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Luxury Travel

How to Capitalize on a New Emerging Market

By Carolyn J. Feimster, SCMD, President, CJF Marketing International, North Brunswick, NJ

The Shop America Alliance conference celebrated its 10th Anniversary this past January at Red Rock Resort, just outside of Las Vegas. As always, the latest trends were uncovered and discussed. This month we will focus on the emerging trend of luxury travel and how shopping centers are capitalizing on it.

Presenter Alf Nucifora clearly outlined the importance of this niche traveler in his presentation, "What the Luxury Customer Wants." As chairman and founder of the Luxury Marketing Council, San Francisco and Orange County, CA, Nucifora oversees the West Coast chapters of this global organization representing 700 of the world's leading consumer luxury brands.

So who is the luxury customer and what do they want? Affluence is defined by having at least \$1 million in liquid assets, not including home value and retirement savings. In the US alone, a projected 9 million people meet that definition, and annually they spend 2.7 times more on leisure travel than the mass market — \$6,223 versus \$2,341.

According to Nucifora, affluent Boomers are traveling more than ever as they hit retirement, and grandparents are the force behind popular multi-generational travel. Trips are longer and often themed or educational. Generation X will

represent 32.3% of the US market by 2020 and will outspend the Boomers by 18% in luxury goods. They are not intimidated by luxury, are fearless about spending and have an impulsive approach to travel. To Generation Y, luxury will mean saving time and reducing hassle.

"And there is one more market to consider, the 'Aspirational,'" explained Nucifora. "They aspire to the good life and have high household incomes, but still live paycheck to paycheck. They will splurge on travel, dining, spas and recreation. They are your future!"

Image and Consistency Key

So what does this luxury market want out of life? For them, it is all about image and consistency of the brand. They want value and quality, and
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for the *first* lease year, but after that year the base rental increases to the owner's number. That type of deal might save your deal, get the space occupied, eliminate the six-month loss *and* give the owner the number he really wants. "graduated base rent" deals have saved many deals for me during my career.

Good luck.
Signed,

The Mall Advisor

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they are in control. Clarity of brand positioning is important. Names that come to mind in that regard include Ritz-Carlton, Porsche, Tiffany, Rolex, etc. Products need to be authentic; arrogance in presentation is out.

"Luxury customers know what they want in regard to a product and it should be unique, customized and personal. Your programs should be driven by CRM and superior concierge services. Your employees should be your partners in producing that level of customer service," explained Nucifora. He said branding must be information-intensive. Online spending for US leisure travel is projected at \$100 billion by 2010 and will account

for 34% of all online spending.

Nucifora's final advice: "You must develop trust to get to loyalty of your brand. That demands constant communication and authenticity."

How Malls Can Capitalize on The Luxury Market

Developers are taking a close look at their tenant mix and analyzing the potential of this luxury market to determine if they should re-merchandise to become more upscale. For example, in the heart of Carmel-by-the-Sea, CA, is Macerich's Carmel Plaza, which creates a distinct shopping experience reminiscent of a French shopping district.

"We came to the understanding that the luxury market does not always want big city hassles. This center provides an alternative shopping experience in a European-style village. We offer an outdoor plaza, cobblestone walkways lined with colorful foliage, a sparkling fountain, comfortable soft seating, soft music—everything that gives a sense of serenity," explained Ryan Williams, marketing manager of Carmel Plaza.

"We have an international following of over 7 million visitors who expect to be pampered. The concierge center offers guided tours through individual stores, high tea parties, private champagne parties in Tiffany & Co. and private trunk shows from stores such as Louis Vuitton," said Williams.

Westcor, a wholly owned subsidiary of The Macerich Company, continues to capitalize on the luxury market by creating marketing programs

targeted to it. They are "Rolling out the Red Carpet" with their "Ultimate Shopping Excursion," luxury shopping packages that offer unique experiences. As Nucifora said, the luxury market requires uniqueness in product.

"We realized that to stay ahead of the competition and

to provide programs that will be successful for our luxury retailers, we had to develop something to make this market feel truly special," said Kate Cavaliere, senior manager of tourism, Macerich.

Cavaliere has introduced two new shopping packages designed for the discerning visitor. The Trendsetter Tour and The European-Chic Tour incorporate the best-of-the-best in shopping from one-of-a-kind boutiques to high-style European stores at Kierland Commons, Scottsdale Fashion Square, Biltmore Fashion Park and The Borgata.

"Research has shown Scottsdale and Phoenix are welcoming a cultivated visitor and, knowing shopping is the number-one travel activity for visitors, this was a great opportunity to take our shopping packages to the next level," said Cavaliere. "It provides a great opportunity to highlight our high-end and one-of-a-kind specialty retailers that are becoming synonymous with Scottsdale."

The shopping packages
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offer limousine transportation, a personal shopping guide, a meet-and-greet at the centers, in-store personal service and refreshments, as well as a special gift to remember the experience. To create the packages, Cavaliere partnered with Spree! The Art of Shopping, a Scottsdale-based company that specializes in shopping tours, trunk shows and convention group spouse activities.

“Because our more savvy customer knows what they want, they are able to tailor their four-hour itinerary to their own shopping interests and style preferences,” explained Cavaliere. Each shopping package is \$495 for the first four people and \$100 for each additional person, up to seven. Packages can be booked by visiting www.azshoppingspree.com. This makes the perfect girlfriend get-away or mother-daughter afternoon.

And luxury shopping is not limited to upscale urban malls and lifestyle centers. The designer outlet stores at the more than 30 Chelsea Premium Outlet Centers across the country attract millions of shoppers a year to destination centers like Desert Hills Premium Outlets, near Palm Springs, CA, Las Vegas Premium Outlets and Woodbury Common Premium Outlets, an hour north of New York City, which is home to the world’s largest collection of designer outlets including Gucci, Dior, Fendi, Chanel, Salvatore Ferragamo, Yves St. Laurent and more.

Shoppers often arrive in a limo and depart hours later laden with shopping bags filled with items purchased at savings of 25% to 65%. The company’s website www.premiumoutlets.com features a wide range of shopping packages including many that cater to the luxury market.

“Cromwell Manor near Woodbury Common has been touted as one of the great inns in the world, and guests can include a wide range of services, including spa treatments, in conjunction with their shopping package,” commented Jean Guinup, regional marketing director for Chelsea. “The rich and famous come to our centers because everyone loves getting a great deal, but we also serve shoppers who get their first taste of luxury by shopping with us.”

To find out more about what the luxury traveler wants look at www.xoprivate.com, The Luxury Travel Collection. XO Private stands for “escapes of distinction — exclusive, sometimes sophisticated, sometimes escapist, sometimes adventurous, but always special.” This company publishes a book where, among many other things, they talk about fashion. To subscribe to their newsletter and see what they promote, e-mail info@xoprivate.com.

vate.com.

That is the luxury market we are talking about for our more upscale centers!

We are continuing this series of articles on tourism every other month and would like to focus on some of the more innovative tourism programs. Please submit your programs to me, either via e-mail Carolyn@CJFMarketingInternational.com, fax 732/545-3138 or mail. If possible, include samples of your graphics via e-mail. Full credit will be given to the person or team responsible for the program. Visit our website: www.cjfmartketinginternational.com ■

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