commercials, print and online ads in which the main message and takeaway was that thousands of people travel to Mexico each year and feel completely safe and well taken care of. The budget for this campaign was US$30 million. Customers who rode in taxis in major American urban areas such as Los Angeles and Chicago were questioned about their perception and trip to Mexico whilst being filmed with hidden cameras. Data analysis confirmed that the campaign was successful and that ‘word of mouth’ marketing through videos involving ‘real-life’ opinions helped to form a positive opinion about Mexico.

3.b) Mexico: Live it to believe it
In 2013, the Mexico Tourism Board launched its ‘Live it to believe it’ campaign, which is still running with evolving content. The campaign was given a significant investment of $49million, more than any other campaign to date. The core of the campaign circles around different experience offered by each of its major tourist destinations. Mexico is not portrayed as a singular brand but focuses on carving out the specialties of their different regions. The campaign also relies heavily on the Mexico Tourism Board’s relationships with airlines, travel agents and travel websites with activations through their digital channels and aims to be unexpected, emotional, with focus on experience.

The ‘Live It to Believe It’ advertisements aim to make emotional appeals by focusing on rich, swift visuals, sensory language and unique, diverse experiences. The narrator of the ads. is a British female, used to convey luxury and sophistication. The advertisements are individualised for different cities but remain consistent in their focus on luxury and elegance. Posts on Facebook and Twitter primarily emphasize adventure and a focus on relaxation.

The ‘Live it to believe it’ campaign aims to target lower mass affluent consumers age 35—65 with a household income of $100,000 and up. The secondary target is consumers age 25—45 with an income of $75,000. The campaign is aimed at Americans or other English-speaking countries.
3.c) Stakeholder analysis
The Mexico Tourism Board has many stakeholders that are affected both positively and negatively by the decisions the Board makes and the overall success of tourism in Mexico. These various groups, entities, and industries have invested in the tourism industry and support it: American Travelers, Hotel Industry, Airline Industry, Cruise Industry, Travel Booking Websites, US Government, Mexican Government, National Tourist Business Council. By maintaining relationships with these stakeholders and managing their opinions, the Mexico Tourism Board will continue to successfully grow tourism in Mexico.

Mexico – 4. Travel Trade Engagement

Mexico’s NTO acknowledges a general difference in booking methods depending on travellers’ demographics. Affluent Millennials make their own travel decisions through research and personal recommendations, but older generations prefer to have travel agents design their trip and handle the logistics.

Due to the technological changes that have facilitated demand with rapid access to information, many agents are now offering their own applications and alliances, to be able to link that information directly to sales. The regional tourist boards are extensively working on training for travel agents since the Mexican luxury offer is very tied into culture and traditions.

With generational differences and personal booking preferences still in play within the luxury segment, the marketers need to target consumers with a multi-pronged approach, using both direct marketing as well as alliances with top-selling travel agents and online travel agencies.

To support growth and travel trade engagement, the Mexico tourism board launched a global travel agent digital training and resource centre in partnership with travel industry company ‘travAlliancemedia’. The objective is to help agents become sales fluent with the country’s assets. With a curriculum based on the MTB’s global marketing initiative— ‘Mexico: A World of its Own’—Visit Mexico University takes agents on a journey through the country via interactive courses that break down the diversity of Mexico’s tourism offer and vibrant, multi-faceted experiences into vacations tailor made for every type of client. By visiting the tourist board’s website and enrolling in the program, travel agents are able to explore alternative, off-the-beaten-path experiences to offer their clients, discover new facets of Mexico’s various regions, which allows them to grow their new and repeat business with fresh and exciting offers. This global travel agent training and resource centre is available in 7 languages, providing 24/7/365 access to:

- Mexico’s key benefits and advantages for the traveller;
- Mexico’s ‘A World of Its Own’ geography, climate, history, gastronomy, biodiversity etc.;
- How to confidently address client questions and concerns about topics such as entry; requirements, safety, and transportation;
- And insight on niche specialty products.

Visit Mexico University consists of a downloadable study guide covering the entire country via four different courses: Mexico Specialist, Sun & Sand Specialist, Culture & Adventure Specialist,
Agents receive a certification as they complete each course, with an overall “Mexico Specialist, Master” certificate awarded once all of them are completed. Agents completing the online course will also receive CEU credits from The Travel Institute and credits from the Association of Canadian Travel Agencies (ACTA), and have access to travAlliance Media’s on-line community of fellow MEXperts for all their Mexico questions and suggestions; direct access to a dedicated US-based Mexico Tourism Board communication channel; and a subscription to the monthly Visit Mexico University Newsletter.

Mexico – 5. Project Performance

- Successful major marketing campaigns backed up by very significant private / public sector investment has significantly increased the number of travellers over the last 5 years, including the luxury segment. However, the strategy has not been to target the luxury consumer per se but rather many different types of consumer using the weight of new developments and brand-led marketing to move the dial.
- The recent development of many new tourism resorts and 4 / 5 star properties has undoubtedly helped to attract the luxury segment, although the attraction for the consumer has been about experiencing new product.
- Global campaigns are fully government funded and on the regional level there are active co-operations between government and the private sector in place.

Mexico – 6. Key Learnings

- Mexico has successfully established fruitful development and marketing relationships between government and the private sector; in the country itself as well as in their main source markets. Hotels (in Mexico), Airlines (source markets) are key.
- The strategies to attract HNW travellers are designed and executed locally and are often driven by the private sector. Nonetheless, Mexico does an excellent job promoting Mexico ‘as a whole’ being focused on the specialties of their different regions.
- There has been a strong and consistent focus on customer data analysis as well as understanding consumer trends to deliver relevant marketing and campaign content. Some of this analysis has targeted luxury travellers - the partnership with IATA has been particularly helpful in identifying affluent travellers.
- Focus on one big trade fair (ILTM Cannes for Mexico) rather than many small ones and carve out a partnership with core travel trade operators. In Mexico’s case this led to productive partnerships bringing in volume mass affluent from the US via Apple Vacations and other operators.

Mexico – 7. List of sources

- Skift – https://skift.com
- Several independent bloggers
- Puce.edu
- Elite traveller – https://www.elitetraveler.com/
- Euromonitor – http://www.euromonitor.com
Case Study 3 – California

California – 1. Executive Summary

1.a) Short project description, including rationale
In 2016 with increased funding, Visit California looked beyond its global brand target that takes into consideration age, income and travel propensity, to identify new opportunity target audiences.

Strategic Marketing & Research Insights (SMARI) research revealed high-income households, while not a volume segment, represented a high-value visitor segment for Visit California. In 2014 the super affluent segment accounted for 3% of visitation and 14% of spending.

In 2016 with US$4 million (£3 million) of funding and a strong proposition grounded in long-standing truths about California, they developed a fully integrated approach and strategies across travel trade and marketing communications that continues to have impact.

1.b) Key challenges and solutions
The target audience covered 3 sub-segments, Ultra High Net Worth Individuals, High Net Worth Individuals and Super Affluent that spans at least US$250k HHI to US$50 million net worth and required three clear strategies as there are vast differences and similarities across these groups.

The base proposition of ‘Golden State of Luxury’ – Laid back luxury is grounded in a truth that has been largely recognized by the world as being the life style of Californian’s for decades, so it’s a natural fit as a proposition to build awareness of California as a luxury destination.

Visit California chose the luxury trade world’s grandest possible stage to unveil the initiative - International Luxury Trade Market (ILTM) Cannes with a video made specifically for the travel trade highlighting their quintessential offerings https://www.iltm.com/en/Exhibitors/2929276/Visit-California – the program is called the “Visit California Super Affluent Program” when referred to in the trade space.

A pivotal part of their program is new and expanded partnerships with the travel trade and in particular with Virtuoso.

1.c) Main learning points applicable to VisitBritain
- Launching at ILTM gave Visit California a strong base to start.
- A travel trade focus on the UHNWI target enables a direct link into that group and their trusted advisors and minimizes widespread wastage through standard consumer marketing channels.
- A strong destination proposition that had been used across all travel sectors and adapted for luxury made it feel to consumers and trade that California luxury was very well established.
2.a) The base luxury proposition
California is positioned to offer a different kind of luxury, one that is tied to the state’s distinct lifestyle and well recognized brand amplified by the entertainment industry and Hollywood for many years. Through a thorough research, insights and market analysis Visit California has established an ownable luxury positioning平台:

California ‘laid-back luxury with a distinct vibe and unparalleled roster of upscale travel experiences, California is a place that offers a unique kind of luxury without pretense’.

KEY MESSAGING
The tagline used consistently is Golden State of Luxury.

GUIDING PHILOSOPHY
Underlying the laid-back luxury proposition, there are a set of values and principles that influences California’s luxury product and experiences.

1. Be laid-back/casual (People/locals).
2. Be unburdened by tradition: pioneering/original/innovative/a game changer.
3. Be committed to health and youthfulness (impacts activities/experiences in California).
4. Be a conduit to self-discovery (People/local and place).
5. Be approachable/authentic/grounded but irreverent/playful (People/locals).
6. Be a culinary trendsetter (Food).

All these things create a unique competitive advantage for California.

Through a competitive audit of domestic and international luxury destinations, including New York, Hawaii, Florida, the UK, Italy and Australia, Visit California confirmed the strength and uniqueness of laid-back luxury. While not an exhaustive list, those destinations were chosen because they possess relatively high preference among the super affluent target, determined from analyzing primary and secondary research and were therefore identified as key competitors.

2.b) History and reputation of the destination’s Luxury product
In December 2016, Visit California released a new comprehensive strategy paper and branded content platform to engage next generation ‘Super Affluent’ travellers with a household income of US$250,000 and greater.
They expanded their ongoing global marketing program to provide greater support for the state’s luxury sector. As the first major initiative since passage of the Dream Big Dividend, Visit California were committed to actively increasing luxury travel to California, supporting individual industry stakeholder efforts through a multi-year endeavour that included promotional activity across paid, owned, earned and travel trade channels.

The destination marketing initiative called 'California: The Golden State of Luxury' was rolled out at the International Luxury Travel market (ILTM) in Cannes with a new video produced specifically for travel industry members.

The thrust of the business to business branding mission promoted California’s version of what it calls ‘laid-back’ luxury. It’s an evolving definition of luxury championing aspirational and healthy travel experiences revolving around local food, outdoor experiences and luxury resorts and spas, but without the pretence and showiness sometimes associated with the luxury segment.

Only a few tourism bureaus in North America such as the Beverly Hills Conference and Visitors Bureau exclusively target high-end visitors, illustrated by Beverly Hills Tourism who launched a trend report with the over-arching goal to show how Beverly Hills is an iconic luxury travel brand that’s attuned and evolving with next generation luxury travel trends. This partially inspired and informed the development of the Golden State luxury strategy.

Though Visit California wasn’t trying to brand the state as a luxury only destination as is referenced in the destination website http://www.visitcalifornia.com/california-luxury where luxury experiences are a sub-set of the wider California offering.

It was attempting to communicate more directly to its top-tier travel agent and tour operator partners that California was the birthplace of modern luxury travel as we know it today.

In effect, 30 years ago California central coast was developing a food and beverage driven luxury travel positioning that was healthier and more experiential, outdoorsy and down to earth, and environmentally friendly. That is essentially what has since evolved into the mainstream luxury travel market today, as other destinations spent the last decade catching up.

2.c) Product Strength & Hero Content
DELIVERING ON CALIFORNIA LAID-BACK LUXURY

Superior quality, authenticity, exclusivity and meaningful experiences are all key aspects of what motivates the super affluent target audience, and California delivers on these in a variety of ways.

SUPERIOR QUALITY

- Distinctive California design: Hotels/resorts, spas, restaurants, fashion, consumer products.
- Best of “California cuisine”: fresh, seasonal, local, sustainable, original.
- Commitment to innovation.
- Relaxed, refined service.
AUTHENTICITY
- Unique and distinctive locations, cuisine and accommodations.
- Unencumbered by tradition or excessive packaging.

EXCLUSIVITY
- Egalitarian but still exclusive – private tours, exclusive tastings etc.
- Exclusive local experiences and activities in the Golden State.

MEANINGFUL EXPERIENCE
- Being a part of an iconic laid-back lifestyle and culture.
- Seeking holistic health - spiritual spa experiences, learning about biodiversity/sustainability in wine and food.

California has an impressive roster of luxury travel experiences, from world-class resorts to one-of-a-kind culinary offerings to a unique culture and entertainment landscape that the region has been known for many years.

Exhibit A (see page 8 of the Luxury White Paper – California Luxury Initiative: The Golden State of Luxury) represents a range of luxury travel experiences that embody the essence of laid-back luxury across categories. Derived from third party research, including a wide range of luxury travel publications is an illustration of the hero product offering.

2.d) Project funding
Year one funding of US$4 million (£3 million) to include Travel Trade and marketing across the paid, earned and owned channels.

California – 3. Marketing Objectives & Strategy

3.a) Destination marketing and brand
OBJECTIVES
The California luxury initiative focuses on fuelling inspiration and desire (finding dreamers and turning them into planners) for California’s range of unique travel experiences achieve the following objectives:
1. Build top of mind awareness of California as a luxury travel destination, while positioning the state’s unique style of luxury and bespoke luxury travel experiences.
2. Fuel discovery of California luxury content, deepening engagement and creating desire for the California luxury travel experience.

STRATEGIES
The objectives will be met through strategies that enhance California luxury storytelling:
1. Bring California Laid-back luxury to life through the lens of the State’s lifestyle, culture and attitude. Examples of this include engaging brand content that presents the ultimate holiday and experiences in California.

2. Showcase California’s abundance and incredible diversity of luxury offerings in close proximity (relative to competitors); find fresh angles on more well-known product experiences; illuminate lesser-known or new product experiences. Carefully curated content across paid, owned and earned channels that represents the hero experiences.

3. Amplify unique aspects of craftsmanship, creativity, environment and design expertise. Showcasing examples of who in California is doing this well.

4. Frame California laid-back luxury experiences in a way that implies intrinsic value (self-discovery, wellness etc.). This can be done very well in social and through influencers and native advertising.

5. Highlight unique California experiences through memorable stories of local experts/peers.

**COMMUNICATION CHANNELS**

Visit California have used a number of channels including paid, owned and earned and the travel trade. In the paid space, sponsored native content provides the cornerstone of the media.

<table>
<thead>
<tr>
<th>Positioning</th>
<th>Luxury Audience Segment</th>
<th>Product Experience</th>
<th>Lead Communication Channel</th>
</tr>
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<tbody>
<tr>
<td>California laid-back luxury</td>
<td>UHNWI</td>
<td>Complete Exclusivity</td>
<td>Travel trade</td>
</tr>
<tr>
<td></td>
<td>HNWI</td>
<td>Customized Luxury</td>
<td>Sponsored/native content travel trade</td>
</tr>
<tr>
<td></td>
<td>SUPER AFFLUENT</td>
<td>Published Luxury</td>
<td>Sponsored/native content</td>
</tr>
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The super affluent target is a heavy user of traditional media including TV and magazines as well as the digital versions of those mediums. Their interests span news and entertainment and sports including golf and tennis (special interests). They use tablets and mobile devices to stay connected at home and work and spend a lot of time on them.

While social media experience sharers, they do not over share, though the older demographic does have a strong interest in Facebook and Instagram.

They have a desire for a sense of discovery and unique experiences and they like to research their own itineraries both online and offline. This sense of discovery can be amplified by native advertising content and peer-like influencers who can be leveraged to deliver content.

**3.b) Target markets & segments**

Visit California’s target spans a range of profiles that span three sub-segments - UHNWI, HNWI and Super Affluent.
<table>
<thead>
<tr>
<th>UHNWI*</th>
<th>HNWII**</th>
<th>SUPER AFFLUENT***</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA: 58,900</td>
<td>USA: 4,458 million</td>
<td></td>
</tr>
<tr>
<td>UK: 5,400</td>
<td>UK: 553,000</td>
<td></td>
</tr>
<tr>
<td>Canada: 2,400</td>
<td>Canada: 321,000</td>
<td></td>
</tr>
<tr>
<td>USA: 6.697 million - percentage of total population 3%</td>
<td>UK: 1.145 million - percentage of total population 2%</td>
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</tr>
<tr>
<td>Canada: 289,000 - percentage of total population 1%</td>
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</tbody>
</table>

* Source: Credit Suisse Global wealth report 2015
** Source: Capgemini world wealth report 2016
*** As defined by Ipsos

To understand the size of the super affluent audience in all Tier 1 markets where Visit California invests in brand advertising programs, Visit California used media agency Carat’s proprietary consumer insights study (CCS). The super affluent segment was measured as a percentage of Visit California’s global brand target audience base. In addition to age and income, this audience has travelled abroad at least once in the past year for a holiday. From the audience sizing analysis, three tier 1 audiences were identified as priorities for the California luxury initiative – the US, Canada and the UK.

With the minimum entry point being at US$250,000 household income, Visit California also sought to understand mean household income. Ipsos data showed that mean household income is US$534,000 for the group whose minimum household income is US$250,000 (Ipsos calls this audience the ultra-affluent).

AUDIENCE PROFILE AND INSIGHTS

A range of primary and secondary data sources were employed to analyse the luxury audience and market including research reports by Time INC/Yougov and the Beverly Hills Conference and Visitors Bureau; Visit California’s Confidant Connoisseur and Cultured Cosmopolitan personas; and primary research carried out by SMARI in tier 1 international markets. The following insights are based on the Super Affluent segment though many of the reports and inputs covered the luxury industry and related audience as a whole.

As experienced frequent travellers who lead busy lives, they are sophisticated consumers accustomed to a range of luxury experience types that provide high quality and a certain level of exclusiveness but are not necessarily ostentatious.

Motivated by discovery and the opportunity for self-indulgence, personal reward and connection (including family time), they seek new and fulfilling experiences that are unique and authentic.

They are active travellers with a range of interests from food to the outdoors, sports, shopping and culture.
3.c) Other key points - e.g. tailored immersive / bespoke experiences

California product experiences can change for each sub category.

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“The mode of travel and type of accommodation used can vary from a 5-star hotel or a boutique property to a unique building or an eco-style lodge but the common theme is that the experience is a special one. True luxury is a great travel experience enjoyed in relative comfort” - Steve Allen, Former Managing Director, WEXAS Tailor-made travel.

California – 4. Travel Trade Engagement

4.a) Travel Trade context

All segments of the luxury audience consult and book their vacation through trusted sources, which span a number of agents and consortia depending on which market it is.

While travel trade relationships are important across the luxury trade audience their importance rises as you move up toward HNWI and UHNWI.

No segment of the luxury audience wants to be ‘sold’ to by the travel trade, and higher-wealth clients do not need to know the specific price point of an offering. Instead, they want to know the unique benefits and experiences just prepared for them. To accommodate these needs, there exists a broad range of travel advisors for luxury consumers. These include travel advisors, travel agencies, tour operators, concierge services, personal travel assistants etc.

TRAVEL TRADE CHANNELS

The laid-back luxury positioning works well with the travel trade because it is unique and distinctive. For those luxury travel trade advisors familiar with much of California’s product offerings, there is agreement that the laid-back approach to life is a differentiator for California and of great appeal to clients. In terms of positioning that California uses to the trade, the insight that luxury audiences seek both authenticity and exclusivity forms the basis of that messaging.

Consequently, a key component of product presentation is a California lifestyle focus, this includes meeting the people who exemplify the lifestyle and are behind the unique experiences. (For example: highlighting a product offering that includes shopping at a farmer’s market with the chef of a restaurant and hearing his/her stories directly as part of the experience). This puts a strong emphasis on familiarisations.

Travel trade acts as an important influencer – more so in this segment then any other – as the financial obstacles are mostly removed and the value proposition for the luxury traveller is about
the personalisation of authentic and exclusive experiences. Consequently, the luxury travel trade differs from mainstream trade in its desire to reflect clients’ needs and wants in each planned itinerary, and to offer them truly unique experiences. In many cases, those who prepare the trip need to have experienced it themselves to be able to sell it to their client.

4.b) The development of the bookable proposition via the travel trade

STRATEGIES FOR WORKING WITH LUXURY TOUR OPERATORS

1. **Hand-picked Product** – Allow advisors to hand pick hotels and visit them in person before adding them to their program. They will also want to spend time in a destination to research things to do outside hotels and resorts. Much value in familiarisations.

2. **Direct Contracts** – Although most operators use a selection of high-end receptors they will prefer where possible to contract directly.

3. **Relationships** – The success of business is largely based on personal relationships, especially with luxury operators who place heavy emphasis on detail, added value and personal service.

4. **Differentiation** – Luxury operators will want to differentiate themselves from their competitors and offer unique experiences, tours, VIP access etc.

5. **Experiences and authenticity** – Tour operators need to be provided with ‘Money can’t buy’, authentic ‘wow’ experiences to offer their customers as customers are demanding more culturally immersive, memorable things to do while on holiday.

THE IMPORTANCE OF THE TRAVEL AGENT

Travel agents play a key role in the luxury travel market. It is almost always tailor-made and complex travel which requires knowledge and expertise of an experienced agent. It is very service-oriented, and consumers expect the best advice and first-hand knowledge. Accordingly training and supporting these consultants are key to driving customers to your destination.

CURRENT TRAVEL TRADE AND STRATEGY AND CHANNELS

Visit California’s travel trade strategies for the current fiscal year include:

1. Communicating the current California product offering for the luxury audience worldwide – with a focus on USA, Canada and UK markets. (Representing hero operators/product)

2. Building deep relationships with those who curate highly personalized trips for the luxury audience with an eye towards including California product. (Account/Relationship management)

3. Evaluating existing luxury showcase platforms and conferences with a goal of organizing a Californian iteration next fiscal year.

The first phase of the luxury travel trade program is focused on the US, UK, Canada and Middle Eastern markets with influential networks of luxury operators and travel agent consortiums providing prime target audiences.

Visit California has evaluated key luxury trade show platforms in additions to providing custom sales missions and targeted operator and agent training platforms, including familiarisation visits.
The total trade marketing investment for Visit California’s phase 1 and 2 luxury trade endeavour is approximately US$1.1 million (£830K).

**EXAMPLES OF TRAVEL TRADE CAMPAIGNS**

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Elegant Resorts</strong></td>
<td>Visit California tested product expansion with Elegant Resorts, whose objective was to target Elegant Resorts HNW clients and build awareness of California as a luxury holiday destination. The result was a 48 percent increase in bookings for California, surpassing Florida as Elegant Resorts top US destination.</td>
</tr>
<tr>
<td><strong>Turquoise Holidays</strong></td>
<td>Visit California supported the launch of a new California specific program with luxury tour operator Turquoise Holidays, specialising in offering unique, authentic holiday experiences to extraordinary destinations around the world. California was a natural starting place to enter the US, pairing an abundance of unique experiences with the laid-back luxury lifestyle. Turquoise’s investment in proprietary digital content and commitment to seeking out the ultimate product for its clients positions it for growth in the next 24-36 months.</td>
</tr>
<tr>
<td><strong>Virtuoso</strong></td>
<td>Visit California entered a year-long partnership with Virtuoso, the leading network of luxury travel advisors and entities. Virtuoso is an invitation only organisation comprising 355 agencies with more than 8,900 elite travel specialists in 25 countries throughout the US, Latin America and the Caribbean, Asia-Pacific and Europe. Virtuoso travel advisors serve the most affluent, well-travelled individuals in the world and represent the top 1 percent of travel agencies measured by service, offering and revenue from luxury travel sales. Visit California’s partnership with Virtuoso provided them with access to their marketing channels that target affluent consumers with a high propensity to travel.</td>
</tr>
<tr>
<td><strong>Arabian Travel Market</strong></td>
<td>Visit California attended the 2016 edition of Arabian travel market, held April 24-26, marking its second year at the show. Arabian Travel Market sits under both the market expansion and super affluent strategies, providing an opportunity to reach travellers with high disposable income from the growing GCC countries. This was the first year Visit California exhibited with a dedicated California booth, joined by 15 California delegates who leveraged this new co-op platform. In addition to the trade show, Visit California hosted a VIP reception for trade, media and airline partners.</td>
</tr>
<tr>
<td><strong>California Luxury Showcase</strong></td>
<td>The first in a series of Visit California produced showcase sales missions in the UK in July 2016. They featured travel advisor trainings in London, Chester and Manchester. It also included a travel symposium, which was held in partnership with Aspire, the luxury publication of travel weekly.</td>
</tr>
<tr>
<td><strong>Virtuosos Annual Travel Week</strong></td>
<td>In August 2016, Visit California participated in Virtuoso’s Annual travel week in Las Vegas, which played host to more than 3,000 travel advisors and 2,000 + suppliers. Visit California conducted more than 300 appointments with luxury travel advisors from the US, Canada, Australia and Latin America.</td>
</tr>
</tbody>
</table>
In December 2016, Visit California first showcased at ILTM the only global event for the luxury travel industry. They were the first US state tourism board to have a presence at ILTM which is attended by 1,500 of the world’s most influential luxury travel buyers, 1,500 luxury travel sellers and 170 travel publishers and editors. The Visit California delegation could build leads and sales prospects through pre-scheduled meetings with decision makers from across the world. The carefully curated delegation featured up to 10 destinations each joined by a luxury hotel partner from that region.

Ultra Summit
Visit California attended in May 2017 with standard partner participation with the intent to explore the organization of the show and look for future opportunities.

TRAVEL TRADE – OTHER ACTIVITIES

In 2017, Visit California hosted a series of luxury operator product development familiarisation trips along with a luxury agent incentive trip in spring 2017.

California STAR
California STAR - A trade engagement program which focuses on agent education and serves as a travel companion and will include a new section on luxury for California. The content will reach the current database of 25,000 agents globally.

Expand the partnership with Virtuoso
Expand the partnership with Virtuoso – Visit California expanded its partnership with Virtuoso, increasing the state’s profile as a luxury destination through an increased presence at Virtuoso’s annual Travel week, participation at the global forum, US and international regional events and additional training opportunities with Virtuoso’s extraordinary network.

California – 5. Project Performance
Shaped in partnership with the luxury tourism industry, the California Luxury initiative is designed to build awareness and encourage discovery amongst the high-value travellers - from the super-affluent to the UHNWI - through a US$4 million (£3 million) year one investment across travel trade, owned, earned and paid media channels. Visit California will measure success through its annual SMARI research programme to inform future activity.

In 2016, the California Golden State of Luxury campaign was deployed in markets where research indicated the greatest luxury potential: the USA, Canada and the UK.

- **Yearlong partnership with Virtuoso**, the world’s leading network of luxury travel advisors.
- **Exhibits at top trade shows** – initiative unveiled at the International Luxury Travel Market (ILTM) in Cannes, also attended Arabian Travel Market, Private Luxury Forum, Virtuoso’s Annual Travel Mart, ULTRA Summit and Virtuoso Travelweek Sao Paulo.
• **Examples of luxury earned media placements** – Elle Australia, The Rake, Montecristo Magazine, Travel Industry Today, Western Living Magazine, BC Living etc.

• **PR and trade highlights** – Luxury road trip with TV presenter, model and fashion journalist, Louise Roe; Hosting of global luxury press trip to key media outlets based in Western Europe with Partner Preferred Hotel Group; Hosting of global product manager familiarisation tour.

• **Activating across channels** – native and earned content with partnerships with Time Inc. and Conde Nast; Episode of the ‘California Dreamers’; series spotlighting high-fashion icon Nick Hart; Earned media partnership with some of the biggest names in affluence (Ferrari, Mercedes-Benz, etc.; Activations in the trade space with feature initiatives including as part of the ‘All Dreams Welcome’ CEO mission to Canada, during which Visit California hosted the California Symposium in Toronto.

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**California – 6. Key Learnings**

6.a) Learning Points

• A strong proposition with consistent key messaging provided a framework for campaign and trade activity.

• Launching at ILTM gave Visit California a strong base to start.

• A on the UHNWI target enables a direct link into that group and their trusted travel trade focus advisors and minimizes widespread wastage through standard consumer marketing channels.

• A clearly defined product matrix based on key themes/interests helped organise the destination offerings.

6.b) Implications for the development of UK luxury products

Visit California put the groundwork into working through the needs of the target audience and combining that with the product offering for the destination. By creating guidelines for ‘what makes a laid-back luxury’ experience, it allowed them to show examples of hero product and provide a framework to bring new and developing product on board for the wider destination offering.

In the first instance, it could be recommended that VisitBritain work up their matrix around what products/themes deliver to the three target audiences in three target countries and from there identify which UK regions and interests to prioritise.

VisitBritain research has identified key areas of interest as Shopping, Heritage, Food and accommodation (with some differences across the three markets) and a need for authentic, uncommon experiences that provides key markers for planning hero product.
6.c) Recommendations for VisitBritain

- Initiate and nurture relationships with key travel trade and advisors by region i.e. Virtuoso for the US negotiating those partnerships early on in the luxury strategy development.

- Develop in conjunction with the wider VisitBritain brand and campaign team a luxury positioning that articulates the UK luxury proposition within the confines of the GREAT campaign. This will form the basis of all activity from trade events to digital hub development/printed brochures etc.

- Invest in assets that tell the story of the UK luxury offering – still and moving images that bring to life the experience that can be used across the owned (digital and events) and earned (PR/Influencer) space.

- Leverage influencers across the world who want to visit the UK and amplify their stories.

- Leverage British Royalty (Harry & Meghan) to showcase the very beat of Britain.

California – 7. List of sources


- [www.visitcalifornia.com](https://www.visitcalifornia.com)

- [https://industry.visitcalifornia.com](https://industry.visitcalifornia.com)
Iceland – 1. Executive Summary

1.a) Short project description, including rationale
Iceland’s dramatic landscape, with its volcanoes, waterfalls, glaciers, caves, and hot springs, is one of the most sought-after adventure destinations for affluent travellers. Experiential, authentic and artisanal travel continues to resonate with the luxury traveller. Iceland has been offering these types of travel themes and experiences for years, and due to the relatively high cost of travel to this destination has naturally attracted many affluent travellers.

Although recognising the importance of luxury seeking, high-end travellers, the Icelandic Tourist Board ‘Ferdamalastofa’ is not actively pursuing this target market.

A fully privately funded destination marketing organization called Iceland Luxury is operating independently from the National Tourist Board to promote the destination to high-net-worth (HNW) consumers.

Iceland Luxury exclusively represent their partners of expertise, who operate on the Icelandic luxury market. Their aim is to provide the most authentic and exclusive experience possible in Iceland, to the standard their target market expects. The organisation connects travel agents and other interested parties to relevant partners in Iceland and provides unique marketing material, such as stunning photos, videos and maps as well as educational material at no added cost to inquiring parties.

The base proposition of Iceland is focusing around Nature, Cuisine and Wellness.

This study will look at the general proposition and marketing efforts undertaken by the tourist board, which aims to market as the ‘general’ as well mass-affluent market and the work of the privately funded organisation Iceland Luxury, which is concentrating on representing Iceland to a high net worth traveller.

As mentioned above, the proposition is similar to a mass affluent audience and a luxury traveller, although details in execution, marketing and accessibility are vastly different.

1.b) Key challenges and solutions
Iceland has more than quadrupled the number of annual foreign visitors that arrive on its shores in just six years, from 2012 to 2018.

Last year the island, counted 2.1 million tourists through its doors, a figure it had not anticipated reaching until 2020. In 2010 just 459,000 people visited Iceland.
The unchecked growth in the number of people visiting a country with a population of just 334,000 has sparked concern that Icelandic infrastructure would not cope, that the majesty of its natural landscape could not be protected, and that its capital, Reykjavik, would be overcrowded.

After a 40 percent rise in arrivals in 2016, growth has fallen to around 10 percent in 2017. Iceland’s Arion Bank has published its forecast for the next two years, estimating seven percent growth in 2018 and just five percent in 2019.

Last month, domestic carrier Air Iceland announced it was dropping its route between Keflavik, the south Iceland airport through which 99 percent of visitors arrive, and Akureyri in the north. The service was intended to help spread tourism throughout the country rather than have it slumped in the south of the country but was not as successful as hoped. The north’s tourist board said the decision was ‘disappointing’.

The tourist board will continue to promote regions around Iceland outside of Reykjavik in the hope that visitor numbers will spread across the country. The government remains in talks with tour operators and airlines about introducing direct routes to Akureyri in the north and Egilsstaðir in the east.

The rise in the value of the Icelandic krona, in part helped by the growth in tourism, had led to the country becoming increasingly expensive for longer breaks. Travellers have been cutting the length of their trips while trying to see as much as possible. The result was heavy growth in the south-west of the country around the capital but poor visitor numbers elsewhere.

Luxury travellers on the other hand, spend a longer time, have higher average spent and visit remote areas of the country. Issues like infrastructure, which will affect visitors in the mass-audience sector, are not applicable to the HNW audience.

1.c) **Main learning points applicable to VisitBritain**

- Form partnerships with privately operated marketing platforms such as Walpole, Small leading hotels, Soho House and other membership clubs with country properties etc.
- Focus on the different counties in the UK and not on the cities.
- Focus on natural beauty, unique experiences, food and wellness.
- Keep connectivity in mind; easy transport links from major hubs such as Heathrow or Manchester.
- Focus on trends (which are here to stay) such as ‘sustainable tourism’.
Iceland – 2. Development of luxury proposition

2.a) The base luxury proposition
(applicable to HNW as well as ‘general’ traveller to Iceland)

Iceland’s exceptional nature, natural phenomena and peaceful aura are some of the main reasons affluent travellers are visiting the country. Being a relatively remote destination, the luxury proposition extends past the obvious. Unique experiences which are high on the agenda for the luxury traveller are plentiful in Iceland.

NATURE

- **Northern Lights and Midnight Sun** – Being located very close to the Arctic Circle, Iceland experiences long winter nights and long summer days, with almost 24 hours of darkness/twilight in December and nearly 24 hours of daylight in June.

- **Glaciers** – The glaciers and ice caps of Iceland cover 11.1 percent of the land area of the country (about 11,400 km² out of the total area of 103,125 km²) and have a considerable impact on its landscape and meteorology.

- **Volcanoes** – Volcanology of Iceland includes a high concentration of active volcanoes due to Iceland’s location on the mid-Atlantic Ridge, a divergent tectonic plate boundary, and also due to its location over a hot spot. The island has 30 active volcanic systems.

- Iceland host one of the two places in the world where visitors can see two of the earth’s tectonic plates meeting above the earth’s surface. Þingvellir is categorized as a UNESCO site.

FOOD

Environmental sustainability will be (and in a lot of cases) is the mark of luxury as discerning customers demanding that the businesses they patronize do everything possible to mitigate their impact. The emergence of a social trend that emphasizes consciousness around conservation is influencing the market and making this an important factor in gaining luxury travellers’ approval, especially when it comes to a destinations food offering. Technological advancements and the utilisation of geothermal energy have provided Iceland the possibility of utilising freshly grown, locally sourced ingredients year-round, and over the past decades, the nation’s cuisine has blossomed from its humble beginnings to a cosmopolitan affair.

WELLNESS

As the concept of wellness grows, so too does its influence across sectors. Luxury travel is a case in point. High-end consumers are moving beyond a traditional definition of luxury with the idea of well-being, both physical and mental, high on the agenda. Water is bountiful in Iceland. The abundance of water and geothermal energy enriches the land. This unique resource is present in various forms; fresh springs, hot springs, flowing water, falling water, geothermal water, glacial- and oceanic water.
UNUSUAL FACT ADDING TO THE APPEAL AS A LUXURY DESTINATION

- According to the Global Peace Index, Iceland is the most peaceful country on the planet. Iceland has no army, navy, or air force, and Iceland’s police officers do not even carry guns. The country has a very low crime rate, which makes it an ideal place to visit – especially for an affluent traveller.

- According to the World Happiness Report, Icelanders are the third happiest people in the world. The World Happiness Report is based on GDP per capita, life expectancy, social support as well as freedom to make life choices and generosity. Icelandic people have managed to maintain their happiness levels even after the devastating economic crisis that affected so many in 2007 and this positive image is reflecting well on travellers.

- With its abundance of geothermal energy, Iceland is one of the most environmentally friendly countries in the world. The air is fresh and the water from the tap runs clean straight from the ground, safe to drink and free. Sustainability is high on the agenda for most affluent households.

- Iceland is the world’s most gender equal country, according to the World Economic Forum (WEF). Iceland has long been deemed the best place in the world to be a woman. For the past nine years, the country has topped the World Economic Forum’s gender equality index. A New Feminist Wellness builds on the recent wave of for-women, by-women businesses. Given that Merriam-Webster picked feminism as its 2017 Word of the Year, travel aimed squarely at women’s empowerment is timely and highly promotable. High-end, women-owned operators like Wild Women Expeditions, Adventure Women, and Whoa Travel are leading the charge – with Iceland high on the agenda.

2.b) History and reputation of the destination’s Luxury product
(applicable to HNW as well as ‘general’ traveller to Iceland)

Iceland’s meteoric rise to fame, prompted by the bizarre combination of a financial crash and a volcanic ash cloud joining forces, caught its tourist planners off-guard.

The huge influx in arrivals has caused a number of issues over the last few years. Attractions around the Golden Circle and south coast have become increasingly busy, with coach-loads of tourists flocking to see the Gulfoss waterfall, Thingvellir national park and the Geysir geothermal park.

Though the government is at the tail-end of a nine-year tourism strategy that concludes in 2020, Iceland’s tourism authority has had to act to educate visitors of both the risks to their safety and the importance of maintaining natural sites. In 2016, it launched a course on how to stay safe in the country and treat Iceland’s natural assets with respect and care.
2.c) Product Strength & Hero Content

Iceland is offering a wholesome mix of everything that is currently relevant and trending for the high-end traveller.

MAIN CAMPAIGN (FROM TOURIST BOARD) – https://www.youtube.com/user/inspiredbyiceland
On one hand, the volcanic eruption had hurled Iceland into the international spotlight in a way that it never had been before, making the country a household name perhaps for the first time. Likewise, Iceland’s severely depressed currency made them a perfect destination for US$-spending travellers who wanted to make the most of the .0094 dollar to króna exchange rate. From this precarious position, Iceland still saw potential to turn things around.

All that was left to answer was the ‘what’. What was there in Iceland for tourists to do? What about the country made it special? What would a trip there be like?

Launched seven years ago, ‘Inspired by Iceland’ aimed to make Iceland a more accessible place by showing of the country’s sights, sounds, tastes, and people. The campaign began slow, with welcoming videos of dignitaries like Iceland’s president speaking to the viewer in English about what in Iceland inspires them. The campaign quickly picked up steam, however, moving towards a more fun, eccentric, and lightly humorous tone that invited viewers to explore Iceland while guided by real Icelanders. This wasn’t a small effort by any means, with more than a hundred videos and still counting today. But the effort was well worth it to pull the country’s brand presence away from images of a roiling volcano to welcoming, sweater-clad tour guides.

With favourable conditions for tourists combined with fresh reasons to visit, the last piece to Iceland’s meteoric tourism growth was the Icelandair Stopover program, which incentivized travellers to the European continent to stay over in Iceland for three to seven days at no additional cost.

The combination of rebranding strategy and tourism incentives worked wonders for Iceland, but ‘Brand Aesthetic’ was a clear problem that Iceland had to tackle.

Iceland’s bid to revitalize their tourism industry wasn’t successful because they had high-production-quality video. It was successful because they built their rebranding strategy around displaying the aesthetic and experiences of their country in a way that invited audiences to take a piece of it with them. From the attractive and comfy outdoors fashion to beautiful natural wonders to a burgeoning nightlife with good food and better music, ‘Inspired by Iceland’ content made Iceland seem exciting and then showed viewers how to navigate the cultural and logistical obstacles necessary to experience it all.

In this way, Iceland made every effort to make their home seem accessible rather than exotic to viewers. It wasn’t enough to simply suggest that Iceland was unique, adventurous, and interesting but rather, it was by suggesting that visitors themselves could become a bit more

Keywords are:
- Curated
- Artisanal
- Authentic
- Sustainable
- Unique.
unique, adventurous, and interesting themselves that Iceland was able to successfully bring in a huge wave of tourism, over 40 percent living in affluent households, and pull their economy back from literal ashes.

Although none of the video content was particularly tailored around the mass-affluent consumer, the portrayed content tackles current and past trends of the mass affluent and luxury traveller with experiences that are ‘off the beaten path’ and most importantly exposure to Icelandic authenticity.

**ICELAND LUXURY – CONTENT**

Iceland Luxury is also focusing their campaigns on video content and visual incentives but content that depicts the unique experience a guest might have visiting Iceland with a DMC curated itinerary – tailor made – for that individual.

All available content is aimed towards the high-end market and has been originally shot. Some of the production time went up to six months to assure an ultra-high quality of the finished product that conveys the message of luxury. Most content is activity based as well as content focusing on cultural and unique aspects of the destination. All videos and photos are produced as modules which can be compiled depending on the needs of the travel agent or representative dealing with the high-end consumer.

All created marketing material is available for download on the ‘Iceland Luxury’ website (https://icelandluxury.com/) and can be used to promote the destination and plan tailor made trips. Content is available free of charge and agents are given the rights to process and use it on all marketing channels including social media.

**Ambition and key objectives and background**

Iceland Luxury is an independently and privately managed destination marketing platform with the aim to target the niche segment of high net worth travellers into Iceland. Founded in 2014, the organisation is made up of three founding members (as well as smaller suppliers of high end services within the hospitality sector).

Trust between end consumer and travel agent/planner is a main concern when it comes to luxury travel and the offers and suppliers provided on the platform. Companies wanting to become a member need to apply and will have to supply relevant insurances, licenses and a product fitting the market segment.

A vast array of services is operating under the umbrella of the founding members and alongside the smaller providers, the portfolio of experiences ranges from helicopter providers, to private chefs, lodges and many more.
Iceland Luxury Founding Members are:

- **Iceland Air Group** – Icelandair Group focuses on the international airline and tourism sectors, with Iceland as the cornerstone of its international route network. The business concept of the Group is built exclusively on Icelandair's route network and on marketing Iceland as a year-round destination. Icelandair Group is the parent company of nine subsidiaries that form the two business segments of Route Network and Tourism Services. In addition to passenger flights operated by Icelandair, the Group has vast interests in most aspects of Icelandic tourism and aviation, including hotel chains, travel agencies, domestic airlines and cargo, support services, as well as fledging ACMI and lease operations.

- **Blue Lagoon** – The Blue Lagoon geothermal spa is one of the most visited attractions in Iceland. The spa is located in a lava field in Grindavík on the Reykjanes Peninsula, southwestern Iceland in a location favourable for Geothermal power. The company operates a spa, hotels as well as several upmarket restaurants.

- **Landsbanki** – Landsbanki had positioned itself as Iceland's primary provider of general and specialised financial services to individuals, corporate entities and institutions. The bank had the country's most extensive branch network with 40 branches and sub-branches.

Iceland Luxury is operating separately from the Tourist Board and offering a different set of marketing content tailored solely to the HNW visitor. The platforms aim is to ‘offer travel options and opportunities to operators’ and functions as a connector between interested parties and suppliers/DMC’s. Iceland Luxury does not plan travel for the end consumer.

As Infrastructure as well as ‘overcrowding’ have been communicated in connection with Iceland, one of the main aims is the reassurance of high end service levels in the country. Another main pillar of communication is the unique availability of tailor made experiences as well as access to exceptional culture.

Iceland Luxury is not operating any social media channels. Focusing on absolute unique experiences, the general attitude of high-end planners as well as Iceland Luxury is to keep access and insights relatively unapproachable and reserved for the HNW audience.

Luxury Iceland is working with its partners based on the demands and expectations of an HNW traveller.

**Iceland – 3. Marketing Objectives and Strategy**

3.a) **Consumer offer and product development issues**

**STRATEGY TO DISTRIBUTE TOURISM INTO ICELAND’S DIFFERENT REGIONS**

A main focus of the destination marketing strategy is on increasing the number of people visiting other regions in Iceland, as the regional distribution of tourists is quite uneven. Infrastructure has been the biggest draw-back to successfully push larger numbers out of the South-West of the country. Some regions receive more tourists than they can comfortably handle, while other
regions still experience high seasonality and few tourists. It seems that during off-peak the visitors are overnighting in the capital region and taking day tours to destinations in South and West Iceland. Due to revenues from tourism mostly created in the capital area, the income from tourism does not contribute to funding infrastructure in all the regions where it is required.

Despite these challenges, Iceland tourism companies are investing in infrastructure and activities in various regions. For example, in Western Iceland, significant investments went into building a glacier tunnel. Other investments are the development of new sights and attractions such as a new geothermal area.

The Iceland Tourism Board is also actively promoting the other regions via a new campaign called ‘The A-Ö of the regions’. As a part of this launch, a song called the ‘Hardest Karaoke Song in the World’, has featuring local comedian Steindi Jr. has been released.

The video which uses the 32 letters of the Icelandic alphabet, ending in ‘Ö’. The aim of the initiative is to harness the uniqueness of the Icelandic language to highlight the diversity and breadth of Iceland and to encourage visitors to go further and learn more. The aim is also to educate tourist about being responsible travellers to the country.

Since efforts to support regions outside the capital have been undertaken, small but steady successes in the visitor numbers were measured.

3.b) Destination marketing and brand

BEST USE OF FUNDS

The Iceland tourism campaign, realised by ‘Brooklyn Brothers’, a global agency that blends PR, social, digital, experiential and brand advertising, is firmly rooted in actual business reality. The first ‘chapter’ of the campaign in 2010 started after the eruption of the Eyjafjallajökull volcano. This led to negative stories about Iceland and a projected £180 million shortfall in revenue. Iceland needed to act fast to address this image issue. They lacked the budget to use mainstream TV and this led to a social and digital focused campaign, but one firmly focused on driving visitor numbers. 22.5 million stories were spread worldwide bringing an extra £165 million to the Icelandic economy with a ROI of 61:1. Media and production spend was £2.24 million.

BUILD ON A BRAND TRUTH

A lot of social media content still seems to be 'sponsored entertainment' with little link back to the brand. The Inspired by Iceland campaign was rooted in a band truth that the country had the highest level of positive recommendation at over 80 percent. This led to the idea of tapping into this goodwill by encouraging people to tell their positive stories to the world, using a variety of social media tools across Facebook, Twitter and Vimeo.

But the Iceland campaign avoided the mistake of focusing on existing users. The idea was to capture positive stories from visitors, but with the objective of using these stories to reach a broader audience and drive penetration.

FRESH CONSISTENCY

Subsequent chapters had consistency with the same brand idea, Inspired by Iceland, and distinctive tone-of-voice: warm, welcoming, with a humorous wink of the eye. Freshness has
come from each chapter focusing on a specific business issue. A second chapter encouraged people to visit Iceland out of the peak summer season; the country’s infrastructure was struggling to cope with the increased numbers of summer visitors. And a third chapter was aimed at inspiring visitors to go to discover less well-known areas of the country.

**BUILD BRAND FAME WITH DISTINCTIVENESS**
By being highly distinctive, the Inspired by Iceland campaign built 'brand fame' beyond what would be expected for the relatively limited investment. For example, the first chapter was kick-started with a world-first where the entire country was stopped for an hour – ‘Iceland Hour’ – to allow time for people in the country to share their stories.

The subsequent chapter to drive regional visits made fun of the fact that Guðmundur is a very common name in Iceland. A distinctive band property called ‘Ask Guðmundur’ was created: the world’s first ‘human search engine!’. Each of seven regions had a local specialist called Guðmundur who would answer questions sent in on social media. Over 1,000 questions from more than 50 countries were received throughout the campaign. Importantly, Brooklyn Brothers ‘curate and amplify’ content like this to get impact beyond this relatively small group of active participants. They ‘ignite’ a campaign by reviewing the content created, selecting the best and then amplifying it by giving more exposure.

**DISTRIBUTION FIRST**
Brooklyn Brothers address this issue with an approach called 'Distribution first'. Through a network of contacts with social and digital media platforms they plan in from the start how the content will be distributed. They make the bold guarantee that the earned media generated will have a value at least three times the money invested. In this way, there a much better shot of generating the right reach for the brand.

**INVEST IN PRODUCTION**
Content needs to be good enough to compete with the best of what is on YouTube, Facebook and other social media, from brands but also TV shows, sports teams and music groups. In the case of Inspired by Iceland, around 40 percent of the budget went on production, a bigger percentage of the total budget than might be expected for a traditional communication campaign.

In conclusion, ‘Inspired by Iceland’ shows how a carefully planned and properly executed campaign can harness the potential of social and digital media to boost brand and business performance. The key is to root campaigns on a business issue and brand truth, and build brand fame with distinctive, smartly distributed content.

(Case Study on the Campaign: [https://www.mrs.org.uk/pdf/iceland.pdf](https://www.mrs.org.uk/pdf/iceland.pdf))
3.c) Target markets & segments

The luxury travel market is predicted to grow much faster than the overall travel market. Growth rates in (especially the emerging countries of) Europe are among the highest in the world.

ICELANDIC TOURIST BOARD

The number of foreign visitors to Iceland has nearly quadrupled since 2010. The average yearly growth rate has been 24.4 percent since 2010. The biggest increase was from 2015 to 2016, or 39.0 percent. 2017 saw 2.3 million visitors.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of visitors</th>
<th>Proportional increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>488,600</td>
<td>2010-11 15.7%</td>
</tr>
<tr>
<td>2011</td>
<td>565,600</td>
<td>2011-12 18.9%</td>
</tr>
<tr>
<td>2012</td>
<td>672,800</td>
<td>2012-13 20.0%</td>
</tr>
<tr>
<td>2013</td>
<td>807,300</td>
<td>2013-14 23.5%</td>
</tr>
<tr>
<td>2014</td>
<td>997,300</td>
<td>2014-15 29.2%</td>
</tr>
<tr>
<td>2015</td>
<td>1,289,100</td>
<td>2015-16 39.0%</td>
</tr>
<tr>
<td>2016</td>
<td>1,792,200</td>
<td>2010-16* 24.4%</td>
</tr>
</tbody>
</table>

* average yearly growth rate

In 2017, 53 percent of Central and Southern European visitors came during the summer, as did 42 percent of North American visitors, 38 percent of Nordic visitors, 16 percent of UK visitors and 35 percent of those categorized as from ‘elsewhere’. Some 40 percent of Nordic visitors came in the Spring or Autumn, as did 28 percent of UK visitors and 23 percent of North American visitors. Approximately half (56 percent) of UK visitors came in winter, as did approximately one-fifth of Nordic visitors, one-fourth of North American visitors and one-third categorized as coming from ‘elsewhere’.

To gain a better insight on their visitors and target markets, the Icelandic Tourist Board asked Maskina to carry out an Internet survey among international visitors in the period October 2015 to August 2016, based on e-mail addresses collected at Keflavik Airport. The final sample was 9,286 people, with a response rate of 45 percent. In processing the statistics, the travel year was divided into two periods, i.e. winter (Oct.-May) and summer (June-August). Nine demographic categories were used: nationality markets, gender, age, career, income, education, career, type of trip and means of travel to Iceland. Results of the survey clearly indicated a relatively young traveller with approximately 40 percent of all travellers indicated as affluent travellers.

ICELAND LUXURY

Target markets for Iceland Luxury are mostly matured markets and the ‘flexible income traveller’.

The main markets for Iceland Tourism are:

- North America (USA and Canada);
- Northern Europe;
- Middle East and India;
- Australia.
Asia has been on the agenda; Iceland Luxury is actively looking to attract HNW travellers from China and South-East Asia through the participation of trade fairs in the region.

### Annual Growth Rate in overall and luxury travel, forecast 2015–2025:

<table>
<thead>
<tr>
<th>Region</th>
<th>Overall travel</th>
<th>Luxury travel</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>4.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>3.8%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Emerging Europe</td>
<td>5.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>7.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>South America</td>
<td>4.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Oceania</td>
<td>3.8%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### TRADE FAIRS

Iceland Luxury is participating in the following trade fairs:

- ILTM Cannes (since incorporation in 2014);
- ILTM Americas (since incorporation in 2014);
- ILTM Arabia (by invitation only and since 2017);
- ILTM Asia Pacific (with the focus on South East Asia and Australia; since 2018);
- ILTM Shanghai (since 2015).

Iceland Luxury is represented with a full booth, offering partners a representative platform of their services. Main aim is to attract visitors for longer stays in the country and emphasis on tailor made experiences.

Besides trade show presence, Iceland Luxury is inviting partners and interested parties to an annual conference which aims to educate on the high-end experiences available in Iceland.

3.d) Other key points - e.g. tailored immersive / bespoke experiences

### GENERAL COMMENTS ON ICELAND LUXURY

Iceland Luxury has been on the forefront of offering high end travel modules with the aim to preserve land and culture. Sharing insights and approach to develop a more sustainable long-term tourism strategy is an important mission of the platform.

### Iceland – 4. Travel Trade Engagement

#### 4.a) Findings of the in-depth Interviews

An interview with Ninna Haflidadottir, Director of Marketing for Iceland Luxury took place on May 29th. Through an in-depth conversation, details on outreach, aim and general practices where gained. The findings were in incorporated into the content of this case study. Further conversations were taken on with Sigurdur Valur Sigurdsson, Director of Marketing for Meet in Reykjavik but with no relevant outcome for this case study.

#### 4.b) The development of the bookable proposition via the travel trade
LOCAL AND NATIONAL STAKEHOLDER ENGAGEMENT AND ROLES – TOURIST BOARD
Since 2012, the Ministry of Industries and Innovation assumed responsibility for tourism. The Icelandic Tourist Board (ITB) handles the implementation of tourism affairs on behalf of the Ministry. Promote Iceland is a very successful public-private partnership, aimed to reinforce the image of Iceland as an exciting destination for tourists and for assisting in the promotion of Icelandic culture abroad.

An Icelandic Tourism Council is appointed by the Minister for Industries and Commerce, with a mandate to make recommendations to the Minister, at least once a year, on the marketing and promotion of services to tourists, and to act as the Minister’s advisor on matters concerning tourism planning. The Tourism Council brings together representatives from the Ministry, Icelandic Travel Industry Association, Association of Local Authorities in Iceland, Iceland Tourism Association and Promote Iceland.

Municipalities are responsible for planning issues and many tourist attractions are also in their care. The local authorities have a representative on the board of the Tourist Site Protection Fund, which has made funds available to support a number of projects undertaken by local municipalities. Regional associations of municipalities operate Developmental Agencies with the support of the Icelandic Regional Development Institute and, on their behalf, various development projects for the tourism industry have taken place. Such projects have also been supported by the Innovation Centre Iceland and the Icelandic Tourist Board. The Icelandic Tourist Board also collaborates extensively with the seven regional tourism marketing offices and provides financial support for their work.

The Icelandic Government is aware of the need for destination management and planning for the future sustainable development of tourism. In 2015, the Icelandic Tourist Board (ITB), along with the Tourism Task Force, launched the development of Destination Management Plans (DMPs).

This holistic approach takes into account the planning and coordination of development and management of tourist flows in each region and strengthens the local tourism support frameworks. DMPs are joint policy statements intended to: steer growth and development of areas over a certain amount of time; define stakeholders’ roles; specify certain actions that each stakeholder is responsible for and what resources they need to carry out their responsibilities.

The regional marketing offices carry out the development of the DMPs, with ITB overseeing the project. The final product will be a Destination Management Plan and a common vision for all stakeholders.

Iceland – 5. Key Learnings
- Form partnerships with privately operated marketing platforms such as Walpole, Small leading hotels, Soho House and other membership clubs with country properties etc.
- Focus on the different counties in the UK and not on the cities.
- Focus on natural beauty, unique experiences, food and wellness.
- Keep connectivity in mind; easy transport links from major hubs such as Heathrow or Manchester.
- Focus on trends (which are here to stay) such as ‘sustainable tourism’.
• Develop modules focused on regional UK offers to offer to travel trade.

**Iceland – 6. List of sources**

- Luxury Iceland – [https://icelandluxury.com/](https://icelandluxury.com/)
- Meet in Reykjavik – [https://meetinreykjavik.is/](https://meetinreykjavik.is/)
- Skift – [https://skift.com/](https://skift.com/)