

## IN THIS ISSUE

### INTERVIEW

Horst Schulze,  
Capella Hotels & Resorts

### ARTICLES

Research Uncovers  
Hidden Gem in Luxury  
Travel

Launch of Luxury Travel  
"Community"

Luxury Link Ramps Up  
Direct Response Options

Move Over Baby  
Boomer, the "Want-It-  
All" Generation Has  
Arrived

Client Revenues Up 13%  
It's the Little Things

### NEW ON LUXURY LINK

Destination Pages

World's Best List

Mystery Auctions/  
Preview Auctions

### KEY ADVERTISERS

### REGIONAL SPOTLIGHT

Asia & Africa

### NEED TO KNOW

Industry Facts

### CLIENT PARTNER PROFILE

Hostellerie de  
Crillon le Brave

### CHAIRMAN'S CORNER

James A. Kaplan

### LUXURY LINK

5200 W. Century Blvd.  
Suite 410  
Los Angeles, CA 90045

TOLL FREE 888.297.3299

LOCAL 310.215.8060

FAX 310.215.8279

[www.luxurylink.com](http://www.luxurylink.com)

### PUBLIC RELATIONS

Middleton & Gendron, Inc.  
Tel: 212.980.9064

[info@mg-pr.com](mailto:info@mg-pr.com)

© LUXURY LINK 2007

# LUXURY LINK

THE WORLD'S LEADING LUXURY TRAVEL WEB SITE

TRAVEL INDUSTRY NEWS AND VIEWS | JULY 2007 NEWSLETTER



## RESEARCH UNCOVERS HIDDEN GEM IN LUXURY TRAVEL

It's no secret that Luxury Link has been cultivating a vast database of loyal travel consumers since 1997. However, our partners have always been curious about our audience – just who is the Luxury Link consumer? So we decided to hire the best in the business to take a closer look.

During the first quarter of 2007, Luxury Link commissioned **Nielsen/NetRatings**, the global standard for Internet audience measurement and analysis, to conduct an independent study of the Luxury Link audience and their lifestyles. Categories included basic demographics,

travel habits, finance and business, shopping, health and family.

The findings were remarkable. David Martin, Nielsen's Director of Survey Research, called Luxury Link "**one of the best sites on the Internet to advertise to high-income audiences**. A hidden den of individuals with a lot of disposable income and a penchant for indulging their travel bug."

With over 600,000 subscribers, Nielsen found that the average age of a Luxury Link user is 45. The average household

*continued on page 2*

## INTERVIEW WITH HORST SCHULZE, CAPELLA HOTELS & RESORTS



**Former President of Ritz-Carlton, Horst Schulze, is a globally respected mastermind in the luxury hotel**

**industry, recently launching two new brands: Solis Hotels, 5-star properties concentrating on the business and individual traveler, and Capella Hotels & Resorts, super luxury properties with no more than 100 rooms, focused strictly on the individual.**

**LL** *Is Capella aiming to create an experience that transcends the current model for 'luxury' in the hospitality world?*

**HS** Capella is the next dimension. In a

way, it's going forward into the past. When I was an apprentice, a busboy at 14 years old, everything was geared toward the individual. Mrs. Knowles was coming back on the 16th and she wanted Table #3. There was no commodity – "we're doing it, you buy it or you lose it". My large hotel might have 200 arrivals in a day, it is not possible to provide the individual service. But with Capella, and just 100 rooms and maybe 30 arrivals in a day, I can give one a pillow stuffed with mint leaves; another needs a rollaway in the room. These things I can do.

**LL** *How do you find and train personnel to understand these higher concepts and apply them?*

**HS** Ah, that is the key. If you really dissect our industry, if you really take it

*continued on page 4*

## LUXURY LINK ANNOUNCES FIRST LUXURY TRAVEL "COMMUNITY"

In an effort to bring like-minded luxury travelers together to share thoughts, tips and recommendations on everything from this year's hot destinations and favorite hotels to trends in high-end travel, Luxury Link has created the first peer-to-peer social community for the affluent.

As part of this program, Luxury Link has identified **VIP Contributors**, typically long-time Luxury Link consumers, with most having purchased multiple packages from Luxury Link travel partners. Each VIP Contributor is an authorized Luxury Link Blogger, free to write about destinations or properties of their own choosing, effectively becoming **trusted influencers** within the luxury travel community.

"We are excited about the successful launch of this interactive feature on Luxury Link," said Diane McDavitt, president of Luxury Link. "Our goal has always been to be a resource for the online luxury travel community and this is truly the next level that ties consumers, hoteliers, and LuxuryLink.com together."

## LUXURY LINK RAMPS UP DIRECT RESPONSE OPTIONS

Luxury Link is always looking for new ways to add value for our partners. And with the increasing demand for Direct Response marketing, we have developed new programs that deliver just that.

The "**One-Two Punch**" is a concentrated sales blitz providing the quickest, most effective way to drive your target market directly to your site, with two weeks of premium exposure on Luxury Link and a top spot in our eNewsletter. The newly created "**Luxury Marketplace**" offers premier placement within Luxury Link's relevant destination pages, with a description and direct link to your website. Your dedicated Marketing Manager can help you strategize and schedule these direct response tools throughout your campaign.

# RESEARCH UNCOVERS HIDDEN GEM IN LUXURY TRAVEL

continued from page 1

income is \$175,000 with 20% of those buyers in the elite \$250,000+ demographic. But more than just high income earners, the research confirmed that these affluent professionals are “comfortable purchasing high-ticket items online”, with a quarter of a million of these visitors planning their leisure travel in the next 3 months.

Profile	
Average Age	45
College Degree or higher	80%
Income	
Average Income	\$175,000
Income over \$250,000	20%
*Financial Portfolio: \$250K-\$999K	30%
*Financial Portfolio: \$1Million+	14%
Occupation	
Professional/Managerial	70%
C-Level & Senior Management	26%
Business Owner/Entrepreneur	21%
Location	
US	70%
International	30%
Travel	
Planning next trip within 90 days	72%
Users taking 3 or more annual vacations	96%

\* Exclusive of Real Estate

“A high value audience couldn’t be more easily defined than by the large financial portfolios kept



by its members,” said Martin. “A stunning 14.2 percent of Luxury Link visitors included in this survey indicated having a financial portfolio value in excess of one million dollars, exclusive of real estate.”

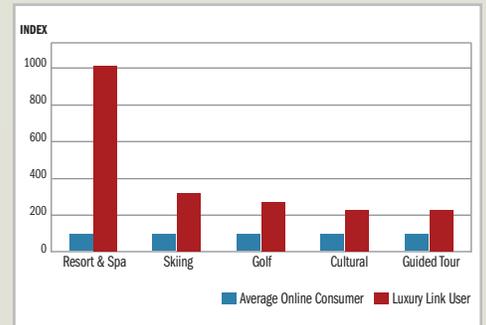
## US Online population vs. Luxury Link composition:

	US Online Population	Luxury Link
Household income of \$100,000 or more	24.6%	63.2%
Household income of \$150,000 or more	09.2%	40.8%
College graduate with 22.8% post grad work	50.9%	79.2%
Professional or managerial employment	32.7%	57.1%

Source: Nielsen/NetRatings @Plan Syndicated Service

This new research proves that the Luxury Link audience does more than just dream about luxury travel. With an index of 100 representing normal travel patterns, Luxury Link visitors, in comparison, show an extremely high propensity for sophisticated leisure travel.

## Likelihood of a Luxury Link user to take the following types of vacation compared to the average online consumer:



Luxury Link’s position as a luxury website for “high-end travel demonstrates a value-conscious, exclusive audience of well-educated, high-income professionals,” states Martin. The beauty of this upper echelon of consumers is that they tend to be immune to common industry downturns as they are more isolated from negative economic factors. This combined with the reality that Luxury Link guests book in advance and pay in full makes the site one of the most valuable luxury marketing vehicles on the Internet.

For a full report on the Nielsen/Net Ratings @Plan service findings, please send a request to [info@LuxuryLink.com](mailto:info@LuxuryLink.com).

## NEW ON LUXURY LINK

The screenshot shows the Luxury Link website interface. At the top, there's a navigation bar with links like HOME, DESTINATIONS, TRAVEL OFFERS, LUXELIFE, WORLD'S BEST, COMMUNITY, and ABOUT US. Below that, there's a 'DESTINATIONS' section with a 'PHOTOS' tab selected. A featured destination for 'Buenos Aires' is highlighted. On the left, there's an 'INFO' section and a 'FEATURED DESTINATIONS' section with a world map. On the right, there's a 'LUXURY MARKETPLACE' section with various travel offers.

## Destination Pages

Searching on Luxury Link has just become easier with our newly designed destination pages. Within these pages, travelers can now search by individual regions and see relevant offers matching that location.

## World's Best

Luxury Link’s World’s Best List has expanded to include not only **Hotels**, but also **Spas, Golf, Shopping, and Great American Drives**. Recognizing the ultimate in luxury and service, the list includes properties ranging from large resorts in well known destinations to small boutique hotels in remote locales.

## Auction Highlights

### Mystery Auctions

With a unique twist on auctions, these new Mystery Vacation Auctions bring a sense of adventure to the bidding process. Luxury Link will reveal visual and written hints throughout the auction enticing online visitors to solve the mystery of the distinctive, top-secret vacation destination.

### Preview Auctions

A great way to build anticipation for upcoming auctions is our new Preview Auction showcase. These are found in our auction section to alert prospective buyers that their favorite property is “coming soon.”

## MOVE OVER BABY BOOMER, THE "WANT-IT-ALL" GENERATION HAS ARRIVED



The travel industry is witnessing a changing of the guard from strong sales driven primarily by Baby Boomers over the past decade to the young, affluent Gen-X'ers, newly defined as the "Want-It-All" generation. As Baby Boomers turn away from luxury consumerism and toward having new life experiences in their senior years, the 40-year-old and under crowd is primed to fill the gap, and then some.

**"This is good news for luxury marketers, as the young affluents are even more passionate luxury consumers than the Baby Boomers were,"** said Unity Marketing President Pam Danziger in her recent report called the Generations of Luxury. "They have an appetite for luxury that far exceeds that of their older cohort. In 2006 the 40-and-under young affluents spent 32 percent more on luxuries than the over-40-year-olds, an average of \$65,294 as compared to \$49,485. Incomes for both age groups were nearly identical."

One explanation for the disparity is that young wealthy consumers are more likely to have come of age in affluent households. As a result, "they

grow into a desire to maintain that lifestyle," Danziger said. Another factor is that "young affluents are more highly educated than baby boomers, and they get paid more when they get out of college," Danziger added.

According to Jupiter Research, "Young affluent adults have high online tenure—78% have five or more years of online experience, compared with 64% of the overall online population."

Unity Marketing found that **luxury consumers under 40 who belong to loyalty programs spend twice as much on luxury goods** as non-members in the same age group. "This emphasizes the tremendous value in attracting these 'Young Affluent' consumers to become members of your brand's well-crafted program," said Danziger.

**"The global luxury market is going young so luxury marketers must learn to think young in order to survive and thrive."**

"Young affluents will play an increasing important role in the target market for global luxury marketers over the next ten to twenty years – not just in the United States (with a median age 36.5 years) or in the European countries (where the median age ranges around 40 years old)," explains Danziger, "but in the developing luxury markets, like Brazil (median age 28.2 years), India (24.9 years) and China (32.7 years), where the population as a whole is more youthful."

Danziger concludes, "The global luxury market is going young so luxury marketers must learn to think young in order to survive and thrive. Global luxury marketers have gotten used to the passions and nuances of the maturing Baby Boomers after so many years of targeting this generation with their luxury goods and services. Now they have a new challenge to appeal to the young affluents who have different ideas about luxury and different priorities in how they spend their wealth." ☺

### LUXURY LINK WELCOMES KEY ADVERTISERS

Lexus  
Mandarin Oriental  
Ritz-Carlton Hotels and Residences

Exclusive Resorts  
Monaco Tourism  
Gucci

### REGIONAL SPOTLIGHT

#### AFRICA

The first quarter in 2007 saw a 17% year-over-year increase for Luxury Link's Africa sales, with **African safaris** and trips to **South Africa** leading the way.

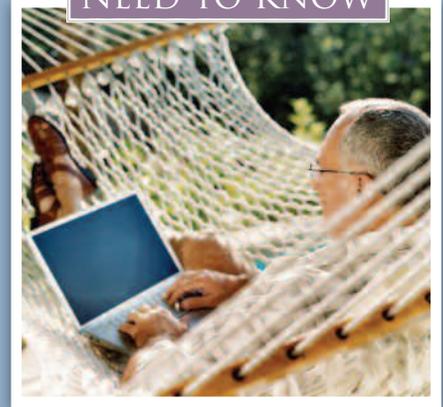
#### ASIA

Bookings in Asia increased 13%, with a buzz of activity in **Thailand** and the **Maldives**.

### CLIENT REVENUES UP 13%

Luxury Link is proud to report that remitted revenues for clients have increased by 13% year-over-year as of May 2007. "We were certainly pleased with this increase," said Stephen Fitzpatrick, Senior V.P. of Sales & Client Marketing, "and excited to see that our efforts are paying off for our clients." To learn more, contact [sfitzpatrick@luxurylink.com](mailto:sfitzpatrick@luxurylink.com).

### NEED TO KNOW



### HOTEL BUDGETS SHIFT TO ONLINE MEDIA

According to *OMMA, the Magazine of Online Media, Marketing & Advertising*, hotels are ramping up their online marketing efforts to reach the ever-increasing Internet audience. **"Marketers are becoming more aggressive with their e-commerce decisions,"** says Jennifer Gassman, media director of Nurun/Ant Farm Interactive, a full-service interactive advertising agency. **"A significant component of that aggressive strategy is targeting and converting prospective travelers online.** We've definitely seen a shift in marketers' budgets toward online media."

### ONLINE TRAVEL SPEND TO REACH \$93.6 BILLION IN 2007

PhocusWright's Online Travel Overview estimates that sales from leisure and unmanaged business travel sites last year totaled nearly \$65 billion, with 30 percent of all U.S. travel sales booked online. By 2007, that number is **expected to jump to \$93.6 billion**, or approximately **40 percent of the market**.

### SMALL AFFLUENT SEGMENT ACCOUNTS FOR HALF OF TOTAL ONLINE SPENDING

According to Guideline Research, high-end consumers with a household income of \$100,000+ make 52% of their travel purchases online. **Affluent travelers account for just 16% of the US online leisure travel population, but 50% of total US online travel sales.**

### LUXURY CONSUMER SEGMENTS IN THE US

Unity Marketing defined three distinct segments in the luxury consumer market representing the top 25 percent of U.S. households by income:

- **Near-Affluents** - \$75,000-\$99,999 HHI; represent 12.2 million households; 11% of total
- **Affluents** - \$100,000-\$149,999 HHI; represent 10 million households; 9% of total
- **Super-Affluents** - \$150,000+ HHI, represent 5.6 million households; 5% of total; this is the highest spending segment in all categories of luxury

## CLIENT PARTNER PROFILE

### HOSTELLERIE DE CRILLON LE BRAVE



Selected as one of Travel+Leisure's Best Hotels in the World in 2006, Crillon le Brave is a romantic hillside retreat surrounded by vineyards, olive trees and lavender fields in Provence.

As a Luxury Link client partner since 1999, Craig Miller, Owner of Crillon le Brave, states, "Luxury Link has been a valuable channel through which many high-end travelers have been introduced to Hostellerie de Crillon le Brave over the past several years. The quality of other travel properties featured on Luxury Link is incredible and we know that our hotel is always in good company on the Luxury Link site. There is no question that Luxury Link has a secure place in our mix of marketing activities."

## IT'S THE LITTLE THINGS...



Being considered a luxury hotel comes with high expectations from well-heeled, discerning guests. In order to receive consistent, positive feedback, it's crucial not to miss the small details.

"Overall, successful properties get these right more often than not – allowing them to maintain their reputations for high quality service," states Derek Wood, President of Guest Check, LLC, in a special report. "But results from a recent review of almost 1,000 anonymous inspections of high end hotels and resorts found a startling number of 'standard services' were routinely missed. Not just by a few, but by virtually all."

According to the report, the top five missed service points at luxury hotels are as follows: 1) **missed incoming messages/fax**, 2) **poor bell service**, 3) **incomplete reservation services**, 4) **poor quality check-in**, and 5) **missed wake-up calls**.

"Even the best miss things on occasion," says Wood. "So, prepare, train your staff, and regularly measure and inspect their performance to ensure guests get the best your team has to offer." ①

## CHAIRMAN'S CORNER

### LISTENING AND RESPONDING

By James A. Kaplan, Chairman, Luxury Link

Over the past five years, travel providers – hoteliers, resorts, tour operators, cruise lines – have enriched their websites to be more attractive and informative, including automated online reservation systems, in order to strengthen their direct relationship with the consumer.

Luxury Link's role has evolved in tandem with the enhanced web presence of the travel providers we serve. Over our ten-year history as the leading online resource for the luxury travel market, we have developed a unique audience of sophisticated users who come to us for information, exclusive packages, and recommendations. Their affluence and predisposition to use the Web is documented in our 2007 study by Nielsen/NetRatings.

With over 5,000 luxury travel properties to choose from, these buyers rely on Luxury Link to assist them in making their travel decisions. As hoteliers and travel operators become more desirous of dealing directly with travel buyers, we are in a unique position to promote, brand, and deliver our consumers to our travel clients.

In order to provide the broadest and most interesting offers, our new hybrid approach brings the consumer to the Luxury Link Marketplace. This market environment allows Luxury Link consumers to meet other travelers, shop the Luxury Link site, or link directly to the travel property's website. We will continue to listen and respond to our clients' needs. ①

## INTERVIEW continued from page 1

seriously, we are a human resource organization. We develop the processes necessary to give service and deliver service with highly caring people. So we have a careful "selection" process, not a "hiring" process. Next, we want to be sure the employee is not joining us to "work" but to join our dream. I do the orientation personally at new hotels. I teach them who we are.

**LL** Why is the marketplace ready for this concept right now? Would it have worked, say 20 years ago?

**HS** No. In the early 60s we started commoditizing the business very strongly with large hotels and conventions. In the late 60s elegance became glass elevators and large lobbies. When we started Ritz-Carlton and then Four Seasons started we upgraded from those glass elevators into more elegant hotels. In the meantime, customers started saying I like those hotels but now I want my privacy, my individualism, I don't want to be pushed away by groups. I want to concentrate on me and I am willing to pay for it.

**LL** Let's talk about the changing profile of the luxury traveler. What does he or she look like today?

**HS** They are 45+ and have been traveling for the past 10 years. Sometimes up to 200 days

per year. They want a vacation, caring, pampering. They want focus on the individual.

**LL** Experts agree today the Web is an important tool for the affluent traveler. Would you say the Web acts as something of a travel advisor, particularly with the popularity of "online communities" that allow like-minded travelers to speak to one another?

**HS** Absolutely. Word-of-mouth is so important in this market and our customer, the Capella customer, controls others. That's why we must work perfectly. No mistakes.

**LL** What do you think your colleagues in the luxury hotel space think about what you are doing?

**HS** They will make sly comments - "they don't know how to make profit" - but when they see we make a huge profit then they will copy it. That's what the industry does.

**LL** That's good news for the luxury traveler.

**HS** Absolutely. Arguably at Ritz-Carlton we elevated service and attention for the individual traveler. And people need it even more now. I'm not saying we are the only ones doing this, but it's a new painting. I've painted a few paintings before, but this is a masterpiece we are painting now. ①

*Each issue of the Luxury Link newsletter features an interview with a leading authority on business and luxury travel. Past interviewees have included Steve Forbes, Atef Mankarios, former CEO of St. Regis Hotels & Resorts and Henry Hartevelt, Vice President, Forrester Research, Inc.*

## ABOUT LUXURY LINK

Founded in 1997 and endorsed by *The New York Times*, *Travel + Leisure*, *Conde Nast Traveler*, *The Wall Street Journal* and *USA Today*, Luxury Link is the leading online packager of luxury travel, offering specials, auctions and a searchable database to more than 7.2 million luxury travel buyers annually.