

Understanding a Young German Leisure Class Consumption of Luxury Holidays

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Study Objectives (I)

- The consumption of luxury goods induces comfort, represents a means to pleasure (Campbell, 1987) and is often associated with a showcase of high socio-economic status (Veblen, 1899).
- Number of studies in marketing (e.g. Atwal and Williams, 2009; Wiedmann, Hennigs and Siebels, 2009; Han, Nunes and Dreze, 2010; Truong, McColl and Kitchen, 2010).
- However, empirical research in tourism, more specifically in the context of luxury holidays, remains sparse.



Study Objectives (II)

- Greaves (2008) notes the desire of wealthy consumers have shifted from prestigious consumption of material goods to leisurely consuming unique experiences in the form of vacations.
- Koch (2009) further argues that the market for luxury holidays is growing but is underserved and poorly understood.
- Traditionally, luxury holidays are associated with the image of wealthy couples above the age of forty.
- However, recent evidence suggests Generation Y (born in or after 1982) represents a growing market segment - particularly in Germany.
- The objective of this study is to understand the young German characteristics in terms of their motives, perceptions and social importance attached to the consumption of luxury holidays.



Background (I)

Consuming Luxury Products

- Veblen's (1899) notion of 'conspicuous consumption' argues that people buy and consume products as a way to demonstrate socio-economic status. Veblen further discusses how this 'leisure class' spends leisure time in an ostentatious fashion.
- Friedman (1994) highlights that consumption carries great social importance for the construction of identities and the creation of symbolic meanings.
- Brands are seen as 'symbolic resources', purchased and consumed in order to reinforce the consumer's self-identity (Elliott and Wattanasuwan, 1998).
- Social aspects of consumption are frequently manifested in 'consumer collectives' (Hughes, 2009).
- Social media such as Facebook, Twitter and Flickr play a crucial role in how consumer collectives represent themselves (Parsons and Maclaran, 2009).



Background (II)

The Luxury Tourist Segment

- Danziger (2005) argues that, the ultimate notion of luxury comes in the form of unique holiday experiences.
- Greaves (2008) notes a shift in focus among wealthy consumers from a desire for luxurious material goods to the consumption of leisure experiences. Greaves (2008) further posits that experiences such as travel hold greater kudos in today's society.
- Koch (2009) claims that, although the market for luxury tourism is growing, it remains underserved and poorly understood. The author highlights the importance to understand underlying motivations that characterise the luxury tourist segment.



Background (III)

Luxury Holidays in the German Context

- Schmude (2002) notes that in recent years Germans spending on luxury holidays has disproportionately increased.
- Growth in the luxury segment is driven by several consumer groups: high-income couples of the 50+ generation, wealthy retired couples, young double-income households without children, highly educated working women, and a young generation of financially secured heirs (Haslach, 2010).
- German tourists attached more value to individualistic nature of their holistic holiday experience (Gengenbach, 2002; Schmude, 2002; Haslach, 2010) and utilise the term individuality to distinguish themselves from less educated and privileged circles (Bourdieu, 1984; Spode, 2002).



Background (IV)

Germany's Generation Y

- Generation Y are perceived as the most educated and privileged generation to date (Danziger, 2007; Huntley, 2006; Martin, 2005).
- Generation Y are characterised as individuals born in or after 1982 (Huntley, 2006).
- Generation Y have extraordinarily high spending power (Der Hovanesian, 1999; Morton, 2002; Martin and Turley 2004) and represent one of the most influential consumer segment (Danziger, 2005; 2007).
- For this generation of globetrotters, travelling the world is an integral part of their lifestyle (Huntley, 2006; Wheeler, 2008).



Data Collection and Sampling (I)

- Data collected at a German university: two focus groups, three one-to-one interviews.
- Questions, split in four parts, were designed to understand participants' motives, consumption behaviour, opinions and ideals in connection to luxury holidays.
- Sample size: N=13 (46% male, 54% female).
- Age group: 20-25.
- Focus groups were based on pre-existing social groups that had travelled together and studied same or similar subjects at university.



Data Collection and Sampling (II)

- One-to-one interviews were conducted in order to gain data unencumbered by the group dynamics of focus groups (Leask et al, 2001).
- Focus groups and interviews were audio recorded and later transcribed. Content analysis was employed to identify common themes/issues and disparities among participants.
- Focus groups and interviews were structured using the same protocols and question sets to ensure a high level of comparability.
- Convenience sampling was employed.



Findings (I)

Dimensions of Luxury Holiday Experiences

- Luxury holidays were perceived as the ultimate offering: *‘four stars plus, plus, plus, or five star hotels’, ‘one never has to renounce anything’, ‘is exclusivity, is something special, is the best service imaginable, best food, best quality, maximally expensive, that is luxury per se for me’.*
- However, not all participants associate luxury holidays with a consumption of material wealth: *‘for me personally it is a luxury when one achieves to delve into a culture deeply enough to feel connected to it to a certain extent’, ‘holidays opened new points of view or some kinds of new perspectives’.*



Findings (II)

Holiday Personae

- Focus group participants noted that their holiday fits into the cliché of rich students where one *'would like to have a certain living standard that is actually not typical for students'*.
- Other participants described a female, who is *'cosmopolitan'* and *'looking to gather as many impressions as possible on her trip'*. In addition, participants describe her as *'easy-going'* and *'open-minded'*.
- A particularly interesting personae was imagined in the form of a *'king with a sceptre'* to whom one has *the honour to be invited to a 'luxuriant dining table'*.



Findings (III)

Social Aspects of Holidaying

- Respondents stressed their desire to not inspire envy in others: *'I hate the feeling that I could put them into an uncomfortable situation'*,
- Participants preferred to only impart holiday experiences *'to friends when I am asked about it'*, or *'people, who travel a lot themselves'*, pictures are shown at *'cosy evenings with cooking'*.
- Participants chose to not publish their holiday experiences online via social media as they perceived it as a way to *'brag'*, a few people are informed *'via email, not to make anyone jealous, but just to let people know that we are fine and having a lot of fun'*.



Discussion (I)

Germany's Generation Y as a target group

- Findings confirm that young Germans represent a significant market for luxury holidays (Danziger, 2005; Wheeler, 2008; Haslach, 2010).
- Consistent with previous research (e.g. Steinecke, 2006; Huntley, 2006; Martin and Turley, 2004; Morton, 2002; Der Hovanesian, 1999), our study reveals that Generation Y displays extraordinarily high spending power.
- The key aspect of luxury holidays was that it should entail an '*all around package*', consistent to what Koch (2009) describes as a 'top of the world' experience.



Discussion (II)

Individuality

- Our study confirmed Schmude (2002) and Spode (2002) in that there is an increasing desire for individuality among German tourists.
- Mass tourism is the antithesis of luxury illustrating the snob effect of luxury consumption, characterised by a 'need for uniqueness' (Leibenstein, 1950; Vigneron and Johnson, 1999). Money spent on a luxury holiday is seen as a key factor in the quest of individuality.
- Yet, for some tourists, the true essence of individuality was to 'delve into a culture deeply enough to feel connected to it to a certain level'. Physical luxuries are renounced while the local culture provides the opportunity to develop oneself as a person. Such inherent desire to develop one's personality can be classified as 'expertise consumption' (Koch, 2009).



Discussion (III)

Inconspicuous Consumption

- Veblen's (1899) notion of conspicuous consumption is not supported by this study. Findings reveal that young Germans would not communicate their holiday experiences to friends/family as an act of demonstrative consumption.
- Our results strongly support Danziger's (2005: 7) claims that Generation Y's 'passion for self-indulgence and an iconoclastic world view (...) disdains conspicuous consumption'.
- Instead of using holidays to manifest social status, customised holiday experiences are seen as a way for expressing one's individual sense (Stearns, 2001; Koch, 2009). Consumption decisions are based on an 'independent self-concept' with emotional values and hedonistic incentives (Vigneron and Johnson, 1999).



Discussion (IV)

Friendships as consumer collectives

- Many of the respondents prefer to travel in closely-knit friendship groups. The formation of peer groups, provide distinct reference points within their social frameworks (Hughes, 2009).
- A great degree of conformity was observed among peer groups with shared modes of travelling as a basis on which these micro-consumer collectives rest their strength (Huntley, 2006).



Managerial Implications

- Germany's Generation Y can be recognised as an economically valuable target group for luxury holidays.
- Tourism marketers can target their offering to the specific desires of the German Generation Y, e.g. emphasising individuality, catering for friendship groups.



Limitations and Future Research

- Study exploratory in nature; further research in the form of a survey needed to validate preliminary findings.
- Focus on German Generation Y tourists.
- Future studies should compare Generation Y with other tourist segments.



Any Questions?



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