

**THE CONSUMER REDEFINED:
THE CREATIVE CLASS.**

We know that the type of traveller targeted by the LE collective is a unique breed: creative, rebellious and unpredictable. That's why we've collaborated with the Creative Class® Group, a global think tank comprised of leading researchers, academics and strategists, to bring you exclusive research and insight that will enable you to understand their very modern mindset.

Coined by urbanist Richard Florida in his groundbreaking book 'The Rise of the Creative Class' in 2002, the term 'creative class' refers to the growing phenomenon of the creative economy. Spanning professions in science, medicine and engineering, design and education, finance and business management, media and entertainment, and the arts, the creative class do not share one singular identity; instead they are united by an ethos that values creativity, individuality, authenticity and merit.

There are more than 42 million members of the creative class in the U.S. and more than 150 million worldwide, and its ranks are growing rapidly. For the luxury travel industry, this is a crucial psychographic whose travelling needs and desires must be understood.



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THE CREATIVE CONTEXT.

“A WORLD THAT ONCE TURNED
ON THE PHYSICAL PRODUCTION
OF GOODS IS NOW SHAPED
BY IDEAS, CREATIVITY AND
INNOVATION.”



The way that creative people live, work and play has changed dramatically in recent years, and it's having a major impact on luxury travel, the fastest-growing segment of the industry. According to IPK International, luxury travelers worldwide paid 172 billion euros to take 46 million trips in 2014 (with luxury defined as short trips with spending of more than 750 euros per night and long trips costing more than 500 euros per night). Most of these trips (9.2 million) originated in the U.S. and China (6.9 million), but other major source markets are Japan, Canada and Australia. The British are Europe's leading luxury travelers, with 1.5 million trips.

The most popular luxury travel destination by far was the U.S., with 6.2 million trips, ahead of China and Mexico. Italy and Germany are the leading European destinations. Argentina, Brazil, Paraguay, Uruguay, Japan and South-East Asia are showing significant growth, however, as are the Caribbean and New Zealand.

If luxury travel was a rarified form of shopping in the past, high-end travelers today are seeking immersive experiences that have been customized and curated to introduce them not just to new places and cuisines but new communities and cultures. These changes are being driven by two interconnected phenomena: the creative revolution and the urban revolution, and urban hotels are at the epi-centers of both. A world that once turned on the physical production of goods is now shaped by ideas, creativity and innovation, which especially thrives in cities. If five star hotels once provided spa-like respites from the hurly burly of urban life, today they are the gateways to the cities and communities where professionals gather for business meetings, idea-exchange, and cultural and social events.



THE CREATIVE CLASS.

Our research has shown that skills and occupational categories provide key insights into demography that income and education alone do not. The highly-paid professionals who are the largest market for luxury travel mostly work in occupations that require original thinking; as such they fall under the broad rubric of the "Creative Class." Their professions span science, medicine and engineering, design and education, finance and business management, media and entertainment, and the arts. Though the members of the Creative Class do not share one singular identity they are united by an ethos that values creativity, individuality, authenticity and merit. Simply put, as Richard Florida, urbanist and author of *The Rise of the Creative Class*, notes, "The real positive force that is going to carry us forward is human creativity and the Creative Class are leading this charge."

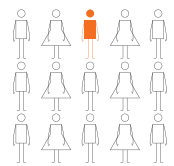
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- Richard Florida.



There are more than 42 million members of the creative class in the U.S. Though they change jobs and even careers frequently, they are economically secure and resilient — during the recent economic downturn, unemployment for the creative class never topped 4 percent. Overall, they account for 50 percent of national wages and income. Their median household income is \$135,000, and they are responsible for 70 percent of all discretionary spending.

THE CREATIVE CLASS ECONOMY:



4% UNEMPLOYMENT DURING ECONOMIC DOWNTURN



48% HAVE SUBSTANTIAL INVESTMENTS



70% DISCRETIONARY SPENDING



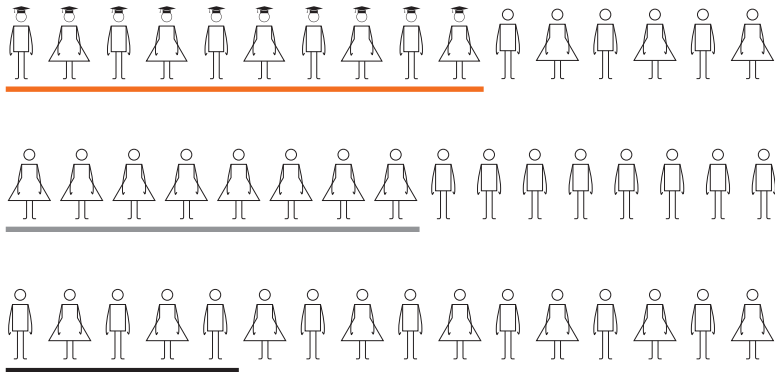
12% EARNING OVER \$75k PA

32% EARNING OVER \$100k PA

9% EARNING OVER \$150k PA

Worldwide, the Creative Class numbers more than 150 million and its ranks are growing rapidly. A recent analysis of 139 countries conducted by the Martin Prosperity Institute at the University of Toronto found that Luxembourg had the highest share of Creative Class workers (54 percent), followed by Bermuda (48 percent), Singapore (47 percent), Switzerland (47 percent) and Iceland (45 percent). Not far behind are Australia (45 percent), Sweden (45 percent), the Netherlands (44 percent), Canada (44 percent) and the United States (33 percent).

If Creative Class workers share many tastes and values, they are incredibly diverse demographically. Six in ten have college degrees; 52 percent are women, and 35 percent are minorities. As urban as they are, their rise is changing the demographics of cities. In Singapore, New York, London, Amsterdam, Berlin and Sydney, the Creative Class dominates the workforce. In some neighborhoods, the Creative Class makes up more than 50 or 60 percent of the population. The share of creative consumers is also quickly climbing in cities like Miami, Mexico City, and Sao Paulo.



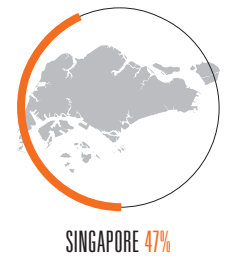
150m
CREATIVE CLASS
MEMBERS

60%
HAVE COLLEGE
DEGREES

52%
ARE WOMEN

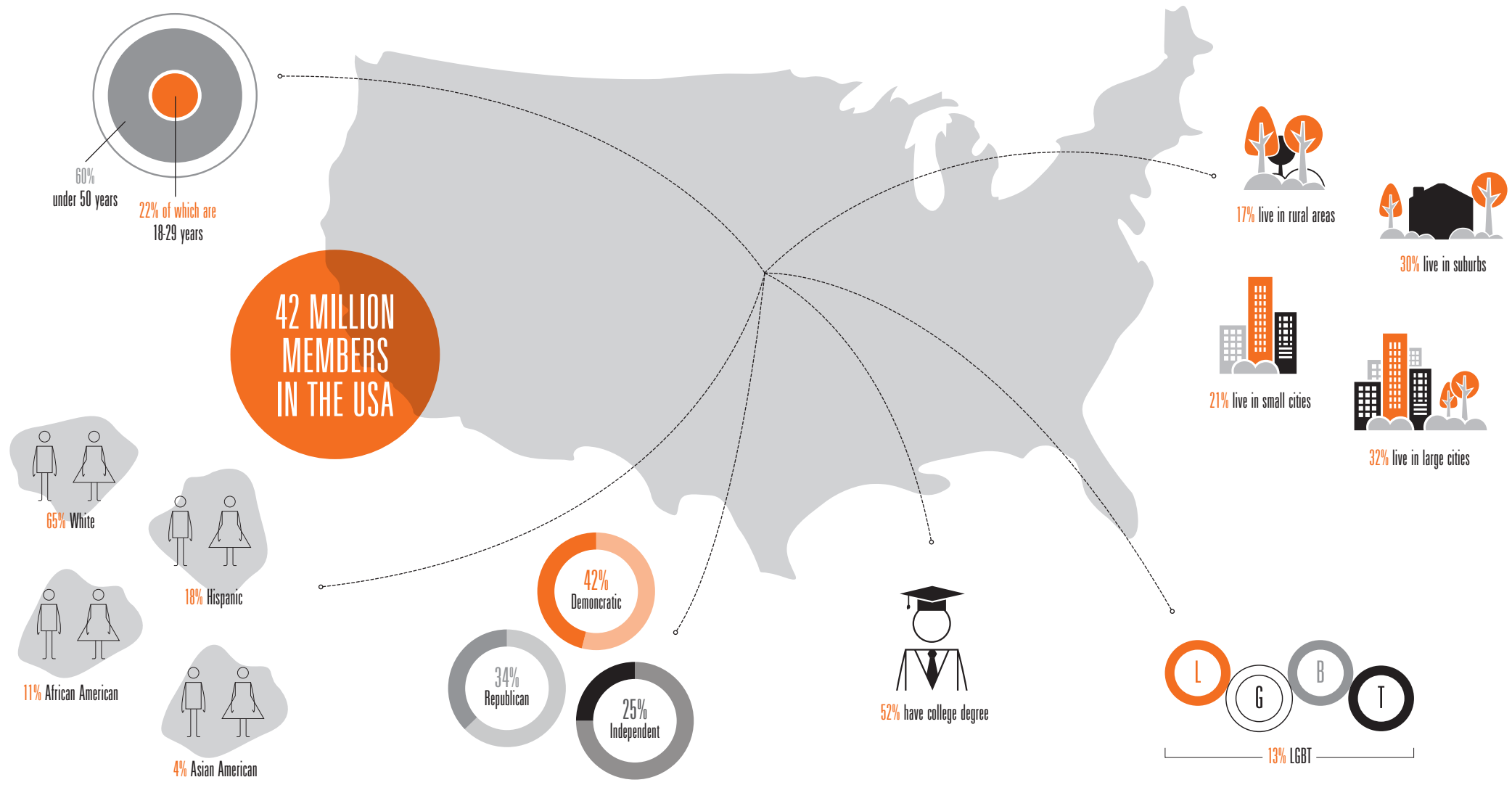
35%
ARE MINORITIES

SHARE OF CREATIVE CLASS WORKERS:



Zogby's 2015 survey of the Creative Class found some other interesting facts about American creatives. They are significantly more Democratic (42 percent) than Republican (34 percent), with 25 percent independent. 48 percent have substantial investments, with one in three (32 percent) earning over \$100,000 per year — including 9 percent who earned over \$150,000. Another 12 percent earned at least \$75,000.

Sixty percent are under the age of 50, including 22 percent who are 18-29. Perhaps surprisingly, just over half have college degrees (52 percent). 65 percent of creatives are white, 18 percent are Hispanics, 11 percent African American, and 4 percent Asian American. 13 percent are LGBT. One in three live in large cities (32 percent) and 30 percent live in the suburbs, while only 21 percent are in small cities and just 17 percent are in rural areas.



If creatives are evenly distributed across the US and the developed world, creative businesses vary from city to city. Seattle's Creative Class has fueled the growth of aerospace and software and engineering. Creatives in Tel Aviv are entrepreneurs, building startups, applications and leading-edge technological advancements. New York, London and Hong Kong continue to hold their positions as global finance centers. And in Milan and Paris, the fashion and design industries attract creatives and visitors from around the world.

In a recent study examining the locational clusters of personality traits, Jason Rentfrow, a psychology professor at the Cambridge University, found that the Creative Class sorts itself by personality traits from city to city. For example, creatives in the Bay Area, Los Angeles, and the Pacific Northwest enclaves of Portland and Seattle are "open to experience," whereas those in the southeastern cities of Atlanta and Charlotte are "conscientious." It's perhaps no surprise that the Creative Class in the Boston-Washington corridor, including New York, are "neurotic"—very much in line with stereotypes about northeasterners being brash and less friendly than their mid-western "extrovert" counterparts in cities like Minneapolis and Chicago. Not surprisingly both of these cities have the country's highest concentration of marketing professionals and those working in social services.

Within cities, the Creative Class clusters in the neighborhoods that are richest in amenities. In metro Boston, they can be found in high-priced downtown districts like the Seaport, Back Bay, and Beacon Hill, where restaurants, cafes, galleries, music venues, museums, retail shopping, and public parks provide constant stimulation, and in more affordable neighborhoods in places like Cambridge and Somerville that are packed with students, artists, startups, and independent businesses. In New York thick Creative Class clusters can be found in Brooklyn's Park Slope, Williamsburg, and Cobble Hill, and throughout most of Manhattan. In the wider metro, they are clustered in suburban enclaves like Montclair and Maplewood-South Orange, New Jersey, New York's Westchester and Nassau counties, and Fairfield County, Connecticut. Most of these close-in suburbs have walkable downtowns that have grown up around their transit hubs. In the Bay Area, the Creative Class have dramatically altered the makeup of Oakland's downtown and San Francisco's Mission District, formerly down-at-heels places which now feature some of the most desirable real estate in the region.

Creative Class clustering does have some negative effects on diversity. Communities that once felt like they were on life support are thriving, but as their property values have climbed, the less-affluent Service Class has been pushed to the peripheries.

To be sure, many cities don't have high creative class shares and not all creatives are wealthy. Costs of living are notoriously steep in the cities where the Creative Class shares are highest, but opportunities for collaboration abound in those places, and the competitive atmosphere spurs achievement. "When a city becomes too easy, there's nothing to push you," as George Yabu of the award-winning global design firm Yabu Pushelberg told us. Or as the Grammy Award-winning entertainer Nelly Furtado recently put it during a conversation we had with her at Art Basel in Miami Beach, "Our cities... become part of the creative process and who you are."

Why does all of this matter to the travel and hospitality industries? Because the Creative Class is the first to adopt new technologies, products, and experiences, which stand or fall on its approval. The leading edge of the high-end marketplace, the Creative Class has been driving the shift towards experience-based consumerism. "Our jobs as creatives is to capture the imagination and do something — drive the experience," as Glenn Pushelberg, the other half of Yabu Pushelberg, puts it.

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- Glenn Pushelberg.

THE CREATIVE CONSUMER.

In a first-of-its-kind study, we teamed up with a global survey partner to further differentiate the creative workforce. Parsing decades of data and demographic trends, we identified four clear-cut segments of the Creative Class:

- THE SUPER CREATIVES
- THE CORE CREATIVES
- THE FAST-FOLLOWERS
- THE HARD-TO-REACH



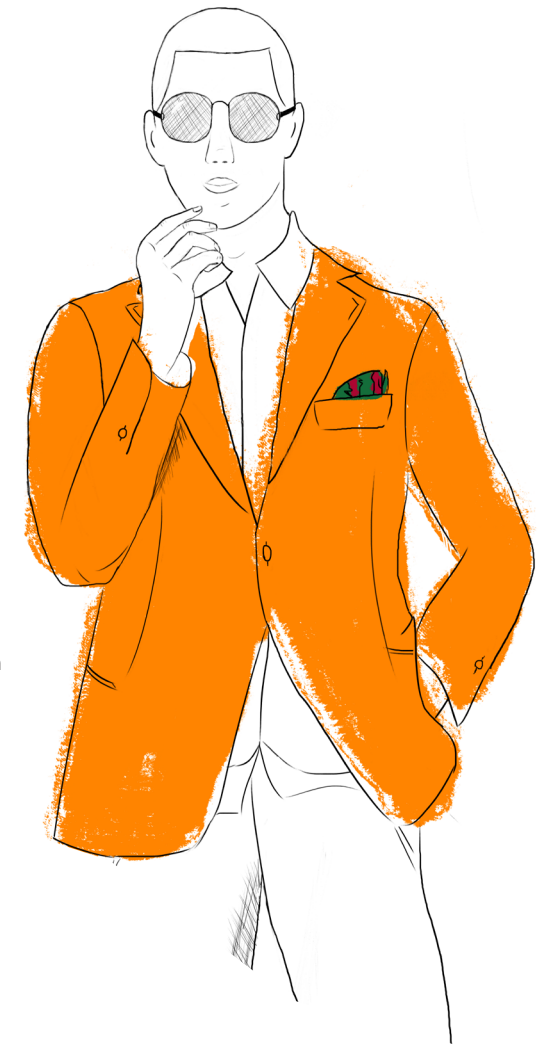
THE SUPER CREATIVES.

These are the risk-takers, the early-adopters and influencers. They're always on the go and can't be constrained by the typical 9-to-5 workday. They are employed in computers and mathematics; architecture and engineering; science and education; and arts, design, entertainment, and media. The U.S.'s 4.5 million Super Creatives are overwhelmingly concentrated in urban areas.



THE CORE CREATIVES.

Whereas the Super Creatives are trendsetters and early-adopters, it's the Core Creatives that bring products, brands and concepts into the mainstream. Doctors, lawyers, and business people (142 occupations and skill sets in all), they have highly developed skills and extensive knowledge bases, but they are more likely to engage in complex analysis and problem-solving than innovation. They're well-educated, hard-working, forward-thinking and have loads of discretionary income at their fingertips. Beyond products, Core Creatives value community and culture. You'll find them at museums, art galleries and fundraisers. There are more than 20.5 million Core Creatives in the United States, and they are predominantly clustered in regions that offer access to strong markets, quality lifestyles, and an abundance of amenities. Core Creatives are focused on personal achievement and individual advancement. As such, they're likely to have weak ties to other people and places.



THE FAST-FOLLOWERS.

A more conservative demographic, Fast-Followers are often engaged in work that helps others realize their potential. They put their intellect to use by caring for others. They tend to work and play in groups; you're more apt to find them on a beach volleyball court than in a museum. They have strong ties to friends and family, and tend to live in areas where proximity allows them to nurture those relationships. The 12 million Fast-Followers in the U.S. are particularly notable for their role in fostering complete, widespread buy-in of products, services and experiences.



THE HARD TO REACH.

These are problem-solvers, thought-provokers. A more insular group, the 4 million Hard-to-Reach creatives avoid the limelight. They're your homebodies — they are streaming Netflix at home or gaming with friends online. They are tech-oriented, and as such, are often concentrated in software or other technology industries. Their role in product and service adoption is limited because they are so hard to reach.



THE CREATIVE TRAVELLER.

Creative consumers are not driven by price alone—they're focused on quality, authenticity, and unique experiences. To keep their edge, hotels must differentiate their brands based on the creative segment they're trying to serve, and then embody that in everything they do. "When you build your product, you need to decide which [segment] you want to attract," Design Hotels' Claus Sendlinger told us.



**"IF YOU TRY TO ATTRACT
THEM ALL, YOU'RE NOT
GOING TO SUCCEED."**

- Claus Sendlinger.

SUPER CREATIVES thrive on uniqueness and authenticity; they will seize every opportunity to design and self-curate their own experiences. They're willing to sacrifice proximity and access for inspirational, culturally-compelling spaces. Connectivity is a must; Super-Creatives will be sure to Instagram their hyper-local experiences with friends and social media followers in real time. Cater to the Super Creatives well and they'll create a buzz around your brand.

CORE CREATIVES are more mainstream; they prefer their lodgings to be centrally-located, with access to amenities. Though technologically savvy, they're as likely to turn to the hotel concierge as they are to Yelp and TripAdvisor. They'll want to know which museums are open when, and will seek out local festivals and community events.

FAST - FOLLOWERS will likely be traveling with friends and family—so they demand lodgings that can accommodate the pack. They'll want to participate in group activities, tours and outdoor experiences. Morning yoga, cooking classes, and hotel happy hours all appeal to this gregarious demographic.

THE HARD TO REACH are fiercely independent. These solo travelers may not attend a function in your hotel lobby, but they'll notice how efficiently it functions (or doesn't)—they'll be sure to remember if registration lines are long, or if the parking valet is hard. They're problem-solvers, pensive thinkers, and digital envoys. How a brand adopts and implements new technology will make a hotel stand apart from the rest for these hard-to-engage consumers.

The Creative Class is changing every facet of the luxury travel industry. The rapid rise of online platforms like Airbnb, onefinestay and HotelTonight is in no small part a result of more educated, tech-inclined consumers who want boundless options at their fingertips. We recently conducted a survey which found that 70 percent of the Creative Class is aware of and/or has used the sites.

As the line between work and play continues to blur, creative travelers more and more mix business with adventure. If they are attending a conference in Paris, they might find time to learn how to bake macarons from a local patisserie that gives expert baking classes; between meetings in Milan, they might taste wines with top sommeliers. Creative travelers are always looking to soak in culture and tap into their passions, whether it's touring a recording studio in Nashville, playing golf at St. Andrews, or enjoying performance art in an out-of-the-way venue in Bushwick, Brooklyn. Luxury hotels differentiate their brands by curating just these kinds of experiences.

Hotel demand is already sensitive to broad economic factors. Our unique understanding of the modern creative consumer and the four segments of the Creative Class provide valuable insights that allow the luxury travel industry to target its services even more precisely.

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WHY THE CREATIVE CLASS MATTERS.

Our cities and businesses were built for the industrial age; it's time to reinvent everything for creativity," says Don Tapscott, a national thought-leader and author of Wikinomics and The Digital Economy. If airports are the gateways to international travel, luxury hotels are the portals to global destinations. Simply put, they offer us access to the "world's greatest invention: our cities," explains Richard Florida. Understanding how the Creative Class travels is critical to the industry for four key reasons:

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- Don Tapscott.



YOU'LL BETTER ALIGN YOUR BRAND WITH LOCAL DEMOGRAPHICS.

Where are creatives clustering and why? They might live in Manhattan and go to Singapore for business and Bermuda for vacation. Knowing where the Creative Class is headed helps companies align their brands with their most likely customers.

INVESTORS WILL BE BETTER EQUIPPED TO PREDICT EMERGING MARKETS.

As premier global cities become less and less affordable, creative entrepreneurs are gravitating towards selected second-tier cities, where design, technology and innovation companies are just beginning to take root. If hotels in those places tend to be basic, they may be missing real opportunities. “Before [hoteliers] felt they had to hit all the generic points so you don’t upset anybody and make the most of your small market,” says Australian hotelier Peter Lawrence. “That’s not the way to succeed now; just do something awesome.”



EXECs WILL BETTER UNDERSTAND WHAT PRODUCTS AND SERVICES ARE A MUST.

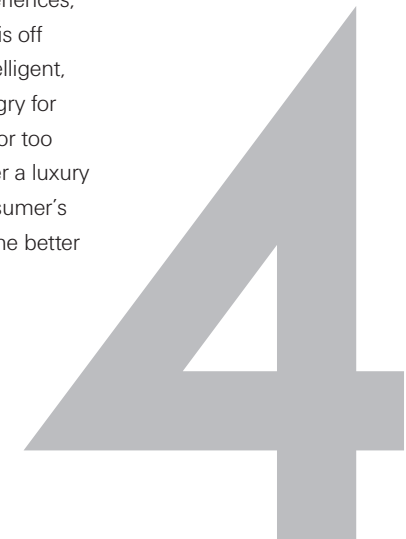
Creative Class customers choose kale chips over potato chips; cocktails designed by resident mixologists to standard Martinis; cold-pressed juice bars to vending machines; and curated local artisanal products displayed creatively as opposed to the generic souvenirs they’d find in a standard gift shop. They’re more likely to call for an Uber than park a rental car with a valet. Follow these consumers closely, and adapt your marketing, design, and services accordingly to differentiate yourself from the pack.

“JUST DO SOMETHING AWESOME.”

- Peter Lawrence

THE EXPERIENCES YOU CURATE WILL BE REMARKABLE.

Every December, world-renowned artists, museum curators and directors, gallery owners, and more than 50,000 other lovers of modern and contemporary art swoop in to Miami for the internationally-renowned Art Basel exhibition. In order for hotels to capture the top-tier travelers, they must curate experiences that are as eccentric as Art Basel’s visitors themselves — everything from transforming the lobby into a gallery of artistic experiences, to offering lectures poolside. Nothing is off limits — the more imaginative and intelligent, the better. The Creative Class are hungry for learning; nothing is too sophisticated or too innovative for this audience. The better a luxury hotel brand understands this key consumer’s tastes and patterns of consumption, the better it can serve them.



Luxury automobiles embraced the ethos of the Creative Class early on, reaching out to consumers who were as taken with innovation and esthetics as they were by sheer performance. Back in 2006, CCG worked with BMW on its "Idea Class" campaign, which highlighted BMW's corporate identity as an independent and innovative brand ("a parent company would never let us build this," one spot said) and a bastion of creativity ("at BMW, ideas are everything," read another). The "Idea Class" campaign was among BMW's most successful ever.

Just as the soul of the BMW mattered to the Creative Class, so too do the souls of luxury hotel brands. The Creative Class wants to know that the place they are staying is authentic, built with craftsmanship, and shares its values of tolerance, diversity and creativity. It's not enough just to catch a creative's attention. Successful brands capture their hearts, minds and souls as well.

**“SUCCESSFUL BRANDS
CAPTURE THEIR
HEARTS, MINDS AND
SOULS AS WELL.”**



CONNECTING WITH THE CREATIVE CLASS.

There are a number of ways you can tap into the spirit of the Creative Class. Start by identifying brand ambassadors, who can tell your story to their peers.

We recently deployed this strategy when working on a marketing campaign for Converse's Jack Purcell sneaker. Using our proprietary data, Converse pinpointed specific Creative Class neighborhoods in cities across the U.S. and U.K. Knowing where these market opportunities exist allowed Converse to

hand-pick local Jack Purcell brand ambassadors across key creative industries: design, entrepreneurship, technology, arts, cuisine and fashion. The goal was simple: to position Jack Purcell sneakers as a part of the everyday "Creative Class" uniform.

Brand ambassadors not only tell your story, they make your company seem like as organic a part of the community as they themselves are.

**REMEMBER,
SUPER CREATIVES SET THE
TRENDS; CORE CREATIVES
AND THE REST FOLLOW.**



You can connect with creative consumers by selling them an urban adventure as opposed to simply accommodations. The hotel lobby is a portal to the modern city. Carefully curated, it can challenge guests' assumptions about the city and encourage them to experience it in a way they never could have imagined.

The Creative Class is redefining the modern landscape. Just as they're blurring the lines between work life and social life, they're reimagining the built environment as one that transitions seamlessly from private to public spaces. Long gone are the days of shutting down at 5pm and turning in early for the night. Today's Creative Class is always on the go, always in search for ways to embed themselves in local culture, cuisine and craftsmanship. The more you help them do that, the more you win their loyalty.

Despite all we know about the Creative Class, no one has really considered the full scope of the changes that these innovators, rule-breakers and pioneers are likely to bring to the global travel industry. It's a demographic that's 150 million strong and counting, and it's a force to be reckoned with.

**WILL YOUR BRAND
BE READY?**



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