

Tatiana Ksenofontova

PROMOTION OF LUXURY
TOURISM SERVICES IN RUSSIA

Renshaw Travel

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MIKKELIN AMMATTIKORKEAKOULU

Mikkeli University of Applied Sciences

DESCRIPTION

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Abstract <p>The research was conducted for Renshaw Travel, a Canadian travel agency specializing in custom and luxury tourism, which decided to enter the Russian market.</p> <p>In order to understand how to tap into a new market, it is important to explore its main features as well as the local customers' segment. Since knowledge on luxury tourism in Russia is scarce yet, it was decided to explore such issues as identifying the main characteristics of the Russian luxury travelers' segment, the attitudes toward luxury tourism in Russia, and the best ways to promote luxury tourism services in this constantly changing market.</p> <p>For the purpose of collecting a theoretical background, numerous journals and books from different disciplines were reviewed, including marketing, psychology, and brand management, where the authors examined and described their findings on luxury development, its consumption, and consumer behavior. Therefore, after reading through and analyzing the applicable sources, the first chapter of the thesis discusses the main characteristics of luxury, consumers' perceptions, and attitudes toward luxury.</p> <p>Based on the comprehensive theoretical background and the qualitative research outcomes acquired through six semi-structured interviews with luxury tourism specialists and current and potential luxury travelers in Russia, this thesis gives practical recommendations for Renshaw Travel on the promotional techniques that can be used to succeed on the Russian market, i.e. what kind of visual materials are suggested to be utilized, what is the best timing for advertising, and which services Renshaw Travel should make accents on while promoting.</p> <p>Moreover, the research reveals the great potential for introduction of luxury tourism services in Russia, which adds even more worth to its importance and relevance.</p>		
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INTRODUCTION

Despite the unstable economic climate, the amount of wealthy people has grown within last years in the emerging market of Russia. According to the Forbes magazine, 96 of the world's 1,226 billionaires come from Russia, which puts it in the second place after the United States and certainly makes demanded for the introduction of luxury goods and services, including luxury tourism services.

As for now, there are not many serious studies done on the topic of luxury tourism in Russia, thus, it is very timely and important to answer the following *questions*:

- Who are Russian luxury travelers?
- What are the current attitudes toward luxury tourism in Russia?
- What drives and motivates Russian tourists to luxury travel?
- What are the most successful ways to promote luxury tourism services in Russia?

The research was conducted for the Canadian family-operated travel agency Renshaw Travel based in Vancouver, British Columbia, Canada, which has more than fifty years of successful experience not only in the local market, but also internationally. The prestigious accreditation of a Virtuoso travel agency was awarded to Renshaw Travel in 1998, and now Renshaw Travel is a Virtuoso full service travel agency specializing in custom and luxury tourism.

After the winter Olympic Games in 2010 in Vancouver, Renshaw Travel started thinking of Russia as a potential profitable market. That time the demand on their services was high enough to make them understand that Russian tourists are able to spend money on luxury traveling; the only goal is to commit them to this relatively new concept of tourism, which gives a privileged access to exclusive amenities, travel offers, and rare experiences.

As there is no separate specialist dealing with marketing at Renshaw Travel, Travel Experts promote their services on their own, but due to a lack of time to do a research and review previous studies and experiences, they face obstacles to understand Russian tourists and make them believe that traveling with Renshaw Travel is easy and prestigious. Thus, it gives a clear purpose to this research and makes it very

important for Renshaw Travel to be able to move on and ease the communication and working process with customers from Russia.

There is no rich literature existing about luxury tourism, as well as a clear definition of this term. However, there are many sources on the luxury concept as such: consumption, attitudes, perceptions, and brand values. Therefore, the theoretical part of the thesis presents the reviewed literature on luxury from the point of view of other disciplines than tourism and those that are tourism-oriented, while the empirical part introduces the analysis of the acquired from the research data and the practical recommendations for Renshaw Travel on how to start working with Russian customers and promote their services on the Russian market.

1 CONCEPT OF LUXURY

Given the fact that no rich literature does exist on luxury tourism, the need to look at different academic fields has occurred in order to better understand this relatively new concept of luxury. Among those were psychology, marketing, and brand management journals and books, where the authors examined and described their findings on luxury development, its consumption, and consumer behavior. Therefore, after reading through and analyzing the applicable sources, the first chapter discusses the main characteristics of luxury, consumers' perception, and attitudes toward luxury.

1.1 Characteristics of Luxury

Despite lacking of a "luxury" definition, some of the researchers still attempted to identify and describe its main characteristics. According to Vigneron and Johnson (1999), who used the term "prestige" instead of "luxury" in their conceptual framework, prestige brands stand aside from non-prestige because of possessing the five main values. In other words, the authors identified the characteristics that turn the brand into prestigious or luxurious. These characteristics are:

- *conspicuousness*: consumption of prestige brands is perceived as a signal of status and wealth, where their prices enhance the value even more
- *uniqueness*: if everyone consumes a particular brand, it is not considered as prestigious
- *social*: the desire to be linked to a particular social group by consuming prestige brands
- *hedonic*: prestige brands satisfy an emotional need rather than utilitarian
- *quality*: prestige is characterized by design, functionality and service superiority

Another research conducted by Dubois, Laurent and Czellar (2001) aiming at identifying the characteristics of luxury detected six attributes describing the concept of luxury:

- *excellent quality*: components of exceptional nature used in the production process and the best expertise applied in delivering services
- *very high price*: the first two attributes are intrinsically connected, as the high price is perceived as the logical consequence of the luxury goods and services' excellent quality
- *scarcity and uniqueness*: luxury products and services cannot be mass-produced; only a few people consume luxury, as it is reserved for an elite
- *aesthetics and poly-sensuality*: the consumption of luxury is viewed as a highly hedonic (emotional) experience
- *heritage and personal history*: the past is perceived as an important component of luxury; in order to be luxurious, products and services should have an exciting history with long-lasting traditions
- *superfluousness*: to be regarded to luxurious, products and services should build their value not from functional characteristics but from additional benefits

The six attributes named and defined by Dubois et al. have been reviewed by Vigneron and Johnson (2004, 484-506) together with characteristics determined by Kapferer (1998, 44-49) and on their own (1999 and 2004, 484-506) in order to identify the communalities among them (Table 1).

TABLE 1. Review of factors describing luxury brands across four studies (Vigneron and Johnson, 2004)

	Vegneron and Johnson (1999)	Vegneron and Johnson (2004)	Kapferer (1998)	Dubois, Laurent and Czellar (2001)
Non-personal oriented perceptions	Conspicuousness Uniqueness Quality	Conspicuous Elitist Extremely expensive For wealthy Very exclusive Precious Rare Unique Crafted Luxurious Best quality Sophisticated Superior	Belong to a minority High price Exclusiveness Uniqueness Craftsman Its quality Beauty Excellence	Conspicuous Elitist Very high price Differentiate Scarcity Uniqueness Not-mass produced Luxury Excellent quality Good taste
Personal oriented perceptions	Hedonism Extended self	Exquisite Glamorous Stunning Leading Very powerful Rewarding Successful	Great creativity Sensuality Magic Only few have one	Pleasure Aesthetic Polysensuality Refined people Self-expression Pleasing Few people own
Items without apparent communalities			Savoir faire and tradition International reputation Long history Creativity Fashion	Heritage and personal history Superfluous and non-functional Makes dream

The table above reflects that the five characteristics identified by Vigneron and Johnson in 1999 are similar to the ones defined by the other researchers. Conspicuousness includes elitist and very high price from the other studies, while

uniqueness encompasses the concept of exclusivity and scarcity. Quality is intended as handicraft and sophistication. Hedonism involves the concept of pleasure and aesthetics, while the last characteristic “extended-self” is the one presenting the biggest differences across the four studies.

Another review extended to a bigger number of studies was done by Brioschi in 2000, where the characteristics of luxury were systematically classified in order to identify the main ones describing it (Appendix 1).

In 2006 Aiello and Donvito supplemented the work done by Brioschi by ranking the micro descriptive characteristics in order to allocate those into macro-descriptors (Table 2):

TABLE 2. Ranking of the attributes of luxury (Aiello and Donvito, 2006)

Nº	Rank	Macro-descriptors	Micro-descriptors
1	1°	Status-Prestige	Status Acceptance in social group Pecuniary emulation Self-expression Personal recognition Ritual Admiration Prestige Nobility Reputation Wealth Success
2	2°	Pleasure-Hedonism- Emotion	Pleasure Hedonism Emotion Involvement Happiness Sensuality Satisfaction
3	3°	Quality excellence- Aesthetic refinement	Quality Excellence Aesthetic Perfection Style/design Creativity Good taste
4	4°	Ostentation	Ostentation Envious comparison

(continues)

TABLE 2. Ranking of the attributes of luxury (Aiello and Donvito, 2006)

(continues)

			Snobbism Fashion
5	5°	Exclusivity	Exclusive Elitist Unique Distinction
6	5°	Rarity	Rare Limited production Selective distribution Low purchase frequency
7	6°	High price	Expensive
8	7°	Heritage	Tradition Handcrafted “Made in” effect
9	8°	Investment	Low risk investments
10	9°	Materialism	Materialism
11	9°	Futility	Superfluous

According to Brioschi’s systematization and Aiello and Donvito’s ranking, the main attribute characterizing luxury is the ability to assign prestigious status to those who consume it. The second feature stands for the hedonic-pleasure, where emotions and personal involvement play a major role. The third aspect is quality, in terms of excellence and perfection, which is followed by the ostentation that can be perceived as a negative one. The concepts of exclusivity and rarity are further elements that are intrinsically related to luxury.

To conclude the presentation of the main theories of Vigneron and Johnson (1999) and Aiello and Donvito (2006), it might be appropriate to compare them (Table 3).

TABLE 3. Comparison of factors discovered across two studies

Vigneron and Johnson (1999)	Aiello and Donvito (2006)
Conspicuousness	Status-Prestige Ostentation Materialism High price
Hedonism	Pleasure-Hedonism-Emotion

(continues)

TABLE 3. Comparison of factors discovered across two studies

(continues)

Quality	Futility Quality excellence-Aesthetic refinement
Uniqueness	Exclusivity Rarity
Extended-self	Heritage Investment

From the table above it can be marked that there are no big differences among the characteristics found by Aiello and Donvito and those defined by Vigneron and Johnson. However, neither in the review done by Vigneron and Johnson nor in the comparison from the Table 3, the characteristic “extended-self” matches not totally related attributes, therefore, it may be appropriate to reconsider its validity and reduce the number of characteristics of luxury to four: **conspicuousness, uniqueness, quality and hedonism.**

1.2 Perception of Luxury

The overall perception of luxury may vary across national borders, as it derives from the cultural content or the people concerned (Wiedmann, 2007). Hence, some of the researchers have focused on a cross-cultural comparison of perceptions of the luxury concept in their studies.

Some of these studies examined perception of consumers, who actually buy and use luxury products, while others explored the perception of young people, who usually are not considered as typical luxury consumers.

As a part of the first research direction, Dubois and Czellar (2002) defined the consumer perception of prestige and luxury via in-depth interviews. The results reflected that prestige appeared to be inherent to a single brand, and luxury was associated to the notion of comfort, beauty and sumptuous lifestyle. Despite the focus on the consumers, this research did not consider cross-cultural differences while assessing their perception.

On the contrary, De Barnier and Rodina (2006) conducted a cross-cultural research in France, the UK and Russia aiming at defining the luxury perception affecting consumer behavior. A qualitative approach through thirty interviews among active users of luxury brands of different gender, age and occupation was used. The outcomes represented five aspects common to these three countries: aesthetics, quality, history, self-pleasure and expensiveness. On the other hand, some differences in the perceptions of luxury emerged among the interviewees from these countries:

- conspicuousness and aspiration were considered only by the interviewees from France
- functionality and atmosphere were significant to the respondents from the UK
- functionality came up as an important aspect for Russia

The first common aspect, aesthetics, included design, color and style; in other words, the concept of beauty was of primary importance. In France it gained the highest score (29%) compared to Russia and the UK, where it got accordingly 19% and 15%.

In concordance with Vigneron and Johnson (1999), the quality was associated with superior materials and longevity of the product. For the UK, this second most important criterion reached the highest position (19%) in comparison to France (18%) and Russia (17%).

The history dimension does not refer to the authenticity or tradition but to the brand expertise in the sector. No doubt, customers prefer to buy luxury products from brands that are experts in their fields. In France this dimension obtained the highest score (25%), while Russia gained 16%, and the UK only 12%.

Self-pleasure was defined by respondents by saying that luxury gave them the feeling of comfort, pleasure, security and harmony. For the UK, the self-pleasure concept reached the highest position (13%), 12% in Russia and 7% in France.

The last dimension, expensiveness, was considered by respondents as a legitimate perception element of luxury, as it is perceived logical to pay a higher price for products of a better quality and longevity. For Russia this dimension earned the highest position (10%), in comparison to France (9%) and the UK (6%).

Aiello and Donvito (2006) had the same aim at identifying the perception of luxury by using a different sample though. They analyzed young people's perception of luxury due to their belief that this segment could represent potential customers of luxury brands in the future.

The research involving 119 students from different nationalities was conducted in order to determine the elements characterizing the perception of luxury among young people and to understand whether the concept of luxury was perceived differently among those nationalities.

Through the definitions written by each respondent, the authors identified the essence of luxury, by measuring the frequency of lexical unit used (Table 4).

TABLE 4. Ranking of the attributes of luxury (Aiello and Donvito, 2006)

Lexical units	%
Exclusive-exclusivity-exclusiveness	30%
Unique-uniqueness	26,67%
Expensive	26,67%
Quality	26,70%
Excess	26,70%
Dream	26,70%
Material	23,30%
Desire-desirable	23,30%
Emotion-feeling	23,30%
Price	20%
Immaterial	19,70%
Rare-rarity	13,30%
Unnecessary	13,30%
Useless	10%
Not-essential	10%
Superfluous	10%
Symbolic	10%
Satisfaction	10%
Pleasure	10%
Comfort	10%
Exceptional	10%
Prestige	10%
Cost	6,70%
Superiority	6,70%
Elite-elitist	6,70%
Elegance	6,70%
Aesthetic	6,70%

From this research, the lexical terms exclusivity, uniqueness, high prices and excess occurred in most definitions of luxury.

Afterwards, the respondents were asked to rank ten adjectives given by the researchers; it was followed by creating a radar diagram showing the outcomes (Figure 1).

The ten adjectives given by researchers were: exclusive, prestigious, expensive, elitist, desirable, sophisticated, emotional, extravagant, conspicuous and snob. The results reflected that the perception of luxury among young people is based on the concepts of exclusivity, prestige, expensiveness and elitism.

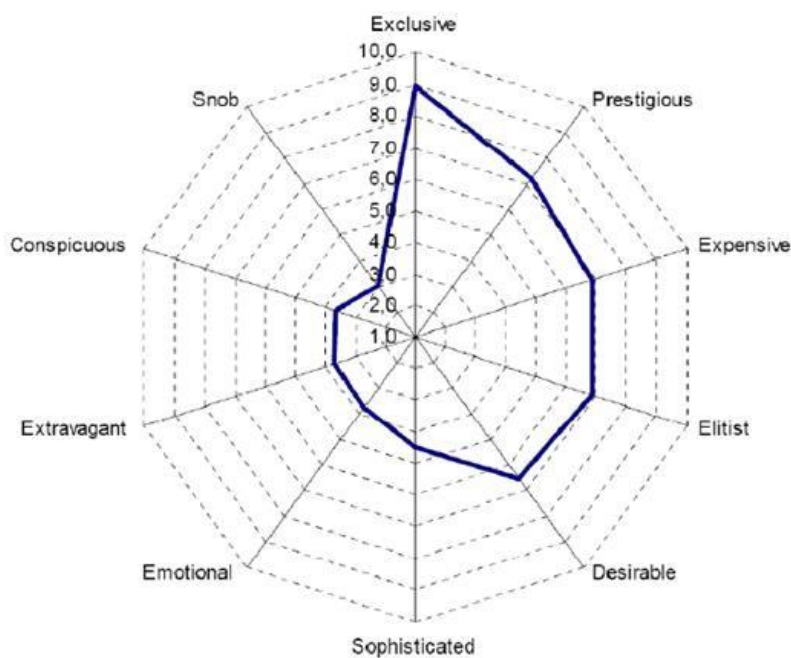


FIGURE 1. Radar diagram with the ranking of the adjectives of luxury (Aiello and Donvito, 2006)

What comes to the cross-cultural differences (Table 5), the Italian respondents mostly associated luxury with the concept of exclusivity, while the monetary value was not among the first considered dimensions. The French respondents weighted more the adjective “expensive”, preceded by “prestigious”. Finally, for the German group, the adjective “exclusive” gained the highest score, while “conspicuousness” and “snobbism” scored the lowest value.

TABLE 5. Adjective scores for each nationality group. (Aiello and Donvito 2006)

Adjective	Italy	Adjective	France	Adjective	Germany
Exclusive	9,5	Prestigious	8,6	Exclusive	9,0
Elitist	7,4	Expensive	8,4	Desirable	7,3
Prestigious	7,2	Elitist	7,6	Expensive	6,7
Desirable	6,6	Exclusive	7,2	Prestigious	6,6
Expensive	6,4	Sophisticated	4,8	Elitist	5,9
Sophisticated	4,7	Conspicuous	4,6	Extravagant	5,3
Emotional	3,9	Desirable	4,4	Sophisticated	4,2
Conspicuous	3,4	Emotional	3,6	Emotional	3,7
Snob	3,3	Snob	2,8	Conspicuous	3,5
Extravagant	2,7	Extravagant	2,6	Snob	2,8

According to the sources reviewed in this theory part, the perception of luxury may vary across national borders.

Table 6 presents an overlook of the main findings across the explored researches.

TABLE 6. The perception of luxury across three studies

Dubois and Czellar (2002)	De Barnier and Rodina (2006)	Aiello and Donvito (2006)
Comfort	Aestheticism	Exclusivity
Beauty	Quality	Prestige
Sumptuousness	History	Expensiveness
	Self-Pleasure	Elitism
	Expensiveness	

While looking at the researches' results of Dubois and Czellar, De Barnier and Rodina, Aiello and Donvito, the overall perception of luxury seems to be built on some common concepts like quality (related to beauty and aestheticism), exclusivity (linked to prestige), expensiveness (associated with sumptuousness) and self-pleasure (tied to comfort). Elitism and history are the two dimensions that do not match across these three studies.

1.3 Attitudes toward Luxury

Perceptions are meant by opinions formed on products or services in response to stimuli. Once the perception is built, consumers start getting knowledge and shaping their attitude toward the product or service.

Many studies have explored consumers' attitudes toward luxury (Tidwell, Dubois 1996; Dubois, Czellar, Laurent 2005; Aiello, Donvito 2006).

One of the first researches was done by Tidwell and Dubois (1996, 31-35), who elicited cross-cultural differences of attitudes toward the luxury concept in Australia and France.

The sample was composed of 167 university students enrolled to the management program in Australia and France. The research results revealed significant differences:

Australian results showed a very negative attitude; conspicuous consumption and luxury as such were taken artificial. The researchers assumed that for this reason gambling and lotteries are so popular in Australia, as they allow the acquiring of luxury products without personal responsibility for having them purchased.

French results took the opposite; strong connection between consumers and luxury was marked. The respondents took luxury positively and integrated it into their lifestyles. Conspicuous consumption appeared much more tolerated and accepted in comparison to the Australian results.

Aside from this research, Dubois conducted an analysis of consumers' complex and contradictory attitudes toward luxury together with Laurent and Czellar in 2001. According to the outcomes, attitudes are complex because of their composite structure consisting of interdependent elements; besides, attitudes are contradictory as those elements may differ across consumers.

Via 16 in-depth interviews, the authors identified four facets of consumers' attitudes toward luxury:

1. Mental reservation and excessive conspicuousness. Respondents expressed some distraction about luxury, mostly due to the moral conviction associated with it since the beginning. Indeed, given the extremely high price of luxury

goods and services, consumers are often accused in attempts to impress all the others, stand out and be noticeable.

Conspicuous consumption reflects the good taste and, for those against it, may worsen the psychological value of luxury products and services.

2. Personal distance and uneasiness. It is an attitude of those respondents, who are not critical and negative about luxury, but are not into it; they perceive luxury as an unreachable and inapplicable to them characteristic.
3. Involvement: pleasure and deep interest. The authors discovered that a significant part of the respondents referred luxury to pleasure and interest using such describing words as “passion”, “adoration”, “marveling”, “dream”, and “enchantment”.
4. Involvement: sign value. Sign value is meant by the luxury products’ and services’ reflection of who their consumers are, which allows to draw valid conclusions about them. This may be interpreted as a status symbol value of luxury products and services, which implies that some consumers choose purchasing those more because of the symbolic value rather than the intrinsic interest.

The above qualitative study provided the basis for a large-scale research which was carried out among 420 consumers. Similar to the prior research, luxury products and services appeared to be perceived by respondents as both hedonic (“pleasant”, “bought for pleasure”) and symbolic (“they reflect who we are”). From the research findings, three consumers segments emerged: elitist, democratic and distant.

The first segment called elitists comprises those individuals who have a traditional view on luxury; they believe it is appropriate only for elite, as it is reserved only for refined and well-off people having required knowledge and expertise to fully appreciate it. Moreover, luxury implies involvement of a good taste, and it allows distinguishing its consumers from the others.

On the contrary, the democratic segment considers that many people can own luxury products and services, as they are not or should not be reserved to refined and well-off people. Besides, luxury was neither a synonym of a good taste nor an instrument of distinguishing from the others.

The last segment “distant” does not demonstrate a negative attitude toward luxury; members of this group perceive it as being from a different world; they are not personally attracted by luxury, they may find it useless and too expensive, or even they might have a feeling of detachment.

Furthermore, the authors noticed that four countries with a protestant religion orientation responded closer to the democratic segment (Denmark, New Zealand, the Netherlands and Norway) and a set of catholic countries (Italy, Spain, Portugal and Hungary) - to the opposite ones (Figure 2).

Unfortunately, no explanation or in-depth analysis on these distinctive features has been provided by the authors.

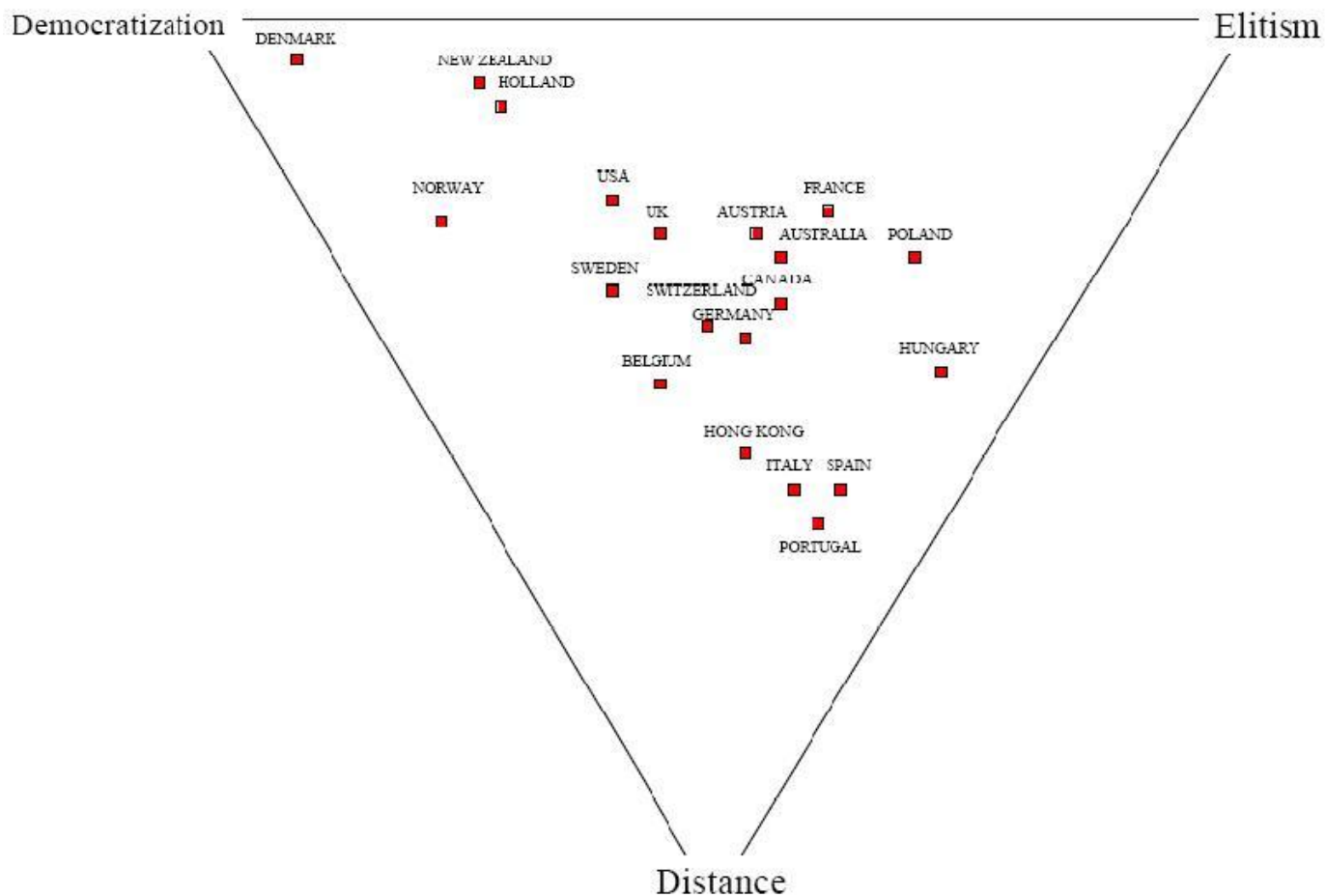


FIGURE 2. Average Positions of Twenty Countries (Dubois, Czellar and Laurent, 2005, 115-128)

2 LUXURY TOURISM

As it has been mentioned in the previous chapter, a rich literature on luxury and luxury brands exists, but only a few studies on luxury tourism were conducted. Some of them explored the concept of eco-tourism, analyzing whether it was compatible with luxury (Ryan, Stewart 2009, 287-301). The others, where luxury has been linked to tourism, examined the alternative between the development of mass or elite tourism in a fragile area, the impact of luxury tourism on regional economic development, and the issue of customer satisfaction in luxury-hotel restaurants.

The lack of adequate literature boosted the need to review non-academic papers in order to discover what was considered as luxury tourism. For that purpose, the research providing important data was looked up at: the ILTM Report 2012 (“Luxury Futures: A global snapshot of new and emerging trends in the luxury travel market”).

2.1 Characteristics of Luxury Tourism

Over the recent years, luxury tourism has been equalized more closely with traditional luxury, like fashion and jewelry; thus, they share the same characteristics:

- Impeccable quality
 - prime location: luxury hotels and stores are concentrated in the same neighborhoods of large urban areas as well as in resort areas
 - refined settings: artistic design, creative and superb decor
 - high level of comfort: an accent on spacious footage and high quality furnishings
 - guaranteed safety, security and privacy

- Heritage brands

Like traditional luxury, some luxury tourism companies have developed strong brand awareness and are undoubtedly associated with luxury. Some of the good examples are Ritz, Raffles, Peninsula, Waldorf-Astoria and The Savoy.

- Partnership marketing

Marketing partnerships have been built up between luxury brands and tourism, with the focus clearly on luxury hotels. Bulgari has hotels in Milan, Bali and Oman. LVMH has Cheval Blanc in Courchevel and developments in Egypt, Oman and Paris. Among the recent brands that have added their names to hotels are Armani, with a hotel in Dubai and a property opening in 2012 in Milan, and Missoni, now with several hotels.

- Personalized services

The global demand for customized services has been increasing over the past few years. Thus, the ability to provide personalized services is highly valued nowadays.

- Moving away from “bling”

The growing demand among younger generations for elementary and transparent products and services, in particular with restaurants and food service, was observed. This trend goes well along with the development of ethical and environmental values and the increasing demand for authentic and personal experiences.

- The growing importance of digital technologies

Social media like Facebook and Twitter plays the increasingly important role in the decision-making process of luxury consumers all over the world.

2.2 Luxury Tourism Services

Luxury tourism services are divided into four main groups:

- Accommodation
- Transportation

- Experience
- Travel agents and tour operators

Accommodation

Accommodation is considered to be as the most important element forming the core of the tourism industry, with the exception of natural wilderness sites.

Luxury accommodation falls into three main highly distinctive sub-categories:

- city hotels: classic luxury hotels (The Pierre in NYC, The Ritz in Paris), boutique or designer hotels (The Bulgari in Milan), destination hotels with exceptional surroundings (Monasterio in Cuzco)
- resorts and SPAs: beach hotels, golf hotels, mountain hotels, lodges and retreats
- vacation-ownership properties and self-catering villas

In accordance with the World Tourism Organization (UNWTO), the total number of rooms in hotels and related sites is approximately 18-20 million worldwide. The global luxury segment is estimated at approximately 200,000 rooms located in some 200 destinations, making an average luxury capacity of roughly 1,000 rooms per destination. However, the economic performance of luxury hotel units varies dramatically by region.

Transportation

Along with accommodation, transportation is an essential part of tourism. However, due to the dramatic growth of mass tourism and budget airlines within the past few decades, transportation, especially air travel, is not always associated with luxury. Four transportation sub-categories can be seen as a part of luxury tourism services:

- air transportation: scheduled airlines' first and business class, private aviation

- cruise and high-end train transportation: combination of transportation and accommodation providing high levels of comfort and safety for consumers

The cruise transportation can be divided into three types:

- classical cruises in traditional regions like the Mediterranean, the Caribbean, and Scandinavia
- river cruises, especially to popular waterways like the Nile (before the unrest in Egypt), the Danube, the Volga, the Amazon, and the Yangtze
- exploration cruises, offering travel in select off-the-beaten-track destinations like Antarctica, Patagonia, and Australia's Kimberley region

The cruise transportation sector represents a large scale market, where only a very few companies provide a luxury-quality level of services on board by offering a wide range of amenities and leisure facilities, including a SPA, swimming pool, casino, shops, cinema, etc. Some of the examples are Cunard, Crystal Cruises, Oceania and Regent Seven Seas Cruises. The other companies like Silversea, Seabourn and SeaDream offer exclusively reserved for high-end customers smaller ships that can carry a limited number of passengers.

Experience

Luxury tourism may emphasize a specified vacation experience, or be found as a combination of cultural, leisure and/or recreational activities.

- tours: art, history and shopping are key elements driving people to travel
- outdoors: sailing, skiing, adventure and wildlife are special-interest outdoor activities that are becoming increasingly popular in luxury travel
- food and wine: many wineries are now opening up on-site restaurants, hotels and SPAs to meet increasing demand from tourists; tasting and cooking schools are establishing not only in wine regions but also in key cities, for example, the Ritz in Paris walked on with the launch of its Ritz Escoffier in the 1980s.

Travel Agents and Tour Operators

Travel agents and tour operators act as intermediaries between suppliers and travelers while organizing the travelers' experience by working in partnerships with suppliers. Despite a move toward Internet bookings resulting a serious challenge for agents and operators, increasing demand in the luxury tourism with the highly personalized service has created a renewed importance to their role, strengthening the relationship with travelers, by planning unforgettable experiences together.

Travel agents and tour operators have recently been affected by several modifications:

- commission payments: travel agencies do not receive fees based on a percentage of sales from airlines, but charge flat service fees instead
- the global distribution system (GDS) war: with the growth of online sales, airlines have developed their own Web-based distribution system and many have quitted selling tickets through the GDS in order to decrease costs, thereby impacting agent revenues from ticket sales
- online agency threat: Internet agencies perform serious competition, causing pressure on traditional agents and operators to offer exceeding value to consumers
- finding quality staff: finding a new talent is becoming more difficult, and agents/operators are meeting the challenge of attracting qualified staff who will be able to bring weighty value and renewed energy to the industry

These trends have had a significant effect in the U.S. and Australia, where wages have decreased dramatically forcing agents to rely more on the provision of services than on sales for revenue. In both countries, the travel organization Virtuoso has focused the travel consultants on the delivery of exceptionally custom services. While this trend has not yet evolved significantly among European or Asian agents and operators, the growing commitment for travel agents and tour operators to apply this new approach to their work is considered as a major challenge.

2.3 Global Luxury Tourism Market

In order to bring some light on the present situation on the global luxury tourism market, the annual Virtuoso Luxe Report was reviewed. Built on the outcomes from a survey of the world's best travel advisors, the report provides insight on where, when, and how travelers go in 2013, whether on land or afloat, in couples, families or adventure-seekers alike.

Among the five most sought after emerging destinations are Myanmar, Bhutan and Chile, thus, indicating that luxury travelers are keen to explore new territories, no matter how far-flung and remote they are. Hence, the opportunity to gain a richer experience while traveling to lesser developed destinations weighs down the interest to more traditional luxury tourism. Meantime, Cuba and Vietnam gained their respective positions among the top five emerging locations as well, catching attention from travelers in the know.

The baby boomers continuation to increase travel sales and the desire to spend time with loved ones, prominently affecting the decision-making process, brought multigenerational family travel to the top and actual trend for the year 2013.

Ocean cruises gain the new wave of attraction in 2013 with the Baltic Region, reaching such perennial favorites like Alaska, the Mediterranean and the Caribbean, as well as river cruising, continuing its fast growth, especially on the European waterways, and the new routes throughout Asia, enhancing even more this type of cruising' popularity this year.

Italy keeps its highest position at the top travel destinations in 2013, followed by South Africa, France and Australia. Argentina representing Latin America made a first time appearance on the list this year.

Within the U.S. luxury travel market Napa Valley/Sonoma reached the top spot at the most popular destinations list, moving down both Maui and New York that kept their top positions within several past years. Las Vegas remains on the list by sharing its fourth place with the state of Alaska.

What came to Russia, representing the fastest growing market for outbound travel, Russian travelers demonstrated a preference for leading brands, opulent hotels, and

exclusive restaurants. Russians have contributed to the emergence of a luxury segment in new destinations like Montenegro, and have revitalized traditional destinations like the French Riviera and Courchevel.

For traveling families in 2013, Italy remains at the top of the chart, together with Costa Rica sharing its popularity with England. One of the newcomers to the list was Mexico captured the fourth place, while France, the Galapagos Islands and Turks & Caicos are all set at the fifth place.

The most sought after destinations for romantic travel keep on being Italy, French Polynesia, France and Bali. Fiji joined the list of exotic locations this year.

According to the report, the motivations behind luxury travel continues to be: looking for authentic experiences in new places; rest and relaxation; personal enrichment; seeking adventure; and spending time or reconnecting with loved ones, reconfirming the popularity of emerging destinations and multigenerational family travel in 2013.

The 2013 Virtuoso Luxe Report also assumed a rise in longer trips (eight days and over) to international destinations and a willingness of travelers to book lower room types in order to stay in nicer hotels. Travel advisors continue to be the best influencers in making their clients' travel decisions, followed very tightly by input from friends and family, which shows that word-of-mouth remains important in the travel planning process. Meanwhile, Business Class is still the preferred way of flying, with Economy Plus, gaining its popularity as more airlines continue expanding and introducing this on-board product each year.

2.4 Luxury Tourism Consumer

One of the ways to identify luxury tourism consumers is looking up at the number of High Net Wealth Individuals (HNWI), meaning those individuals who have at least US\$1 million at their disposal.

The 2012 edition of the World Wealth Report from Capgemini and RBC Wealth Management showed that the number of such individuals hit 11 million in 2011 with the total assets estimated at US\$42,0 trillion.

Concerning HNWI geographical distribution, Asia-Pacific is now a place of concentration to slightly more HNWIs than any other region, though North American HNWIs still account for the largest regional share of HNWI wealth. The number of Asia-Pacific HNWIs reached 3.37 million in 2011, compared to 3.35 million in North America, and 3.17 million in Europe (Figure 3).

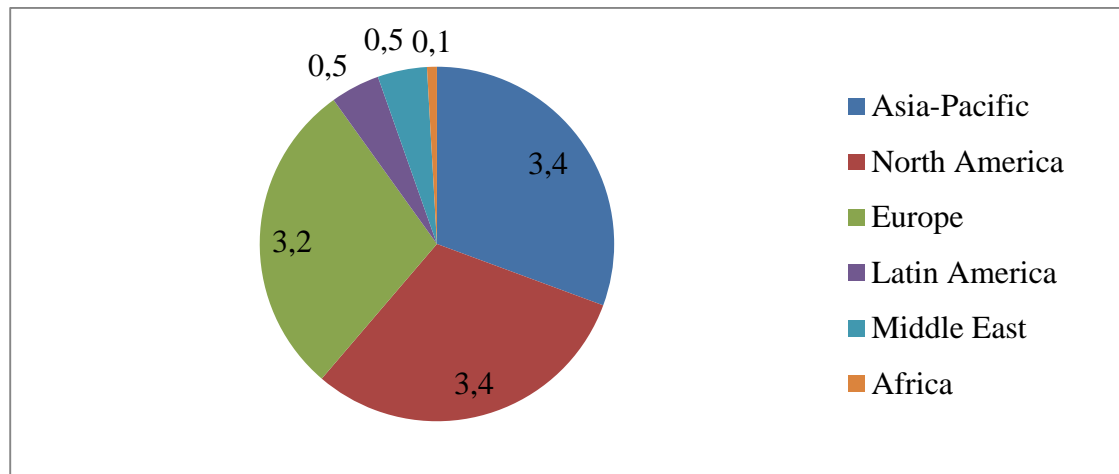


FIGURE 3. Geographical Distribution of High Net Wealth Individuals in million in 2011 (World Wealth Report, 2012)

Note: Chart numbers and quoted percentages may not add up due to rounding

When it comes to HNWI wealth distribution, the total wealth of Asia-Pacific HNWIs was amounted to total US\$10.7 trillion in 2011. The number of HNWIs in Europe declined to US\$10.1 trillion compared to the results of the previous year, as Eurozone jitters made HNWIs there more cautious and risk-averse in their investing strategies. In the Middle East, the size of the HNWI wealth edged up to US\$1.7 trillion (Figure 4).

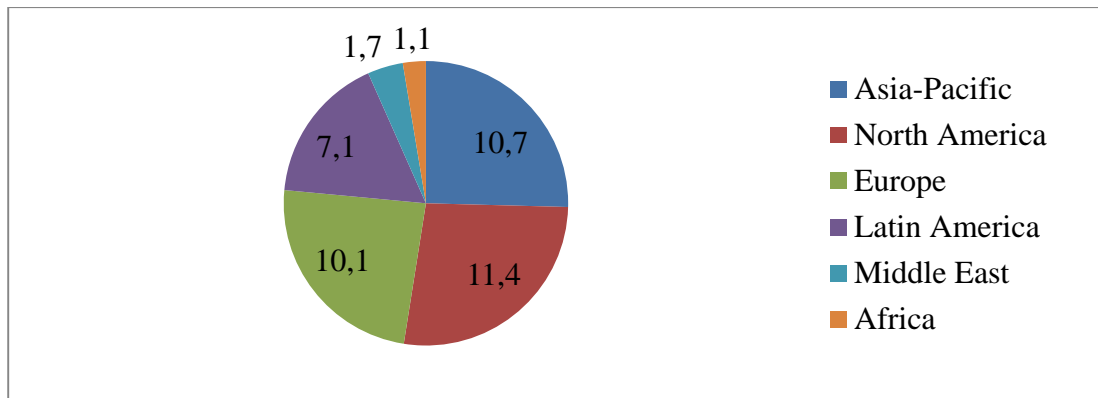


FIGURE 4. Wealth Distribution of High Net Wealth Individuals in US\$ trillion in 2011 (World Wealth Report, 2012)

Note: Chart numbers and quoted percentages may not add up due to rounding

According to the report, HNWI's choose to devote considerable sums to many types of pursuits and collectibles (or Investments of Passion (IoP)), such as art collections, luxury autos, yachts, wine collections, luxury travels etc. However, allocations varied considerably from region to region, as well as between developed and emerging markets.

In 2011, key trends around IoP were largely noticed in emerging markets:

- Young HNWI's from emerging markets were a significant driver behind many classes of IoP. In particular, those that were perceived as solid investments and have shown an ability to appreciate in value over time and/or showcase less co-relation with mainstream financial instruments witnessed higher demand.
- The increasing amount of HNWI's in emerging markets also led to the developments of IoP funds targeted toward these HNWI's.

The key types of Investments of Passion are listed below:

- luxury collectibles (e.g., luxury automobiles, boats, jets) and travels, which is a primary IoP among HNWI's in 2011
- arts and antiques, China (including Hong Kong) has overtaken the U.S. as the world's largest market for art and antiques, representing 30% of the global art market in 2011 versus 29% for the U.S.
- jewelry, gems, and watches, specifically, diamonds outperformed the market in 2011 with a 20% rise in price from the previous year

- other collectibles (e.g., wine, antiques, coins, and memorabilia) with the fine wine market down in 2011 but continuing interest in rare stamps
- performance of sports investments remained low in 2011 and underperformed the equity markets

The World Wealth Report 2012 provided results on HNWI's and their wealth distribution by region, as well as statistics on HNWI's allocation of resources in 2011. Although it is considered as an important and valuable source of information, it does not cover some of the aspects that may be useful to better identify luxury tourism consumers, as for example their lifestyles. A non-academic study has been done by Robert Frank in 2007 who imagined a country populated by millionaires called "Richistan". Through conducting personal interviews, the author explored the life and lifestyles of the new rich, and instead of talking about HNWI's, he created three levels of "Richistanis" (Table 7).

TABLE 7. The Three Levels of Richistan (Frank, 2007)

	Lower Richistanis	Middle Richistanis	Upper Richistanis
Household Net Worth	\$1 million to \$10 million	\$10 million to \$100 million	\$100 million to \$1 billion
Population	7,5 million	2 million	In the thousands
Chief source of wealth	Salary, small business, equity	Business ownership, equity, salary	Business ownership, equity
Average spending	Watches: \$2,100 Cars: \$44,000 Jewelry: \$9,200 Spa: \$5,300	Watches: \$71,000 Cars: \$158,000 Jewelry: \$126,000 Spa: \$42,000	Watches: \$182,000 Cars: \$311,000 Jewelry: \$397,000 Spa: \$169,000
Value of primary residence	\$810,000	\$3.8 million	\$16.2 million

Beside this segmentation, the author shared some psychographic and demographic data on the rich community he had interviewed.

"The rich became Richistanis – members of a distinct new generation of wealth. Richistanis didn't inherit their wealth, but rose up through the ranks of the middle class or upper middle class to make it on their own. [...] They are also much younger than previous generations of rich people. Richistan is also a country of deep divisions.

The homogeneous culture of Old Money, with its boarding schools, social clubs, and cultural institutions has become atomized. Richistanis are far more diverse in terms of age, race, gender and geography.”- Frank (2007, 6).

Traditional demographic methodology was also used to identify different behaviors and lifestyles of luxury tourism consumers in the International Luxury Travel Market Report. Baby Boomers (born 1946 to 1964) are those who are able to travel more than ever before; they own an extraordinary amount of disposable income and increasing time to spend it. The Gen X-ers (born 1965 to 1979) are expected to be the demographic group who will likely impact more overall sales of luxury goods. The Millennials (born 1980 to 2000) are expected to impact luxury spending with new directions (technology-orientation and ecological concern).

2.4.1 Russian Luxury Tourism Consumer

For the purpose of exploring the Russian wealthy travelers buying behavior, several researches have been conducted. The findings of the most appropriate research done by the British Tourist Authority (VisitBritain) in 2010 will be presented in this chapter.

Russian Luxury Consumer Mindset

According to the research, the Russian luxury consumer mindset is status driven and to a great extent defined by relation to others. All Russian high-end consumers feel successful and are perceived as being successful, whereas success means constant self-improvement and development. “Success is the evaluation of your performance and your work by the observer” (female group).

Everyday life of Russian wealthy people is very busy, thus, they like to see their families, friends and get away by indulging themselves in something relaxing and peaceful while having their free time. “The working day is very intense: meetings

from the morning, solving pressing problems, negotiations...in the evening we all try to have dinner at home” (male group).

Travels need to offer rest and refreshment from their hard-working hectic lives when travelers can immerse themselves in a world of beauty, relaxation, powerful emotions and unknown experiences as well as a chance to spend time with family and friends and to learn something new from different cultures from all over the world.

Interestingly, nostalgia plays an important role for luxury consumption among Russian wealthy people. There is a strong sense for times lost. Aside from the demonstration of a high empathy and knowledge of other cultures, Russian wealthy consumers showcase an aspiration for long-forgotten Russian aristocratic traditions and royal splendor. Moscow and especially Saint Petersburg are currently displaying attempts to restore some of that 19th century chic and splendor.

Decision-Making Process

Before the decision-making process, luxury consumers are in a transitional frame of mind when thinking of where to go. They feel stale and lackluster, therefore, they are looking for something refreshing and treating.

Researchers divided the decision-making process into several stages that all together construct the cycle of interdependent phases. Each stage is steeped in emotion:

- *Dream stage*, a latent phase where forthcoming travelers consider their wish lists, collect information from magazines and Internet, talk to friends, etc. Potential opportunities for travel organizations could include PR pieces in luxury magazines, newspapers, and blogs.
- *Discover stage* involves active research where travelers read reviews, talk to travel experts/agents and look at brochures.
- *Decide stage* where travelers make decision on destinations, activities, experiences, places to stay, etc. Here they consider all the possible barriers, like visas, airport inefficiencies, luggage allowances, etc.
- *Serendipity stage* is the phase of discovering something new and surprising. In today’s digitally developed world, travelers can experience much of their trip

before it has begun; therefore, one of the main requirements of luxury travel is that a trip delivers magic, surprise and serendipity.

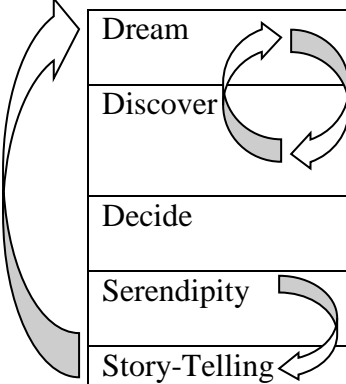
- *Story-telling stage*, this is where the holiday lives on in the mind of travelers and into their everyday lives after the end of the holiday, thus, it makes this phase one of the most important ones. It is essential for travel organizations to be aware that story telling can be enhanced and fuelled by the details along the way, which gives many opportunities to differentiate and customize their travel offers.

According to the research outcomes, the decision-making process may vary depending on extent of reliance on travel experts/agents. Heavy users of travel experts/agents seem to be travelers from an older demographic; although, sometimes, younger generation addresses to them as well to ensure they are traveling to the right places.

TABLE 8. Heavy Users of Travel Experts/Agents (VisitBritain: Russia Luxury Research, 2010)

Dream	An emotional need Expert/agent is inspiration
Discover	Expert/agent supplies 2/3 destinations and experiences Filtering choice
Decide	Expert/agent driving the choice Information flow Negotiations over cost Tailoring itinerary
Serendipity	The local guide is the outpost of the travel expert/agent Fixing problems, creating experiences as-we-go Added value and little extras
Story-Telling	<i>Decide phase</i> : overall “wow” factor of the holiday. The newness of the destination/experience. <i>Serendipity phase</i> : the “added value” perception, the “killer features”

TABLE 9. Light Users of Travel Experts/Agents or Self-Reliant (VisitBritain: Russia Luxury Research, 2010)



Dream	Reading articles, friends' recommendations, photos on social networking sites, advertising, luxury blogs
Discover	Reading up on destinations, browsing hotels, travel experts'/agents' websites, virtual tours: lots of groundwork and time investment in phases 1 and 2
Decide	Decide on destination, split responsibility (flights one partner, hotel another), develop itinerary with room for evolution
Serendipity	Real emotional hotspot: the pleasure of discovery, pride of finding something new, architects of their own experience
Story-Telling	Serendipity phase: the real fuel for story-telling lies in the 4 th stage as so much of the holiday has already been experienced in phases 1 and 2

2.4.2 Luxury Tourism Consumer in the New Digital World

Word-of-mouth has always been perceived as a key driver in consumer decision-making, and in today's digitally developed world, it does not only mean the opinions and experiences of family, friends and business colleagues but also the opinions and experiences of anyone sharing them via social networking.

Therefore, the need to shift toward digital channels across electronic, Internet, mobile, and social platforms for marketing has occurred. The return on investment for this kind of marketing communication is incredibly high, rivaling the more traditional marketing methods such as advertising and print-based collateral. Beyond ROI, companies should integrate digital communication simply, if they are to be successful. According to the book "Socialnomics: How Social Media Transforms the Way We Live and Do Business" by Erik Qualman, the real ROI of social media is that your business will still exist in the next five years.

Under the research conducted by Four Seasons in 2012, creating an interactive and compelling online world is a very important addition to a successful marketing and sales strategy, as a luxury brand's website is often the genesis of a consumer's journey into this world.

For instance, the new Four Seasons website was designed with the luxury traveler in mind with an aim to provide an easy and immersive experience tailored to every visitor. Since the luxury travelers are always connected to the Internet by using different multiple devices, the site has been optimized for smart phones and tablets as well which offers effortless hotel booking, essential destination content and social media integration.

A representative group of global luxury travelers taken part in The Luxury Traveler Technology Survey stated that the most important online activity for them while traveling was reviewing information on local area activities (59%). The results of the survey revealed that travelers spend an average of 18.3 minutes a day researching online on the destination they are in or about to go. Thus, it makes it very important for each luxury travel organization website to feature custom information related to the sights, sounds and tastes indigenous to the region or locale in order to meet this demand.

The websites should also be rich in inspiration, with evocative attractive photography combined with amenity details, leveraging interactive components which gives an even greater voice to visitors through a social media module where they can read reviews and comments from Facebook, TripAdvisor and Twitter that are regionally relevant, multilingual and culturally sensitive to appeal to a global audience.

To conclude, it is significant to understand that luxury brands that do not commit to a holistic digital media strategy will suffer, as it is no longer a nice-to-have but an essential part of marketing and branding. Luxury travelers are giving their time, trust, reputation and money to luxury travel organizations, thus, they should receive more than just the product or service in return. Digital media has the intrinsic power – today and 20 years from now – to deliver on that promise.

3 RENSHAW TRAVEL

In this chapter, I will present an overview of the travel agency Renshaw Travel that the given research was conducted for.

3.1 Historical Background

Renshaw Travel is a famous Canadian travel agency started by Don Renshaw Sr. from a small town whose ambition and determination took him to great places.

Don Renshaw Sr. began his career in the travel industry in 1954 at Cavalier Travel, a wholesale travel company offering tours to Mexico, Hawaii, Asia and the South Pacific. Around a decade later, in 1963 he opened a chain of travel offices called Where-To-Go in Eaton's department stores all over Western Canada. There afterwards, in 1974, by using his history and experience in the industry, Don Sr. started his own travel agency Renshaw Travel in Pacific Centre Mall downtown Vancouver where it became known for specialty tours. By that time, Don Sr. started getting his eldest son, Don Jr., into the family business. At a period when no other agency was host to travel specialty, Don Jr. was making a difference in travel industry with 32-destination "Around the World" airfares.

In the 1980's, Don Sr. made a decision to relocate to 4th Avenue, which at that time was one of the less attractive neighborhoods. Immediately after, a domino effect of trendy upgrades came to that area. By the late 1980's, 4th Avenue turned to a high-end district, adding even more to the travel agency's success.

In 1993, Don Jr. bought Renshaw Travel from his father, making a new age for the agency, especially with all the innovations in technologies. Right away, the agency went from issuing hand-written tickets to machine-automated tickets; the cruise department came into life in 1997; and only a year after, Renshaw Travel was honored with an invitation to become a Member of Virtuoso, an exclusive network of luxury travel to which only 1% of all travel agencies are invited to join. This not only gave great credibility and advantage to the agency, but also changed its focus to specialize more in luxury and tailor-made travel.

To this day, the agency has stayed a true family business, now with the addition of Don Jr.'s two daughters following their father's and grandfather's footsteps. Don Sr. still plays an important role for the agency and enjoys most of time travelling, playing sports and enjoying life.

3.2 Partnerships and Memberships

As it was mentioned in the above paragraphs, now Renshaw travel is a full-service **Virtuoso** member, which means possessing and offering such advantages as:

- *global connections:* Virtuoso affiliated travel advisors with personal contacts at over 1,000 airlines, cruise lines, hotels, resorts, and premier destinations worldwide put their relationships to work with their customers from all over the world
- *unparalleled expertise:* Virtuoso affiliated travel advisors draw upon their own first-hand experiences when customizing vacations for customers, as they are themselves are among the most well-traveled people on the planet
- *customized travel experiences:* the expertise of a Virtuoso affiliated advisors ensures customers' greatest experiences ranged from weekend getaways to trips of a lifetime
- *confidence:* while having a relationship with Virtuoso affiliated travel advisors, customers are confident on knowing that their preferences are reflected in every aspect of each vacation experience

Besides Virtuoso membership, Renshaw Travel has preferred partnerships with the most word known hotels and resorts chains **Four Seasons, the Dorchester Collection** and **the Orient-Express Bellini Club**, which guarantees access to exclusive value added perks, i.e. complimentary room upgrades, daily breakfasts, credits for the hotels' and resorts' amenities, etc. at all the partners' properties (Renshaw Travel 2013).

3.3 Operational Details and Offered Services

The team of Renshaw Travel comprises eighteen Travel Experts not only from Canada but also from Russia, the United Kingdom, Argentina, Japan and China, each with their own travel specialty ranging in region and style. As travel professionals, their mission is to provide customers with personal service that is not only second-to-none, but is also fun, full of laughter and relaxing.

There is no separate marketing specialist at Renshaw Travel; each Travel Expert is responsible for promoting his\her own services. However, there is an outsourced IT-specialist helping and advising with e-marketing: dealing with promotions on social media where the agency is interacting with current or potential customers and partners, such as Facebook, Twitter, YouTube, Pinterest, Google+, etc., and updating travel agency's and Travel Experts' websites.

Two financial specialists are working at Renshaw Travel; they are dealing with all the possible financial transactions, such as wages, clients' payments, etc.

Every employee of the agency is reporting to the CEO of the agency, Don Jr., who has a secretary to assist with such responsibilities as making appointments for customers with any member of the Renshaw Travel team and answering the phone. Don Jr. is also the one in charge of hiring new employees.

Based on my own observations, the organizational culture at Renshaw Travel is very friendly, quiet, and conducive to efficient work. Travel Experts are free to choose their own way of working; their schedules are flexible, which makes them reachable 24/7. The rest of the employees are having fixed working hours from 9 a.m. to 6 p.m.

During the interview with one of the Travel Experts, the customers' segment the agency is working with was described as being small-scale, wealthy, aged as thirty-five-plus years old, having much time and inspiration to high-end travel.

What comes to the operational procedures, Travel Experts mostly work with the booking system Apollo (Galileo), direct bookings through the hotels and resorts, the other travel agencies' experts, and the Gullivers Travel Associates.

With the popularity of online customers' requests, Travel Experts are mostly contacted by emails, which are then followed by the immediate phone calls in order to get to know preferences of customers and discuss all the possible details on the inquired services. After the decision is made, Travel Experts organize trips and send written descriptive signed confirmations to customers with payment details. Even though, 90% of customers deal with the agency via the Internet or phones, there are still 10% coming to the office for appointments during its official open hours from 9 a.m. to 6 p.m.

In accordance with the internal statistics of Renshaw Travel, the main services it focuses on in 2013 are presented in the below figure.

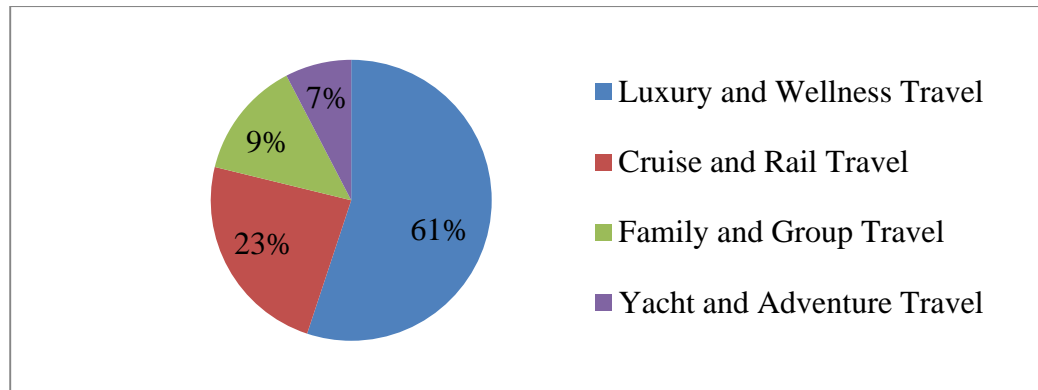


FIGURE 5. Renshaw Travel Services

It is noticeable from the Figure 5 that the biggest portion of offered services is taken by Luxury and Wellness travel that is supervised by seven Travel Experts. Cruise and Rail travel is gaining its popularity and is taken care of by four Travel Experts. The rest of the Travel Experts are sharing the supervision of travel for families, groups and the most adventuresome customers.

3.4 Competition

While being a member of the biggest luxury tourism network Virtuoso, Renshaw Travel has no serious competition on the Canadian market; however, the agency is positioned as globally operating and having not only domestic Canadian customers but also customers from all over the world. Thus, it is appropriate to consider its competitors from different parts of the globe working for the same principle. The biggest identified competitors are Cox & Kings Agency headquartered in the United Kingdom, and Abercrombie & Kent based in the United States.

Cox & Kings Agency

Cox & Kings is the longest established travel agency in the world; its history is dated back to 1758 when a British lord Richard Cox has launched it. Cox & Kings has built on the tradition of high quality service and attention to detail, and it now provides travel arrangements of the highest end in many of the most culturally and naturally fascinating parts of the world.

The agency is now privately owned and has extended its expertise to cover the Indian Subcontinent, Latin America, Africa, the Middle East, the Far East, Europe and Australasia.

Cox & Kings is an award-winning travel agency, offering high quality group tours, private journeys and tailor-made holidays as their main services (Cox & Kings 2013).

Abercrombie & Kent Agency

Starting solely as a safari agency in 1962, today, Abercrombie & Kent operates on all seven continents from fifty offices located in different parts of the world with handpicked numerous staff.

Customers of the agency have a wide range of options for traveling: from a luxury small group journey, the finest group travel experience in the world; a connections journey, which combines the agency's renowned service with unbeatable value; a Marco Polo Invitational Journey to an exotic locale; a private Signature Series itinerary; or a custom independent tailor-made journey (Abercrombie & Kent 2013).

From the descriptions presented above, it is possible to conclude that Renshaw Travel inferiors to its competition in size by having only one office located in Canada. Nevertheless, it is compensated by having numerous partnerships with destinations' local agencies and memberships with powerful hotels and resort chains. Moreover,

there is not as many Travel Experts working for Renshaw Travel, but this simplified the identification of the customer segment the agency is working with.

4 RESEARCH METHODOLOGY

The literature review presented some conclusions on luxury and luxury tourism acquired from the previous studies. Since knowledge on luxury tourism in Russia is scarce yet, it was decided to contribute to the topic by conducting a qualitative research revealing the characteristics of the Russian luxury travelers segment, including the attitudes toward luxury tourism and, as a result, identifying the best ways to promote luxury travel services in Russia.

The main features and strengths of the qualitative research and its method used for collecting data are discussed in the following subchapter.

4.1 Qualitative Research and Interviews as its Main Method

Qualitative research is collecting, analyzing and interpreting data by observing what people do and say. It refers to the meanings, concepts, definitions, characteristics, metaphors, symbols and descriptions of things.

Qualitative research is more subjective rather than objective, and it mainly uses such method of collecting information as interviews. The nature of this type of method is exploratory and open-ended. A small number of people is interviewed; participants are asked to respond to general questions and, afterwards, the interviewer probes and explores their responses to identify perceptions, opinions and feelings about the topic or idea being discussed (Anderson 2006, 3).

There are three fundamental types of research interviews: *structured*, *semi-structured* and *unstructured*. Structured interviews are, essentially, verbally administered questionnaires, in which a list of predetermined questions is asked, with little or no

variation and with no scope for follow-up questions to responses that warrant further elaboration. Consequently, they are relatively quick and easy to administer and may be of particular use if clarification of certain questions are required or if there are likely to be literacy or numeracy problems with the respondents. However, by their very nature, they only allow for limited participant responses and are, therefore, of little use if “depth” is required. Conversely, unstructured interviews do not reflect any preconceived theories or ideas and are performed with little or no organization (Gill et al. 2008, 291). Unstructured interviews are usually very time-consuming and can be difficult to manage and to participate in, as the lack of predetermined interview questions provides little guidance on what to talk about. Therefore, their use is generally considered where significant “depth” is required or where virtually nothing is known about the subject area. Semi-structured interviews consist of several key questions that help to define the areas to be explored, but also allow the interviewer or interviewee to diverge in order to pursue an idea or response in more detail. This interview format is used most frequently, as it provides participants with some guidance on what to talk about. The flexibility of this approach, particularly compared to structured interviews, also allows for the discovery or elaboration of information that is important to participants but may not have previously been thought of as pertinent by the researcher.

4.2 Research Design

It was decided to use semi-structured interviews for this particular research, as it allowed to have the opportunity for following-up clarifications even while having a guiding structure. The amount of interviewees was set to six; among them were two luxury travel specialists and four potential and current luxury travelers, all based in Russia. The participants were selected while working at the luxury SPA-hotel Sokos Palace Bridge in Saint Petersburg, Russia. The hotel’s Sales department suggested luxury travel specialists for interviewing, and the luxury travelers were picked on my own from the in-house guests.

While selecting people for interviews, one main specification was kept in mind: each respondent should have different background and city of residence for the research

results are more veracious and applicable to its main purpose. Therefore, six Russian cities were represented in interviews (Moscow, Saint Petersburg, Nizhniy Novgorod, Yekaterinburg, Samara, and Arkhangelsk) and all the possible occupations were covered varying from having no permanent job to having part-time or full-time positions. Besides, all the respondents were referred to different age categories from 25 to 55 years old.

In designing the structure of interviews, attention has been paid to respect certain criteria: simplicity and clarity, by asking simple questions, and, in order to reduce the length of the interview, only six guiding questions have been predetermined. The questions asked are listed below:

1. “What does the word “luxury” in luxury tourism mean to you? What kind of differences it makes compared to ordinary tourism?”

This opening question invited respondents to give their own definitions of luxury tourism and helped to identify the main characteristics of this concept.

2. “What is your personal opinion about luxury traveling? And how would you describe luxury traveling people (age, heritage, occupation, lifestyle and average spending on travels)?”

The second question was aimed at determining types of attitudes toward luxury traveling and defining the segment of luxury tourism customers.

3. To luxury travelers: “What kind of services do you use travel agencies for? What are the advantages of using them?”

To luxury travel specialists: “What kind of services are the most popular among Russian tourists? What are the advantages of using your services?”

This question was focused on identifying the services that Russian luxury travelers are mostly interested in and the reasons why.

4. To luxury travelers: “What would be the main drivers or motivators for you to luxury travel?”

To luxury travel specialists: “How do you motivate people to luxury travel?”

5. To luxury travelers: “What is the best way to attract you to luxury traveling?”

To luxury travel specialists: “How do you attract people to luxury travel?”

Questions 4 and 5 were asked in order to understand the best ways to reach Russian luxury travelers.

6. To luxury travelers: “Would you consider buying a trip from a Canadian company? Why?”

To luxury travel specialists: “Would you consider having a partnership with a Canadian travel agency? Why?”

The last straightforward question was meant to make understand if the participants were interested to deal with the overseas agency and what kind of advantages or disadvantages they saw there.

These interview questions were emailed to the luxury travel specialists for the reason of not having a different opportunity to be asked. All the interviews’ process took about three days, as some following up questions emerged where the clarifications were needed. What came to the interviews with luxury tourists, they all took less than twenty minutes each due to being conducted in-person right on spot.

5 DATA ANALYSIS

Interviews conduction was followed by the analysis of each question separately in order to better systemize the recommendations for Renshaw Travel.

5.1 Defining Luxury Tourism in Russia

While answering the first interview question, each respondent tried to give his/her own explanation of the luxury tourism concept and distinguish it from the ordinary tourism. Some of these explanations are presented below the way respondents have provided them:

- “Luxury in tourism means a superiority with no splurge; it is a refinement with full control over the tiniest details during the whole vacation”
- “Luxury in luxury tourism means providing travelers with services of beyond their expectations level; it also means immense comfort and treating each and every customer as a VIP”

- “Luxury tourism means travels with elegance, high level of comfort, sophistication, unique experiences, and service excellence”
- “Luxury in luxury tourism means paying a premium for additional superb services and facilities that are not available for ordinary travelers”
- “Luxury tourism means traveling to unique and untapped destinations and staying at a property where the crowd does not stay”
- “Luxury in luxury tourism means expecting satisfaction, exclusivity, high quality, and impeccable services in return to spending expensively on travels”

As it can be observed, when luxury in luxury tourism is concerned, quality plays an extremely important role, as it appeared in most of the respondents’ answers. According to luxury tourism specialists, *high quality* standards and *top services* offered is what describes luxury tourism best of all; thus, this is what their customers expect the most. In addition, respondents often referred to such characteristics as “*unique*”, “*exclusive*” and “*expensive*”.

Interestingly, the characteristic of conspicuousness did not apparently occur in respondents’ minds while thinking about luxury.

5.2 Defining the Segment of Russian Luxury Travelers

Aiming at defining the segment of Russian luxury travelers, the second question served the respondents to provide with its descriptive characteristics such as age, heritage, gender, occupation, lifestyle and average spending on travels.

What came to an age category, all the respondents converged on the range from 25 to 50 years old, which, according to the International Luxury Travel Market report presented in Subchapter 4.2, correlates to the demographic groups Gen X-ers (born 1965 to 1979), affecting overall sales of luxury goods and services, and the Millennials (born 1980 to 2000), who are expected to affect luxury spending with new directions.

While being themselves from the major cities in Russia, the interviewees believe that the cities of residence for the true luxury travelers are densely populated and having

an easy access abroad. According to the Russian Federal State Statistics Service (Rosstat), the top five most populated Russian cities are:

- Moscow (population: 10,563,038)
- Saint Petersburg (population: 4,600,276)
- Novosibirsk (population: 1,409,137)
- Yekaterinburg (population: 1,343,839)
- Nizhniy Novgorod (population: 1,259,921)

All these cities have international airports with numerous flights to the major cities abroad, which guarantees mobility and spending less time on transportation while getting to the final travel destination.

Speaking about gender, occupation and lifestyle, the respondents divided luxury travelers into two types:

- in relationship or married women with no full-time job spending much time and money on shopping and wellness
- single, in relationship or married men from the top-management traveling during their holidays and vacations

The last criterion “average spending on travels” was referred to the amounts over 4000-5000 dollars per each trip. In order to know the number of travelers putting this much out on their vacations, the research “World travel Market and Russian Travel Market” done by Intesco Research Group in 2012 was reviewed.

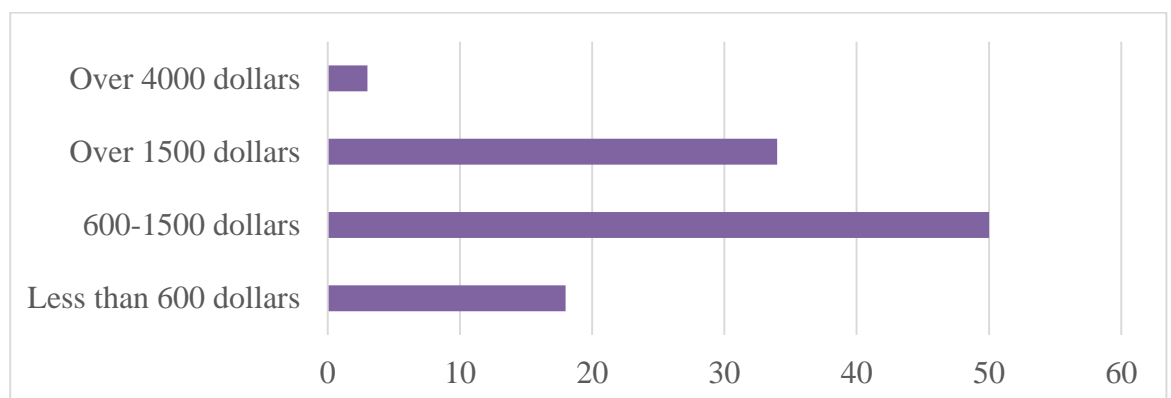


FIGURE 6. Distribution of Tourists in Accordance to the Cost of Tours in Summer 2012 (Intesco Research Group, 2012)

From the figure above it is possible to conclude that the segment of luxury travelers is small-scale as the percentage of people spending more than 4000 dollars per trip in Russia is only about 3%.

5.3 Attitudes toward Luxury Tourism in Russia

With an eye to systemize the respondents' answers on the personal attitudes toward luxury tourism, the attempt to find out communalities among them was taken:

- strong desire; the respondents sharing this feature have never experienced luxury traveling themselves due to different circumstances and reasons; however, they are following this trend, motivated and inspired to try it out. This attitude can be correlated to one of the attitudes examined by Dubois, Laurent and Czellar in 2001 (see Subchapter 1.3) called "involvement: pleasure and interest". The respondents of both researches compared luxury tourism to "passion", "marveling", "dream", and "enchantment".
- heavy users; the respondents related to this type are frequent luxury travelers, they perceive luxury as a part of their lives and integrate it intensively into own lifestyles. However, they do not interpret luxury as a status symbol; thus, it may not be referred to the results of the previously mentioned research.
- detachment; these are the travelers among the respondents who experienced luxury trips but were not fully attracted or satisfied; despite having an opportunity, they do not see the reasons to pay more expensively when it is possible to have the same level of relaxation with an ordinary tourism. This result reflects the segment "distant" revealed by Dubois, Laurent and Czellar in their large-scale research among 420 consumers. They described this group of people as being from a different world and finding luxury useless and too expensive.

5.4 Popular Luxury Travel Agencies' Services in Russia

The interviewed respondents believe that not everyone taking a trip needs a travel agent, meaning that the benefits travel agents offer are more necessary, appropriate, and increasing only when travels become more luxurious, expensive, and customized. In case when people just need to visit families or take any mass-market trip, they can easily arrange it themselves. Thus, among the popular respondents' answers on the most frequently used luxury travel agencies' services were trips where the high-end organization and only top activities, guidance and amenities are required. They are:

- honeymoon and wellness trips
- luxury cruises and yacht trips
- adventures trips to exotic and untapped destinations

The respondents assessed well the opportunities that people get from travelling with travel agencies. They stated that travel experts certainly know more than travelers, as most likely they experienced those trips and destinations themselves; they are better connected, which gives access to benefits that travelers do not get otherwise; and the best part, according to the interviewees, is that having a top travel agent makes travelers instant VIPs, which guarantees free room upgrades, hard to get restaurant reservations, access to rare exhibits and closed stores, private guides and cheaper premium airfares.

In addition, Russian travel specialists said that after trips are planned with travel agents, it promises a safety net during those trips that travelers simply do not get by booking themselves or buying insurance, and even though most top agents charge fees, they still save travelers' money by providing their customers with free benefits and perks.

5.5 Motivators to Luxury Travel

The motivators named by the respondents can be divided into physical and emotional. On the physical side there are:

- free perks that travelers get (free room upgrades, credits for the destinations' amenities and activities, etc.)
- no lines at immigration for getting a visa/faster visa process
- greater baggage allowances
- destinations free from the crowd (not many people, no lines to get into places, etc.)
- full information on the destination's activities and amenities provided by the travel specialist and local guide

Whereas, emotional motivators revolve around:

- VIP status, top-management welcome at each place
- acquiring new skills during trips that travelers will absorb and use in everyday life, which in return will give them increased credibility and status among their peers
- deeper experience of new cultures

5.6 How to Attract Russian Tourists to Luxury Travel

The fifth question was directed to obtaining an idea of how and where to promote luxury tourism in Russia and, in fact, appeared to be the most important one for the current research.

The findings indicated the features that respondents referred to being able attract them the most when considering luxury traveling:

- luxury traveling should be entertaining and stimulating in addition to pampering, as, nowadays, Russian travelers are expecting for more active holidays and experimental journeys
- a great interest was shown in closer contact with locals and in experiencing local culture as an attracting offer of luxury traveling
- growing use of the Internet and social media plays an important role in decision-making for luxury travelers, thus, the establishment of presence online is crucial for a better interaction with them

- an increasing interest in very exclusive products coupled with a demand for a higher level of personalization was revealed; travelers would like to get a greater level of privacy and custom-tailored products and services while luxury traveling. The private island rental was provided as an example

6 RECOMMENDATIONS

Since entirely positive answers resulted out the question on the consideration a Canadian travel agency as a partner or a travel assistant, it is absolutely appropriate to ponder following-up recommendations to Renshaw Travel for dealing with the Russian market.

One of the advantages the respondents named in dealing with Canadian travel agency was that Canada is one of the most successful countries in the world having an easier access abroad than Russia; therefore, travel agency based in Canada has better and stronger connections with abroad destinations and, undoubtedly, has a greater experience, as luxury tourism gained its popularity there a long time ago compared to Russia, where this concept is still very distant from its rise.

A chance of language misunderstanding and a lack of in-person meetings were perceived as the only obstacle. Therefore, first of all, Renshaw Travel should consider having more Russian speaking Travel Experts, due to the size of the market, and hiring some flexible representatives for local sessions with customers and partners as a possible option for communication improvement.

According to the Russian luxury tourism segment described in Subchapter 5.2, the agency is suggested to concentrate in at least three major cities in Russia (Moscow, Saint Petersburg, and Novosibirsk or Yekaterinburg) to cover the biggest portion of the potential customers' area.

Another important thing is to appeal to the preferences of the potential Russian customers, meaning that it is crucial to offer the appropriate set of services they can be

attracted by. The agency already offers the trips that were revealed as the most interesting ones from the interviews, except honeymoon trips as a separate service; thus, it is necessary to add them as an individual offer and make accents on the already existed trips from the list in Subchapter 5.4, while promoting on the Russian market. Aside that, no dramatic changes in services are needed.

The translations of the Renshaw Travel website into Russian were performed but not come to life yet, so before tapping into Russian market, the agency should make sure that all the essential information is available in native market language. Besides, Renshaw Travel should establish its presence on Russian social media website vk.com, which the target group and many others in Russia uses each day, by creating a community (group) where the history of the agency and all the offers with their descriptions and pictures can be presented for the public access. In addition, the agency's pages on Facebook, Twitter, etc. are advised to be created in Russian as well to ease the communication process, including giving feedbacks and sharing experiences by the customers.

Each year the popular luxury tourism event called "Luxury Travel Mart" takes place in Moscow, where the best representatives of the industry show up to introduce their services to the public. It is a good opportunity for Renshaw Travel to get its services to the target segment identified during the interviews, as most of the audience possesses its named characteristics. Therefore, it is recommended to follow the event dates, apply until the deadline, and prepare the presentation and promoting materials carefully to take this advantage.

Moreover, Renshaw Travel should make contacts and partnerships with some Russian media partners to regularly promote their services and special offers in such most readable luxury magazines and newspapers as Robb Report Russia, TTG Russia, TTG Luxury Russia, and Yachts Russia.

If the agency decides to expand into the three or four named cities, they will need to consider the right timing for promoting their services. All these cities have warm summer and cold winter; accordingly, most of the wellness and luxury cruise and yachts trips should be advertised more actively in wintertime, when people want to run away from cold and working routine into something warm and relaxing. For the energetic and exotic trips, the agency should emphasize when is the perfect weather conditions for those particular trips in their advertisings to introduce them to Russian

unaware and unexperienced tourists better. The honeymoon trips will be more popular in summer or fall seasons, as most of the weddings in Russia happen during that time.

What comes to the advertising recommendations, the agency can use the concrete results of the current research to understand what kind of words and pictures to utilize while promoting their services in Russia. As it was mentioned in Subchapter 5.1, the most describing words for luxury in respondents' minds were "high quality", "unique" and "exclusive", so those are the ones that most likely can catch an eye and stimulate to further knowledge acquisition. Farther, it was noticed by the respondents that they are willing to experience local cultures more deeply while traveling; thereafter, it is better to use the pictures of destinations' local people, traditional food, and other cultural features, rather than standardized attractions and nature pictures, in order to stand out and get the attention among hundreds of other travel agencies in newspapers, magazines, and banners.

The last but not least important recommendation for Renshaw Travel is to make sure that all the revealed customers' motivators to luxury travel are present in their services and, what is more vital, to periodically conduct research in the fast-changing Russian market to always stay updated and trendy.

7 CONCLUSION OF THE RESEARCH FINDINGS

The main purpose of this research was to provide the Canadian travel agency Renshaw Travel with the descriptive information about the segment of Russian luxury tourists and the best ways to promote luxury tourism services in a relatively new to the agency Russian market.

The theoretical framework for this study came from the multidisciplinary literature review, and the empirical research results were acquired through the six semi-structured interviews with luxury travel specialists and potential and current luxury travelers, all based in Russia.

Through the answers given by the interviewees, first, the most describing luxury tourism words were identified. The findings revealed that, when luxury in luxury

tourism is concerned, quality plays an extremely important role, as it appeared in most of the respondents' answers. In addition, respondents often referred to such characteristics as “*unique*”, “*exclusive*”, and “*expensive*”. Interestingly, the characteristic of conspicuousness did not apparently occur in respondents' minds while thinking about luxury.

Moreover, the characteristics of the Russian luxury travelers were explored. The segment was described as being small-scale, aged 25-50 years old and containing in relationship or married women with no full-time job, spending much time and money on shopping and wellness, and single, in relationship or married men from the top-management, traveling during their holidays and vacations. Besides, according to the results, Russian luxury travelers are settled in densely populated cities and spending more than 4000-5000 dollars per each trip.

Additionally, the research served to detect three types of attitudes toward luxury tourism in Russia. These are: *strong desire*; the respondents sharing this feature have never experienced luxury traveling themselves due to different circumstances and reasons; however, they are following this trend, motivated and inspired to try it out; *heavy users*, the respondents related to this type are frequent luxury travelers, they perceive luxury as a part of their lives and integrate it intensively into own lifestyles; and *detachment*, these are the travelers among the respondents who experienced luxury trips but were not fully attracted or satisfied; despite having an opportunity, they do not see the reasons to pay more expensively when it is possible to have the same level of relaxation with an ordinary tourism.

The interviewees assessed well the opportunities that people get from travelling with travel agencies and named three main services they would use luxury travel agencies for. These were honeymoon and wellness trips, luxury cruises/yacht trips, and adventures trips to exotic and untapped destinations.

The motivators to luxury travel listed by the interviewees were divided into physical and emotional, and the criteria that attract to luxury tourism were accented on the active social media presence, giving an opportunity for closer contacts with locals, deeper experiencing local cultures, and offering more entertaining and custom-tailored trips.

All the research outcomes, shortly discussed above, provided with the data for further practical recommendations for Renshaw Travel and, what is as important, proved that Russia has a great potential for the luxury travel agencies. Therefore, Renshaw Travel certainly has all the chances to succeed and is highly suggested to utilize the given recommendations for entering the Russian market.

Quality of the Research Findings

The thesis results and recommendations were given in accordance with the findings acquired through the qualitative research; thus, its reliability is crucial for providing the agency with veracious and valuable data.

The amount of the respondents involved in the research process was not high (6), therefore, the interview results may not be completely accurate. However, the interviewees represented different age categories, occupations, and cities of residence, which still made the results relevant and valid to the research objective.

The secondary data was collected after the detailed review of the multidisciplinary books, magazines, and newspapers with the main specification in mind – where necessary, the latest editions should be taken into consideration for the theoretical background is current and updated.

In addition, only the appropriate to the agency's operational specifics recommendations were provided to avoid uncertain utilization in practice.

8 CONCLUDING REMARKS

The completion of the thesis took me about four months all together. For not having much of experience in its writing, I believe it is quite difficult and time consuming. However, the supervisor's guidance and theoretical materials contributed a lot in

having it accomplished successfully with the respect to the requirements and deadlines.

During my work on the theoretical part, I learnt how to deal with an enormous amount of literature on one topic from the different disciplines' perspectives and found out the best ways for sorting it out and building own theory content.

The three-month marketing internship at Renshaw Travel served me with enough experience and knowledge on the standard marketing procedures in the luxury tourism industry that I acquired mostly through the own observations or tasks fulfillments and, as a result, supported practically what I have learnt at the university and helped me in constructive thinking while preparing questions for my research. Besides, the purpose of the research was clearly set by the agency, which, in turn, eased controlling its direction while conducting.

For having a little of practice in qualitative research (interviewing, in particular), I found it as an experience reinforcement and another opportunity to improve myself in analyzing and systemizing the outcomes in order to achieve the stated goal in a shorter period of time in the future.

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APPENDICES

APPENDIX 1. Systematization of the characteristics of luxury (source: Brioschi, 2000)

Author	Characteristics of Luxury Consumption
Veblen (1899)	<ul style="list-style-type: none"> - Conspicuous consumption - Pecuniary emulation - Status & Wealth - Envious comparison - Distinction - Fashion - Upper class - Pleasure
Leibenstein (1950)	<ul style="list-style-type: none"> - Veblen effect - Snob effect - Bandwagon effect - Aesthetic quality
Mason (1981;1992)	<ul style="list-style-type: none"> - Conspicuous consumption - Status - Scarcity - Distinction - Conformity - Success
Bearden, Etzel (1982)	<ul style="list-style-type: none"> - Ostentation - Exclusive - Excellent style and function - Public and private consumption
Horiuchi (1984)	<ul style="list-style-type: none"> - Price - Limited supply - Low purchase frequency - Pleasure and satisfaction - Unnecessary - Historic brands
Rossiter, Percy (1987)	<ul style="list-style-type: none"> - High involvement - Conspicuous brand - Social appraisal - In seek of a public - Personal recognition - Sensory gratification
Quelch (1987)	<ul style="list-style-type: none"> - High price - Selective distribution - Quality excellence - Tradition - Prestigious image - Status symbol - Limited promotion

(continues)

APPENDIX 1. Systematization of the characteristics of luxury (source: Brioschi, 2000)

(continues)

Garfein (1989)	<ul style="list-style-type: none"> - Expensive - Limited production - High quality - Being “one among the few selected” - Evaluation ability - Perfect taste - Admiration and envy - Snob and elite appearance - Risk reduction
Richins (1994)	<ul style="list-style-type: none"> - Ostentation - Social visibility - Expensive - Status concern - Success - Self expression - Stereotypes - Hedonic pleasure
Dubois, Laurent (1994;1996)	<ul style="list-style-type: none"> - Expensive - Elitism - Few people - Allow to differentiate - Snob - Better quality - No mass production - Imitation of well-offs - Self expression - Polished persons - Hedonic motivations - Better life - Self pleasure
Dubois, Paternault (1997)	<ul style="list-style-type: none"> - Expensive - Exclusive clientele - Scarcity - Best quality - Handcrafted - Hedonic emotions - Aesthetic pleasure - Rituals - Futility
Kapferer (1997;1998)	<ul style="list-style-type: none"> - Price of quality - Perfection - Self expression - Artistic and creative - Sensual dimensions

(continues)

APPENDIX 1. Systematization of the characteristics of luxury (source: Brioschi, 2000)

(continues)

Nueno, Quelch (1998)	<ul style="list-style-type: none">- Premium pricing- Limited production and distribution- Exclusive- Unique- Style and design- Quality- Tradition- Social status
Wong, Ahuvia (1998)	<ul style="list-style-type: none">- Ostentation- Social class- Expensive- Materialism- Conformity versus distinction- Brand manufacturing- Self expression- Personal success- Reputation- Hedonic value- Pleasure from consumption experience