Unlocking New Growth in Luxury Travel:

Fulfilling Travel Advisor Demands for
Efficient and Profitable Super Yacht
Charter Booking Solutions.

The CTIE White Paper

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1. INTRODUCTION

In the wake of the COVID-19 pandemic, the global luxury travel market has witnessed an extraordinary resurgence. With the relaxation of travel restrictions and the reopening of economies, affluent travelers are eagerly seeking out exclusive and personalized experiences. Among the various segments within the luxury travel market, much like private aviation the super yacht charter sector is one of the most resilient and fast growing.

This white paper delves into the potential of offering an innovative super yacht charter product to Travel Advisors. It examines how by unlocking new opportunities a Tour Operator can drive higher earnings for Travel Advisors, while simultaneously increasing their productivity by using technology to streamline the cumbersome and outdated yacht charter booking process.

Furthermore, this paper explores the needs of Travel Advisors and provides strategic insights on how our company, a well-established legacy Tour Operator, can effectively meet these needs in the private yacht day and term charter market.

2. THE POST PANDEMIC LUXURY TRAVEL RECOVERY

The luxury travel market has demonstrated a robust rebound following the COVID-19 pandemic. According to Grand View Research the global luxury travel market size was estimated at USD 1.38 trillion in 2023 and is expected to grow at a compound annual growth rate of 7.9% from 2024 to 2030. Increasing spending by elite travelers to visit unexplored destinations and gain new experiences is driving the market growth.

According to Statista - "Luxury travel is the turbo-engine for travel recovery." High demand, intentions to take longer trips, and plans by high earners to spend more on travel this year suggest that the luxury travel market is expected to be the fastest-growing segment of the travel industry.

"The acquisition of wealth is progressing at an unprecedented pace, with increasingly more consumers gearing up to luxury purchasing. In the U.S. alone, the number of people with over $1 million in liquid assets (excluding home/ retirement funds) is approaching nine million, equating 3% of the population. This segment of the population is growing seven times faster than any other segment." - Forrester Research.

3. TRENDS DRIVING NEW LUXURY DEMAND:

- **Personalization:** High-net-worth individuals seek bespoke travel experiences tailored to their unique preferences.
- **Health and Safety Concerns**: The pandemic has heightened awareness of health and safety. Luxury travelers prioritize private and secure environments, minimizing contact with crowds.
- **Sustainable and Responsible Travel**: There is a growing emphasis on sustainability and responsible travel among luxury travelers. They prefer eco-friendly options/destinations that contribute to local communities and conservation.
- **Digital Transformation**: Adoption of digital technologies has accelerated in the luxury travel sector. Technology plays a crucial role in anticipating, organizing and communicating the preferences of the luxury guest.
- **Social Media**: Influencers including cast members of the hit television show 'Below Deck' further popularize and glamorize aspirational luxury and trend-setting travel experiences.

4. UNDERSTANDING THE YACHT CHARTER OPPORTUNITY

According to a Yacht Market share report by Polaris Market Research published in 2021, The global yacht market was valued at USD 8.12 billion in 2020. Expected growth to expand at a compound annual growth rate of 5.1% from 2021 to 2028. Polaris also state that 75% of yacht charter customers come from the USA market. Demand for both day and term yachters increased given growing disposable income of individuals, a growing preference for personalized service and exclusive traveling.

Super yachts are luxury vessels typically over 24 meters (78 feet) in length equipped with lavish amenities, state-of-the-art technology and a highly trained crew. Yachts offer unparalleled privacy, exclusivity and flexibility making them a preferred choice for affluent travelers seeking a unique experience. Pricing can range from 1k USD for a small boat day charter up to $500,000 per week for a term charter on a Superyacht. The most popular destinations in order of charters undertaken are #1 Europe (Eastern or Western Mediterranean), #2 Bahamas/Caribbean and 3#, The South Pacific. **Yacht charter trips offer:**

Privacy and Exclusivity Yachts provide a private, closed environment allowing travelers to escape crowded destinations. Yacht can anchor off exclusive beaches enabling clients to tender to hidden day spots.	**Flexibility and Customization** Explore remote and exotic locations by adjusting plans on-the-fly. Personalize every aspect of the journey. Consult with the captain over dinner to design the following day's routing and stops.
Luxurious Amenities Private cinemas, spa facilities, recreation spaces, gourmet kitchens and water sports equipment. Every yacht is customized with unique amenities.	**Personalized Service** Highly trained crew cater to the most discerning personal guest needs from gourmet dining, special onboard events to concierge service.

Target audience:

- High/Ultra-Net-Worth Individuals (HNWIs/UHNWI's): Individuals with significant financial resources who seek exclusive and luxurious travel experiences when and where they desire it.
- Families and Friends: Small groups looking for a private and intimate vacation experience, often to celebrate milestones such as a birthday. Usually led by a 'principal guest' who becomes the lead decision maker.
- Celebrities and Influencers: High-profile individuals who prioritize privacy, exclusivity and unique experiences. Some also value the clout factor of being seen to vacation of super yachts.

While H/UHNWI's value their privacy so highly, how do we find such elusive clientele? This challenge is where Luxury Travel Advisors step in.

5. UNLOCKING THE TRAVEL ADVISOR OPPORTUNITY

Luxury Travel Advisors play a pivotal role by offering personalized recommendations, insider knowledge and seamless planning services. By incorporating Super Yacht charters into their offerings Advisors can provide highly personalized travel experiences and unlock substantial earning potential.

According to Travel Market Report's '2024 Land Outlook Report' which surveyed nearly 800 North American Travel Advisors, clients view private tours/skipping lines (93%), stays at luxury resorts/hotels (93%), and private/luxury transfers (92%) as quintessential elements of luxury. Furthermore, in Travel Market Report's 2024 'Art of Luxury' report more than 50 percent of Travel Advisor respondents expressed interest in distinctive experiences, such as luxurious villa stays with in-house amenities and private yacht expeditions.

Diversification of Offerings: By adding super yacht charters to their portfolio Travel Advisors can diversify their product offerings and attract a broader clientele. For example, clients who have booked state suites on a luxury expedition cruise in the past may be interested in a Yacht charter to mark their next milestone birthday or anniversary with family and friends.

High Commission Potential: Yacht charters come with high price tags resulting in substantial commission potential for Travel Advisors. Earn commission with commas. 10% commission on a $500,000 gross term charter is $50,000 commission representing a 'work smarter not harder' one-product/one-invoice booking.

Enhanced Client Loyalty: Offering exclusive and unique experiences can enhance client satisfaction and loyalty, leading to repeat business and referrals. Many Luxury Travel Advisors have U/HNWI clients on their books who have never done a yacht charter. Niche product areas such as yacht charters also set the Travel Advisor apart from their peers.

CASE STUDY:

As a long-standing outfit we identify as an 'incumbent/legacy Tour Operator'. Yacht charter product is a new market therefore we cannot assume we understand all the challenges Advisors experience when making a booking.

We want to understand what frustrates and motivates Travel Advisors and so to validate our assumptions we asked Luxury Travel Advisor, Alicia Saba (pictured right), to share her experiences of booking a recent Super Yacht term charter:

Destination: Western Mediterranean Luxury. 1 week term charter for 6 pax.

Client Profile: A family of six seeking a luxurious and private vacation in the Mediterranean. The family want a one-week Yacht charter, exploring the French Riviera, Sardinia and the Amalfi Coast. The itinerary should include visits to beach clubs, private tours of historical sites and gourmet dining experiences both on and off the yacht. Our findings from our Q&A interview with Alicia:

1. Alicia's frustration with the booking process was the disjointed and time-consuming nature of the booking process. *"Countless back/forth with the charter vendor including multiple (annoying) requests for info (passport details, special requests, preferences) made me look disorganized in front of the clients."*
2. Alicia would prefer all requests from the charter broker at once and upfront.
3. Alicia found too much marine jargon made it harder. Many of her clients are U/HNWI travelers yet they may never have done a yacht charter before. Demystifying the jargon is key to make this product more accessible.
4. Would love a bio on captain/crew as clients love seeing who they will be looked after by on the charter.
5. Alicia had trouble pinning down captains for pre-departure meetings with clients – would love a charter 'chat' function to ask questions and to avoid long wait times on email replies and call center hold times.
6. Alicia has booked a few charters with competing Tour Operators (like Kensington Tours), plus DMC's but none offer smart technology to save me time on the booking process. The process is so manual whomever you book with.

6. HARNESSING TECHNOLOGY SOLUTIONS

The pandemic halted global travel leaving suppliers and Travel Advisors grappling with long periods of no new revenue while at the same time they resourced human labor involved with trip curtailments and cancellations. As a result Tour Operators had to develop new business models to stay afloat. Traditional models are struggling to adapt and must address the new normal:

- Reduced resources (both financial and personnel).
- A need for measurable ROI and careful cost management (including commissions, marketing and incentives).
- Replacing outdated legacy systems and overcoming the challenges of adopting new technology.
- Travelers' increasing focus on security, privacy, and personalized experiences.

As we look ahead it's clear technology and artificial intelligence will shape the future of travel. Technology offers a way to solve these challenges by turning them into competitive opportunities. For example, market research highlights technology as providing instant solutions to yacht availability, vessel specifications and offering a personalized and efficient booking process. So how do we leverage these insights not only to survive, but to launch a new successful range of Yacht Charters?

According to Deloitte & Touche LLP's consulting papers they advocate a strong preference for the integration of digital and mobile tech into each step of a journey – from planning and booking, managing charter preferences and instant communication with the Travel Advisor. TMR who according to a survey of 800 Travel Advisors say 60% of respondents reported being interested in using technology for their vacations. **Furthermore:**

- 8 out of 10 advisors said supplier websites/portals were their preferred source of research and information.
- Use of text messaging registered the highest with over 9 out of 10 advisors saying that they stay in touch with their clients via text messages.
- Travel Advisors are increasingly home based. They do not want to spend time calling into and holding for long periods of time to reach Tour Operator call centers. Instead, more intuitive and dynamic online booking and planning tools are in demand to save time, money and to empower Travel Advisors with real time information and answers.

7. CHALLENGES

In legacy travel companies adapting to new technology can present challenges. Long-standing employees may be reluctant to adopt new technologies, preferring the familiar systems and processes from the past. Legacy systems may not be easily compatible with new technology requiring complex integration processes or complete overhauls.

We know from experience change is received differently by different individuals. To help us spearhead a new product launch we aim to identify team members who embrace change from a results-oriented perspective with enthusiasm and ambition. These team members add value by meeting deadlines and actively volunteering for project teams. Essentially, we are seeking forward-thinking individuals who can influence their peers positively, demonstrating that we are moving progressively by adding new growth areas for the long-term benefit of everyone in the organization. This cultural shift must start with our senior leadership from the CEO down to the 'shopfloor,' as outlined in the next section.

It also cannot be underestimated how customer adoption can be a hurdle. Regular customers accustomed to legacy systems might struggle with or resist transitions to new platforms. The 'old guard' of the advisor community may pose acceptance issues with technology. Success requires a thoughtful approach to leadership.

8. LEADERSHIP APPROACH

Culturally, adopting new trends and technology often necessitates a shift towards innovation and continuous learning, something which can be difficult to instill in long-established organizations. This presents leadership with an opportunity.

"Leadership is the capacity to translate vision into reality. —Warren Bennis."

Set a clear, compelling vision for the future that excites and motivates the team. Develop and articulate a strategic vision that aligns with the organization's goals and the market's evolving demands. This vision should highlight the potential benefits of entrepreneurial thinking and technological innovation. Articulate the vision clearly and persuasively, ensuring that all team members understand and are committed to it. Smart leaders will ask themselves - how do we bring people on the journey and identify those who may need longer to adapt to change versus others. Now, onto building the product launch project team.

9. BUILDING THE PROJECT TEAM

To launch a new and innovative product offering we need a special focus requiring expertise from various departments. The recommendation is for a cross functional team made up of various areas of the business to bring diverse knowledge. This approach ensures there is a champion from each department to help ensure every department is contributing and has buy in.

Initial recommendations start with cuing up a project leader from one of the commercial areas of the business –the Director of Sales. This project leader works under the C-level leadership reporting to the COO to allow critical decision making.

The cross functional product team requires all members to actively contribute with creative problem solving and innovation. Some of the project team will no doubt be remote. This means a heavy focus is required on technology to stay connected within the constraints of various time zones to keep projects moving and to keep all team members accountable to milestone deadlines. The lifespan of the project group is temporary, initially, with a goal to develop a new product and roll out to the market.

Ground rules must be clearly defined from the start. By applying the Tuckman model, project managers and team leaders can navigate the complexities of team dynamics more effectively leading to enhanced collaboration, productivity and overall success of team projects.

The Tuckman Model, also known as Tuckman's stages of group development, describes the stages that teams typically go through as they form, develop relationships and achieve their tasks. The Tuckman model’s framework helps teams and leaders understand the dynamics of group development, anticipate challenges, and implement strategies to foster effective teamwork.

Especially important is how the model informs the process of Defining Roles. During what the Tuckman Model describes as the ‘Norming Stage’, the project leader should clearly define roles, responsibilities, and team ground rules to foster a more collaborative environment. When everyone understands their contributions and how they fit into the bigger picture, teamwork improves.

The project lead (and subsequently the COO) should constantly promote honest and open communication throughout all stages of the project life cycle to build trust and transparency. Regular scheduled meetings using templated forms for staff to provide feedback will enhance two-way communication and strengthen relationships to ensure a streamlined rollout of project deliverables and initial strategic tactics. Remember, your project team become your advocates to help encourage those more resistant to change. By engaging some supervisors and leaders of influence, those staff who find the proposed changes sad or concerning are reassured by their leadership and can find their way to acceptance.

10. STRATEGY

Targeting the Host Agency and Independent Contractor (IC) Community, A Multi-Level Approach.

Thousands of Luxury Travel Advisors are in geographically dispersed locations. 70%+ of an estimated 180,000 (pre-pandemic) Travel Advisors are estimated to be home-based. Further to this, those Independent Consultants (IC’s) who boast the strongest books of high spending clientele are home based. In this environment where it is harder and costlier to reach high performing geographically dispersed Travel Advisors, what strategic tactics should be involved to meet this opportunity?

To effectively penetrate the Host Agency and Independent Contractor (IC) community, our strategy will be multifaceted, addressing key levels of influence and decision-making:

Influencer Level: These individuals have the power to persuade other Advisors of the necessity of our product. Our focus will include engaging peer-to-peer groups, such as closed Facebook Advisor groups, where members frequently seek and provide recommendations for suppliers like Destination Management Companies (DMCs) and Tour Operators.

Decision Maker Level: This includes predominantly Agency Owners and consortia Head Office contacts who hold the authority to make purchasing decisions. Our efforts will be directed toward demonstrating the value and necessity of our product to these key decision-makers. As a legacy/incumbent Tour Operator we leverage our existing customer partnerships to gain buy-in from decision makers, creating strong advocates for our Yacht charter product.

Gatekeeper Level: Gatekeepers can either facilitate or hinder the approval and implementation of our product. They are typically individuals within host agencies such as Directors of Leisure Travel who direct the inhouse Agents and IC's. Our approach will involve identifying and engaging with these gatekeepers to ensure they support and advocate for our product.

By targeting these three critical levels, we aim to achieve comprehensive penetration and adoption within the Host Agency and IC community. Our high-level tactics employed include the following sales initiatives:

- In-person/physical interactions (sales trips/major trade events). Post-Covid the market allows a heavy digital/virtual focus – webinars, social media, trade press and virtual events limiting the high cost of sale associated with paying to attend major Trade Shows.
- Partnerships with select consortia with a strict focus on ROI. Market research has shown there is an acute demand and niche for a tech-forward Yacht charter outfit. We try to avoid a reliance on the consortia 'pay to play' model, instead we go our own way by building our own assets, database marketing and word of mouth.
- Marketing campaigns and content are underpinned by a destination focus suited to travel seasonality - i.e we promote the Mediterranean for Northern Hemisphere Summer trips and we look longer lead to Winter revenue by focusing on Bahamas/Caribbean and South Pacific charters.
- We go where the business is. We are agile and we seize on smart cost-effective partnerships with top luxury host agencies where there is an appetite for the niche of Yacht charters.
- We leverage revenue partners (private jet companies, commercial airlines and tourism boards) to co-invest in joint marketing.

11. CONCLUSION

All insights highlight the resurgence of Luxury Travel going only from strength to strength. This growing market presents a golden opportunity for Travel Advisors to unlock exponential earning potential by expanding their product repertoire to include Yacht charters. Reflecting on the benefits of investing in this market, consider carefully the following opportunities:

- High profit margins, customer Loyalty and brand prestige.
- Differentiating our brand with innovative products will set our business apart from competitors.
- Economic resilience. The luxury segment is more resilient during economic downturns. Affluent consumers have more disposable income and are less likely to cut back on travel, ensuring a more stable revenue stream.
- Innovation: The luxury travel industry thrives on innovation. Investing in new products allows businesses to explore and implement cutting-edge technologies and personalized services, staying ahead of market and consumer trends.
- Partnership and collaboration. Open doors to partnerships with other luxury brands, from private jet brands, Michelin star restaurants and in the future potentially affinity marketing with luxury consumer lifestyle brands.
- Marketing and PR. Launching a new product can generate media attention and buzz, providing aluable marketing and PR opportunities to enhance our brand's visibility.

When we look at our own team, we must realize as an incumbent operator we are entering a market dominated by new, well-funded technology driven companies. It's crucial we Inspire an entrepreneurial mindset within our own organization by embracing technology. As discussed in this paper, we require a transformational leadership approach.

By fostering a culture of innovation, investing in technology training and by encouraging cross-functional collaboration we will empower our teams to think creatively, embrace change and ultimately drive business success.

12. RECOMMENDATIONS

1. Appoint a project manager with a high 'I' and/or 'D' personality to ensure the team procure timely results.
2. Identify and form a cross-functional project team, united under the vision for the product launch.
3. Identify 25 top producing Travel Advisors (either gatekeepers or owners) and invite them to beta test our new booking system to help refine and stress-test the product.
4. Overhaul our customer facing content to showcase company's new yacht product range and new charter booking technology. In tandem, develop new white label booking tools and website resources.
5. Ensure all sales and reservations teams are fully trained on booking system and new product range by Q1.

For further Q&A please contact:

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