

The State of the Villa Vacation:

Emerging Trends and the Role of Villas in Affluent Travel Today

A White Paper produced by Private Trade Winds

In recent years there has been a proliferation of vacation options for affluent travelers. Timeshares. Fractional real estate. Private Residence Clubs. Destination clubs. Amid these changes, one of the oldest vacation options – the villa, with a history stretching back over 2,000 years – appears to be undergoing a renaissance.

To better understand emerging trends in travel preferences, and the evolving role that villas play in the affluent travel landscape, Private Trade Winds commissioned a “State of the Villa Vacation” report. A private travel service and luxury villa registry, Private Trade Winds sought out independent market research firm Harrison Group, a specialist in affluent and luxury markets, to conduct the research. The study focused on affluent travelers in the U.S., defined as those at least \$100,000 in annual household income and took at least one vacation in the past year. The research methodology is detailed at the end of this white paper.

A Modest Rebound in Vacation Spending

First and foremost, the study reveals modest signs of a rebound in affluent vacation spending. When asked how their vacation spending in the next 12 months will compare to the past 12 months, most (60%) project it will remain the same. However, those expecting to increase their spending outnumber those expecting to decrease by nearly 2:1 (25% vs. 14%). Among those with \$500K+ income, spending “increasers” outnumber “decreasers” by more than 3:1 (35% vs. 11%). Among both income groups, over half agree: “I will start spending more on vacations when the economy recovers.”

Even more broadly, it is clear that **travel continues to be an integral part of today’s affluent lifestyle, despite today’s economic challenges.** Consider that in the past two years...

- 92% took a weekend getaway (30% took 5 or more)
- 81% vacationed in a resort destination (87% among the \$500K+ segment)
- 75% took an international vacation (94% among the \$500K+ segment)



Villa Vacations: A Strong Market with Room to Grow

Enthusiasm for the notion of a villa vacation is widespread. Fully 85% agree: “I like the idea of vacationing in a private vacation home, such as a villa or luxury condo.” But there remains considerable room for category growth, as only 46% have taken a villa vacation in the past two years. Even among the \$500K+ income group, the gap between interest (82%) and recent experience (68%) remains substantial.

Among those taking villa vacations, satisfaction levels are extremely high – 97% described themselves as “very satisfied” or “satisfied,” surpassing even the high satisfaction ratings garnered by timeshares (87%) and fractional real estate (86%). **Roughly two-thirds describe their recent villa vacations as more enjoyable than their recent hotel vacations.**

Villa vacations are typically...

- **...a social experience.** They are typically taken with family (54%), friends (21%), or a combination of both (25%).
- **...near the water.** Over 60% of villa vacations are taken at beach destinations. Conversely, of course, about 40% are not taken at the beach, including those taken at urban, mountain, and other locations. Besides spending time at the beach, common activities while on a villa vacation include water sports (33%), spa sessions (31%), museum visits (28%), golf (27%), hiking (25%), boating/sailing (21%), and skiing (5%).
- **... not in Italy.** When asked what associations they have with the word villa, many travelers stated that Italy immediately comes to mind. Although Italy was the birthplace of the villa during the Roman Empire, and it has many fine modern villas as well, only about one-in-ten villa vacations are in Italy. Most are taken within the continental United States, but virtually every major vacation destination is represented.

The space afforded by private vacation residences is appealing, particularly when families are travelling together. Villa accommodations foster a sense of privacy, one often reinforced by having multiple bedrooms (e.g., separate bedrooms for parents and kids). The appeal of privacy is easy to understand – nearly half (47%) of affluent travelers have been interrupted or embarrassed by a housekeeper or hotel staffer entering their hotel room. Of those, most (51%) were doing “nothing in particular,” but 8% were naked and 7% were “being romantic.”



Keys to Growth: Standards, Service, and Expanding the “Villa” Concept

The research reveals several strategies for growing interest in, and increasing satisfaction with, villa vacations.

Heighten consistency and create standards: These remain a challenge for the industry. There is no consensus on the definition of terms such as “villa” or “luxury,” and the quality of villa accommodations varies greatly. Of those taking more than one villa vacation in the past two years, only 40% described the accommodations as “consistently excellent.” The need for consistency and standards applies to the booking process as well. Most villa stays are booked directly with the villa – often that experience is good, but some travelers have had inconsistent experiences, reporting that villa owners sometimes misrepresent their properties and/or lack a customer service orientation. The opportunity for an established brand or industry association to set quality and service standards is substantial.

Offer a complete five-star experience. Many travelers assume that a villa vacation means forgoing the services and amenities of luxury hotel stays (less than half of villa vacationers had daily housekeeping services, for example). In fact, a new breed of villa providers specializes in combining the space and privacy of villa accommodations with the services and amenities of a five-star hotel – the survey finds that the vast majority of affluent travelers find this concept extremely appealing. Among those who shy away from villa vacations because they prefer hotels, over 90% would become more interested in villa stays if those villa stays provided the services, amenities and consistencies of a hotel stay.

Expand the villa concept. As we have seen, for many travelers the term villa brings to mind a large, historical, stand-alone estate in Italy. Certainly many villas still fit that description. But today, villas and private vacation residences can also include ski chateaus, urban condos, beachfront homes, and many other incarnations as well. Communicating the experience and amenities of these “modern villas” will be crucial for the industry as it seeks broaden consumer perceptions beyond those of the “classic villas.” It’s not just perceptions of the accommodations that need broadening – it’s perceptions about the entire experience, combined with broadening perceptions about the appropriateness of villas for different types of vacation occasions. Among those who haven’t taken a villa vacation in the past two years, 53% cite the primary reason as: “I just haven’t had the right occasion for a trip like that.” In fact, given the wide range of villa options available, there is almost certainly a villa vacation appropriate for virtually any travel occasion.

Explore new service models. Travelers interested in private vacation residences have a growing number of options for accessing them, including destination clubs, Private Residence Clubs, fractional real estate and timeshares. All have strengths and weaknesses. Still, many affluent travelers remain open to new options that provide the combination of quality, value and flexibility that some feel are still missing in today’s marketplace. For example, respondents in the study were given a description of a new type of highly personalized travel service that would book all of their luxury travel (including air and ground transportation) for 12 months with no booking fees, and offer access to a network of quality-inspected villas around the world. Over 80% described this concept as “new and different,” and interest was significant.

Appendix

About the study sponsor:

Private Trade Winds is a private travel service specializing in Five-Star Villa Vacations, which combine the space and privacy of a private vacation residence with the amenities and services of a five-star hotel. Private Trade Winds features a Global Villa Portfolio including more than 400 private vacation residences around the world, each of which has passed a 100-point Luxury Quality Assurance Test. Headquartered in Newport Beach, California, Private Trade Winds was founded in 2007 by real estate and property management veteran Irene Aviles to provide innovative low-cost, high-quality service models to the vacation industry, with a focus on affluent travelers and villa vacations. For more information, contact Karen Gee Mcauley at (310) 395-5050 or KGee.Mcauley@BlazePR.com.

About the Research

During October 2009, 760 online interviews were conducted among individuals making at least \$100,000 in annual household income and took at least one vacation in the past year. Sixty-two respondents had incomes in excess of \$500,000, and their results are broken out separately for insights into the “ultra-luxury” market (as opposed to “mass luxury” market). The twenty minute survey explored travel preferences, types of vacations taken, experiences with villa vacations, and so on.

- *Population estimates:* The U.S. Census estimates that approximately 24 million households – twenty percent of all U.S. households – have a household income of \$100,000 or greater. Less than two million households have incomes greater than \$500,000 annually.

About the Research Partners

Study respondents came from the Ambassadors Network™. A joint effort from American Express Publishing and Harrison Group, the Ambassadors are a network of upscale consumers united in their desire to share their ideas and opinions, communicate with their favorite brands and engage more with things that are relevant to them.

Harrison Group (www.harrisongroupinc.com) is a leading marketing and strategic research consulting firm headquartered in Waterbury, Connecticut. They are recognized experts in research on affluent consumers and luxury markets; last year, three principals at Harrison Group co-authored *The New Elite: Inside the Minds of the Truly Wealthy*.

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