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# Luxury tourists and their preferences: Perspectives in the Czech Republic

## Abstract

Within the tourism industry, luxury tourism is becoming a growing trend. Thanks to the generosity and willingness of affluent clients to pay, this form of tourism can also be understood as a vehicle for regional development and economic growth. However, to stimulate the decision-making process of luxury consumers, it is necessary to implement effective marketing strategies. Therefore, there is a need for further research in this special tourism segment and the motivation to choose luxury products. This study, based on the questionnaire survey, analyses the Czech luxury tourism market segment. Its aim is to reveal the intentions to buy luxury tourism products. The findings are compared with the results of similar foreign studies. The results suggest that Czech luxury tourists are different in comparison with the traditional European markets. Most of the Czech tourists are willing to pay considerably lower amounts of money for luxury holidays. The frequency of their luxury holidays is also significantly lower. In this respect, the Czechs fall behind the European luxury tourists.

**Key words:** luxury tourism; tourism demand; motivation; Czech Republic

## Introduction

The term "luxury" has been used so often recently that it may seem that its original meaning is disappearing. Regardless of all definitions of luxury, it is necessary to consider that the term is subjective, and that luxury is derived from the perception of the consumer. For this reason, Kapferer and Laurent (2015) support the idea to analyse the perception of consumers to detect the consumers' definition of luxury that could be exploited by managers and marketing experts dealing with the luxury market. Hence, numerous studies focus on examining the perception and motivation that activate the needs for participation in luxury tourism (e.g. Baloglu & Uysal, 1996; Yoon & Uysal, 2005; Novanská, Benová & Geghamyan 2018).

Even though the foreign professional literature has been dealing with luxury tourism to a larger extent (e.g. Silverstein and Fiske, 2003; Park, Reisinger, and Noh, 2010; Han and Hyun, 2018), the research activities focused on luxury tourism in the Czech environment are rather sporadic. Luxury tourism in the Czech Republic has a considerably shorter history than in the developed western countries. This is also linked with the perception of luxury by the Czech consumers, which is now getting closer to the perception of luxury by the affluent clients from the traditional tourism generating countries such as France, Great Britain, USA, or Germany. The presented study is thus a response to such situation, analysing the specific segment of the Czech luxury tourism. The objective of this study is to create a profile of Czech participants of such type of tourism and explain their motivation to buy luxury services and products of tourism and answer the questions: 1) what the purchase preferences of the

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Czech luxury tourists are and, 2) which factors motivate the Czech demand segment to participate in the luxury tourism.

## Methodology

For this study, a survey method was used. Population of the study were clients of a luxury travel agency. We determined the factors that influence the way people decide when choosing their holiday and basic attributes of the stay/package holiday.

In order to collect the data, a digital survey was conducted from November 2016 until April 2017. The questionnaires were sent to the clients of the travel agency Deluxea (specialized in personalized luxury tours) that provided us with its database of 2,671 e-mail addresses. In total, 425 fully completed questionnaires were received that represents approximately 16% of the distributed questionnaires. Respondents were from all parts of the country although those residing in the two largest cities - Prague and Brno – were overrepresented. This might be due to the fact that the agency offices are located in these two cities, reflecting also a concentration of wealth in two conurbations. Almost one-third of the clients of the luxury travel agency who participated in the survey indicated the capital city of Prague as their place of residence, more than 10% of the respondents were represented by the Central Bohemian Region (hinterland of Prague) and the South Moravian Region (Brno).

To evaluate the results, mathematical-statistical and analytical methods were applied using mostly one-dimensional and two-dimensional statistical analysis. The data were processed with the help of MS Excel software and SPSS statistical programme.

## The results and discussion

Data on socio-demographic characteristics showed the category between 35 to 59 years of age is the most dominant one among the affluent clients and it represents almost two-thirds of the respondents. The most frequent respondents were men between 35 and 49 years (21% of all respondents) and between 50 and 59 years (18%). Women were younger, while there was equal proportion of men and women between 35 and 49 years of age (15%). More than 60% of the participants in the luxury holidays who took part in the survey were tertiary-educated people. The results show that the participants of the luxury holidays are predominantly educated persons with tertiary or at least secondary education. As far as the economic status is concerned, people with a regular income, or rather anybody with a regular employment, was among the most frequent respondents (more than 86%).

According to more than two-thirds of the answers, respondents associate the term "luxury holiday" with the first-rate and personalized services. This finding corresponds with the nature of luxury tourism, as well as the second most frequent answer, which was an association with a carefree stay. It is common across the world that luxury holidays are often tailor-made for particular tasks and choices of the clients, which was confirmed by almost one-half of the respondents. It is interesting to highlight that as far as the age category is concerned, especially younger respondents associated the luxury holiday with a carefree stay, while people over 50 years of age opted for the tailor-made holiday.

The Czech affluent clientele (52%) prefer all-inclusive and tailor-made luxury holidays. Two-fifths of the respondents were satisfied with partly organized holidays including, for example, hotel and flight ticket reservation. Other holiday services were organised by the clients themselves. Only 8% of the respondents prefer to organize all tour by themselves. The ready-made holiday packages are preferred

by the following respondents: retired people, unemployed, women on maternity leave, and students (64%) and respondents over 50 years (55%). Partly organized luxury holidays are more preferred by employed people and people under 50.

The board basis is also important for clients when choosing the holiday. For the majority of the respondents, comfort and carefree holiday were important. Therefore, almost 60% of them opted for the all-inclusive type of holiday. Only a minimum of the respondents prefer full-board or self-catering holiday.

Subsequently, Table 1 shows which 'type' of destination is the most attractive. According to the results, the respondents are most attracted by the beach and the sea. The second most important factor is the nature and attractiveness, which is ranked among the most important features by more than a half of the respondents. Culture and history also play a significant role. By contrast, mountains, cruises, and urban tourism are less interesting for the respondents.

Table 1  
The 'type' of the destination

	Mean	Median	Total responses (in %) (1 "the most important" and 5 "the least important")					
			1	2	3	4	5	Unanswered
Beach and sea	1.39	1	79.8	10.4	3.5	0.2	5.2	0.9
Nature and attractiveness	1.72	1	52.5	23.1	11.1	2.8	3.3	7.3
Culture and history	2.44	2	18.6	32.0	24.2	8.9	5.2	11.1
Mountains and skiing	3.38	4	13.4	11.8	14.8	13.4	28.0	18.6
Luxury cruises and yachts	3.39	3	10.1	12.9	18.8	17.2	24.0	16.9
Urban tourism	3.48	4	4.0	14.6	22.4	21.4	20.2	17.4

For more than 90% of the participants of luxury holidays, the main reason to travel was relaxation, which includes exploring the nature and relaxation itself. For more than two-thirds of the respondents, the main reason was to explore the destination. For almost 35% of the respondents, sports activities were an essential part of the holiday; for fewer tourists, it was - health improvement, entertainment, or celebration of an important anniversary.

The Czech participants of luxury holidays prefer to travel in the off-summer months, which represent the main season in the Czech Republic. More than a quarter of the respondents do not have any preferences at all. Approximately 26% of the respondents' decisions were based on the season in the destination. The preference to travel off-season is also related to the fact that the participants of the luxury holiday prefer exotic places. According to the respondents, luxury holidays were mostly related to the places in the Indian Ocean, along with the Caribbean Sea and the Pacific Ocean.

The clients take one luxury holiday per year in more than two-thirds of the cases. Among the main reasons for not travelling are a lack of financial resources and a lack of time. The most frequent group involves participants who take a luxury holiday two or three times a year. Fewer than 3% of the respondents take more than four luxury holiday per year. As far as the time concept is involved, we must not forget the average length of the holiday spent by the participants of the luxury holidays. In this case, almost three-quarters of the respondents choose the option of 8 – 15 nights. It corresponds to the fact that it is worthwhile to spend more nights when travelling to faraway destinations. At the same time, more than one-fifth of the respondents prefer to stay between 5 and 8 nights.

Two-thirds of younger tourists usually spend 8 – 15 nights on their holiday, and 27% of these respondents spend 5 – 8 nights. The same order is observed with luxury tourists over 50 years of age, out of which 77% prefer to spend 8 – 15 nights on their holiday. Younger luxury clients thus spend a fewer number of nights on their holiday, most likely due to their lack of time and workload.

Almost one-half of the respondents stated that they were willing to pay no more than 2,800 Euros for their luxury holiday. The range between 2,800 and 4,000 Euros is the second most frequent amount of money invested in luxury holiday mentioned by more than one-third of the respondents. The smallest share of respondents is willing to spend more than 4,000 Euros. There are particular differences when analysing the expenses of men and women, when 56% of men are ready to spend more than 2,800 Euros on the luxury holiday of 7 nights, while only 46% of women are willing to pay the same amount.

## Discussion and conclusion

The growing number of affluent clients in tourism shows that the luxury segment is developing and expanding all the time. Case studies focused on the tourism luxury segment are often related to the research of the quality of the services offered (hotels, restaurants) as well as the environmental impacts of building and managing the luxury resorts in exotic destinations such as island states or city-states in the Caribbean, the Indian Ocean, or Southeast Asia (e.g. Chen & Peng; 2018; Cowburn, Moritz, Birrell, Grimsditch & Abdulla, 2018). These are predominantly developing economies that depend to a great extent on tourism revenues.

The luxury tourism market segment is at the very beginning in the Czech Republic since only recently the aspects of luxury have started to be perceived by the Czech consumers in a similar way as by the affluent consumers from Western European countries such as France, Great Britain, or Germany. Our study reflects this fact and it defines the demand segment of luxury tourism in the Czech Republic, which might be considered quite unique within Central Europe. Such knowledge of sociodemographic characteristics of the Czech affluent tourists and their consumer behaviour may be a guideline to choose a suitable marketing strategy for this market segment.

Due to the limited possibilities of comparisons, one of the most available comprehensive research on demand for luxury holidays by Pangea Network (2014) was chosen in order to compare the Czech affluent clientele and their profilation with other European participants of luxury tourism.

A typical Czech luxury tourist (Table 2) is considerably different from the European one. Czech tourists are usually willing to pay less amount of money for their luxury holiday. The frequency of travelling is also lower. The situation is similar regarding the organization of the holiday ("tailor-made packages" prevail), as well as the board basis (All inclusive), the choice of the holiday and the motives for travelling such as the first-rate and all-inclusive services, comfort and relaxation. On the other hand, the Czech affluent clientele changes rather quickly and in near future they will equal the clients from the developed European countries.

Table 2  
A comparison of the research results on luxury travel market segments' profile

Czech survey	Pangea Network survey
<b>The most frequent age group (years)</b>	
35 – 59	36 – 55
<b>The choice according to</b>	
Firs-rate and personal services (65%)	Added value (65%)

Table 2 Continued

Czech survey	Pangea Network survey
<b>Motivation</b>	
Relaxation, attractiveness, culture, history	Comfort, new destinations, authenticity
<b>The level of organization</b>	
„Tailor-made“ (52%)	„Tailor-made“ (69%)
<b>The preferred season</b>	
Off-season in the Czech Republic (41%)	Winter, summer (25%)
<b>The most frequent length</b>	
8 – 15 days, 1 holiday (72%)	10 days, 4 and more holidays (47%)
<b>The most frequent costs per person</b>	
Up to 2 800 thousand Euros (45%)	5 – 10 thousand Euros (54%)
<b>The character of the destination</b>	
Beaches and sea (78%)	Exotic destinations
<b>Board-basis</b>	
All Inclusive (60%)	All Inclusive (69%)

Source: Own processing; Luxury Travel Trends (Pangea Network, 2014).

In order to answer RQ1, it was necessary to define a Czech participant in the luxury tourism. Such a person is middle-aged with a tertiary education and employed. Typical features of the luxury holiday of such person include all inclusive, first-rate and personal services, and the possibility to relax in an exotic country during a period when it is the off-season in the Czech Republic (in the off-summer months). RQ2 focused on the motivation of the Czech demand segment to participate in the luxury tourism and may be answered by using the above-defined push and pull factors. The psychological incentives may be considered a primary motive, leading to the satisfaction of the needs for relaxation. While specific characteristics of the destination are the secondary motive for luxury tourism, more than two-thirds of the respondents state that getting to know the attractiveness of the destination is the motivation for taking their holidays.

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