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Innovation in Luxury Tourism Towards Sustainability

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Abstract. Sustainable luxury should aim to deliver high social and environmental performance, with a level of excellence across the entire value chain of organizations, as well as local cultural content. This study aims to provide an innovative background relating to sustainable luxury tourism. The study adopts a mixed-method approach based on systematic mapping study protocol (SMS), to analyze the credibility criteria used in rigorous field research. An important aspect to highlight is that sustainable luxury tourism will work best if it is achieved through a focus on the elements of the sustainability, which aims at a new era of tourists, who are more environmentally conscious and aware of the needs of local communities. In a transversal perspective, this chapter presents preliminary insights for Innovation, for luxury tourism and orientation towards sustainability.

Keywords: luxury tourism · sustainable luxury tourism · luxury travel market · luxury tourism innovation

1 Introduction

Sustainable tourism is defined by the United Nations World Tourism Organization (UNWTO) as being linked to the environmental, economic, and socio-cultural aspects underlying tourism development. In addition, to mitigate the negative effects of tourism, the UNWTO announced that 2017 would be the year of sustainable tourism, taking into account the sustainable development goals (SDGs) of the UN as applied to tourism; namely, the UNWTO Journey to 2030.

The 21st century has seen a change in the meanings and motivations associated with luxury consumption regarding the field of senses, i.e., the consumption of luxury products is much more focused on experiences, emotions, and pleasure [1] than on the purchasing of objects. The ambivalent concept of luxury is often less of an individually defined concept, and more often one constructed by societal pressures and impressions, though exceptions are notable in cases of personal achievement narratives [2]. One could, for example, ponder the worth to oneself in climbing Mount Kilimanjaro (an example of adventure tourism) in terms of achievement and self-actualization. The help and support needed (e.g., guide, cook, bearer/carrier of equipment), in order for the average citizen (e.g., not a professional athlete or mountain climber) to climb the 5,800 m, makes it a luxury endeavor (due to the costs involved). The takeaway from this adventure will certainly be more emotional and experiential than material (a few souvenirs brought home will not constitute the luxury experience). The whole experience may even involve months of preparation (e.g., physical preparation, special diet), which add to the satisfaction [3].

[4, p. 158] state that "... Sustainable luxury tourism might not just be desirable, but also necessary". However, to date, very little is known about how sustainability in the luxury tourism sector should operate in terms of the value chain, which concerns the functional and operational performance of the tourism and hospitality industry. The major gap is represented by the absence of scientific advancement in sustainable luxury tourism worldwide. This highlighted gap is reinforced by [5, p. 164], who attests that "given that there are a number of forces encouraging growth in luxury tourism and that there is an increasing number of companies claiming to provide sustainable luxury tourism opportunities, it seems timely to critically examine this concept". In fact, "sustainability issues have become a challenge for the luxury sector whose continuous success and growth - despite recessions, economic crises and increasing social inequality - appear as a paradox or even a provocation for some critics" [6, p. 1]. Within this context, consumers will, for example, react positively during room bookings when they know, through the marketing communication strategy of the hotel, that a luxury hotel is committed to sustainability, due to the fact that this information increases their positive perception of the integrity of the hotel [7].

Moscardo and Benckendorff further claim that "the emergence of concepts like 'intelligent' and 'sustainable' luxury raises a number of research questions, especially in terms of understanding consumer motivations and evaluations of luxury and sustainable experiences" [8, p. 709]. Overall, these authors highlight issues facing the longer-term sustainability of luxury tourism experiences. They present some evidence, although limited, of the emergence of tourist concerns about the environment and links between luxury and sustainable practices, especially for the Bed and Breakfast (B&B) category.

Sustainable luxury should aim to deliver high social and environmental performance, with a level of excellence across the entire value chain of organizations, as well as local cultural content (e.g., craftsmanship and local innovation). [9, p. 65] maintains that "sustainability becomes the *sine qua non* of luxury tourism in the near, post-corona future", highlighting the recommendation of a "three-pronged approach to enacting sustainable tourism based on (1) self-imposed assessments; (2) strict regulatory framework; and (3) luxury tourism concept review" [9, p. 77].

The main objective of this study is to present the first conceptual model applied to sustainable luxury tourism as an innovative theoretical framework, in a pilot version, with the intention to address and manage future challenges related to the sustainability paradigm. It also explores dilemmas in the field of luxury tourism, through a set of critical elements that make up the innovative model. This exploratory qualitative research aims to identify the sustainability drivers that are emerging as the most significant triggers for luxury tourism.

This chapter is structured in four parts. First, we present a literature review covering the main constructs. After the methodological considerations, we describe and present the development of an assessment framework entitled Innovative Model for Sustainable Luxury Tourism. Finally, we conclude with practical implications for managers, and recommendations and suggestions for future research.

2 Methodology

Methodologically, an exploratory qualitative methodology was applied, based on systematic mapping study (SMS), both to analyse and to structure a broad research field concerning methods, designs and research. This methodological approach focused on scholarly papers published in renowned academic databases, namely Web of Science, Emerald, Wiley, Science Direct, Scopus, Taylor and Francis, and Sage (among others).

We chose this mixed approach because all four approaches address business strategy and competitiveness in their model. They also share dimensions, factors, elements, and characteristics in their basic matrices. We use these interrelated methods as they seem to be the most suitable methods to advance the main strategic and emerging issues, trends, challenges, and factors related to the whole competitive advantage of the sustainable luxury tourism industry. This methodology integrates the set of studies in terms of themes; hence we are in a better position to describe current knowledge and practice, evaluate progress, identify gaps, and plot a course for future research [10]. The literature review has long been described as “a vital and popular technique in the consumer researcher’s toolkit” [10].

3 Literature Background

3.1 Luxury Tourism Markets

The Luxury Travel Market [11], based on the Global Opportunity Analysis and Industry Forecast, delivered a statistical forecast of the Luxury Travel Market between 2021 and 2027 [11].

The Luxury Travel Market was grouped into four key market segments:

- (i) Age group: Millennial, Generation X, Baby Boomers, and Silver Hair.
- (ii) Type of traveler: absolute luxury, aspiring luxury, and accessible luxury.
- (iii) Type of tour: customized & private vacations, adventure & safari, cruise/ship expedition, small group journey, celebration & special events, and culinary travel & shopping.

- (iv) Region/Geography: North America (USA, Canada and Mexico); Europe (Germany, France, Spain, Italy, and the rest of Europe); Asia-Pacific (China, India, Singapore, and the rest of Asia-Pacific); and Lamea (Middle East, Latin America, and Africa).

A forecast analysis entitled *Global Opportunity Analysis and Industry Forecast*, covering a period of six years, ranging from 2021 to 2027, concluded the following:

The global luxury travel market size was valued at \$945.6 billion in 2019 and is expected to grow at a Compound Annual Growth Rate (CAGR) of 11.1% during 2021–2027 to reach 1,198.3 billion in 2027. Luxury travel services cover most desirable and premium experience in terms of luxurious accommodations, convenient transport facilities, and authentic travel experience. The service providers aim to provide outstanding services to its travelers [11].

Based on these assumptions, the worldwide luxury travel market is forecast to be the fastest-growing segment between 2021 and 2027 [11]. The main factors contributing to this growing trend are the increase in middle-class and upper-class disposable incomes, interest in unique and exotic holiday experiences, as well as the growth in the need and desire of people to spend more time with their families. This trend is attributed to the growth of the middle-class population in countries such as China, Hong Kong, India, and Malaysia. Despite developed countries such as the USA (presenting the largest revenue share), there has been an increase in demand in developing countries (due to increasing per capita income) such as China and India [11].

3.2 Sustainability in Luxury Tourism

The concept of sustainable luxury is also labelled with other denominations, including deeper luxury (i.e., equivalent to the original concept of traditional luxury tourism) [12] and green luxury [13]. Accompanying this are the growing and emerging environmental and social concerns advocated for by luxury consumers in this niche tourism market [12]. The question of the compatibility between luxury and sustainability is thus an important one for many tourism destinations [14].

Sustainable luxury tourism is a way to care for, cherish and maintain destinations [15]. Poelina and Nordensvard [4, p. 149] argue that “management and protection of landscapes and eco-systems are integral elements of a new wave of sustainable luxury tourism.” Despite the increase in sustainable luxury tourism interest, current theory and practice are underdeveloped.

It is widely known and recognized that typical mass tourism is harmful to the environment. As a result, environmental education has taken on a new role for luxury tourism businesses [17]. Consequently, [4, p. 149] argue that the “management and protection of landscapes and eco-systems are integral elements of a new wave of sustainable luxury tourism.” Developing this further, [16] state that, more than desirable, sustainable luxury tourism is necessary. However, very little is known to date about how sustainability in the luxury tourism sector should work in terms of the value chain concerning the functional and operational performance of the tourism industry. Despite recessions, growing social inequality, and economic crises, sustainability issues have become a challenge for the continued success and growth of the luxury sector. They are considered both a paradox

and a provocation by some critics [6]. As a result of new sustainable luxury tourism concepts and ventures, ecotourism hotels and resorts have emerged. Conventional luxury hotel chains, groups, and brands, have advanced towards obtaining sustainability programs and certifications [17–19].

4 Conclusion and Implications

The Innovative Model for Sustainable Luxury Tourism demonstrates that it is possible to produce and deliver luxury tourism and hotel goods and services more sustainably. In conclusion, the Innovative Model for Sustainable Luxury Tourism has implications with regards to policy making or future business development plans [20–22], such as: developing sustainable and ethical marketing strategies and plans (with the local community), promoting smart luxury tourism destinations, and ensuring the compliance of ESG (Environmental, Social and Governance) criteria, regarding competitive differentiation and advantage [23–25]. The sustainable luxury tourism of the future is one that provides total smart and green luxury comfort, is environmentally conscious, preserving natural resources and supported by future tourist generations concerned with environmental issues and practices [26–29].

Indeed, in the future, sustainability will have a strong impact and play a significant role in the new era of luxury tourism. In its pilot version, the proposed innovative theoretical framework for sustainable luxury tourism can be considered the missing trigger, challenge, and opportunity for sustainable luxury tourism to develop its nature management and competitive governance model. Therefore, luxury tourism through sustainability could very well be the disruptive innovation needed to counter unsustainable luxury hotel consumption observed in hotels and resorts, among others. As for the practical implications for management, sustainability agendas in luxury tourism must address local realities and communities. Sustainability agendas in luxury tourism rely on local infrastructure and have to respond to local stakeholder expectations, including standardized requirements and global, regional, local, and individualized sustainability action plans. Exploring creative ideas, intelligent solutions, and strategies are crucial in this industry when facing increased environmental and societal challenges, anchoring the size and structure of the tourism and hospitality services business.

For a future sustainable development agenda, sustainable luxury tourism should be valued option for government, stakeholders, shareholders, tourists, tour operators, and travel agents, resulting in a focus on sustainable development goals. Regarding future research, we plan to advance the assessment framework developed in this exploratory qualitative study, and to apply the Innovative Model for Sustainable Luxury Tourism to a set of key strategic stakeholders in order to analyze and evaluate the model in the practical and operational context of sustainability in luxury hotels and resorts.

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