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LITERATURE REVIEW

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About SUHET

Suhet is an Erasmus+ Key Action 2 (KA2) – »Cooperation partnerships in higher education« program. The duration of the project is 24 months, starting on the 1st of November 2021. “Suhet” stands for »Creating and Implementing Education for Sustainable High-End Tourism throughout Europe«. The applicant organisation is Lapland University of Applied Sciences (Finland). The other partner organisations are University of Maribor, The European Center for Quality (Bulgaria), Erasmus University Brussels of Applied Sciences & Arts (Belgium) and the Foundation of the Universitat Autònoma de Barcelona (Spain).

The theme of the project is sustainable luxury tourism. Its objective is to provide the field of tourism in the participating countries with highly qualified staff able to respond to current high-end customer needs and foresight future development trends sustainably. The demand for luxury travel has been increasing due to factors such as globalization, the rise in purchasing power and the influence of the mass media. As a result of prosperity, more and more consumers and travellers seek and achieve luxury. In the future, luxury will be more about enriching one's inner time and spending time than materialism. The tourism industry needs to be prepared for such demands. On the other hand, sustainable business is an indivisible part of new luxury. It is not only recycling and environmental issues, but also considering all aspects of sustainable development, such as cultural, social, and economic.

The long-term benefits of the project include strengthening the regions' economy, generating new jobs, steady income, increasing sustainable tourism activities, international networking with other high-end tourism providers in online community, new projects, cooperation with partners to develop new services and businesses with other high-end tourism enterprises.

Introduction

In this contribution, the partners in the SUHET project have each contributed their own literature review about a specific subject within this project. The general topic is sustainable luxury tourism. As it will be demonstrated, there are numerous approaches to this topic and each contribution from an individual partner reflects that. This reduces the coherence of the literature review as a whole, however, this is also a reflection of the diversity of opinions, of educational backgrounds, and general theoretical diversity of the subject. This, nevertheless, is also an advantage as it presents all of the different views we have as a team and thus presents the first step in finding a common ground that is needed for reaching the goals of the SUHET project.

The paper is thus divided into three distinct parts. The first part is a compilation of scholarly opinions regarding the concept of luxury, specifically luxury tourism. The second part addresses the scholarly stance on sustainability in tourism, especially in luxury tourism, and the third part addresses the marketing aspects of luxury tourism in the concept of sustainability. Within these contributions basic concepts and terminology relating to the subjects in hand are presented along with the most important scholarly contributions regarding them.

PART 1: THE CONCEPT OF LUXURY – TRANSFORMATIONS AND MANIFESTATIONS IN TOURISM

By Anja Mlakar

1.1 Introduction to the chapter

In this overview we will focus on various aspects of luxury: on its meanings, its changing nature, and on its manifestations in the tourism industry. Additionally, we will also give some insight into the connection between luxury and sustainability.

The following text is only the compilation of the main research directions regarding luxury, specifically luxury in tourism. The most comprehensive research on luxury in the tourism context was done by Iloranta (2021).

1.2 Disciplinary approaches of studying luxury

Many disciplines in the field of social sciences and humanities have studied luxury, each from the perspectives and paradigms that are relevant to their field (e.g., defining it by price in economics or as social representation in sociology) (Batat, 2019). Since Thorstein Veblen's (1912/1889) *Theory of Leisure Class* the body of literature regarding luxury has been growing. It has been a subject in disciplines such as sociology (e.g., Bourdieu, 1994), history (e.g., Berry, 1994), economics (e.g., Liebenstein, 1950), psychology (e.g., Wiedmann, Hennigs and Siebels, 2009; Lee and Hwang, 2010; Seo, Ko and Kim, 2021), marketing (e.g., Truong et al. 2008). It was the economic perspective on luxury that was dominant in academic research until recent years focusing mostly on high price an attribute of luxury. However, academic discussions have started to shift in the direction of consumer behaviour, where luxury is seen as a means of capturing consumers' dreams and where luxury serves as a means of self-expression. In this line of research on luxury, identity, motivation, and values of the consumer are questioned (see Iloranta, 2021).

However, despite numerous attempts to define luxury in academic terms, confusion about it still prevails and there is no commonly accepted definition of luxury (see e.g., Wirtz, Holmqvist and Fritze, 2020 for an overview of some definitions) due to the multidimensional nature of it. The concept of luxury is not an absolute category, but rather

“a relative group that connects specific products, brands and services” (Turunen, 2018, 6).

1.3 A quick historical overview of luxury

Luxury trade is probably one of the oldest forms of business (Kepferer, 2015) and in some form or another luxury has probably always existed in society (Turunen, 2018). However, the concept of luxury has gone through significant re-definitions throughout history. Despite its changing nature, the basic functions and inner dynamics are the same, only its manifestations have changed (Turunen, 2018). In the last years several scholars have made overviews (usually containing a historical perspective) on the changing concept of luxury (e.g., Kapferer and Bastien, 2009; Park and Reisinger, 2009; Cristini et al. 2017; Iloranta, 2021; Iloranta and Komppula, 2021) showing its dynamic nature and plurality of meanings.

From a sociological point of view, we could say that luxury has probably existed since the beginning of society itself, along with social hierarchies and inequalities. It has been a symbol of status and power (Turunen, 2018; see also Kapferer and Bastien, 2009). In ancient Greece, for example, the concept of luxury was constantly being disputed between proponents of the idea that luxury is an improving force in society and the idea that luxury is the enemy of virtue (Turunen, 2018). Luxury had been perceived differently throughout history. At one point it was equated with earthly pleasures and seen as sin. However, during the Renaissance beauty and the joys of life were not seen as completely sinful anymore. Luxury goods were especially important to aristocrats as luxury signalled power in society (Turunen, 2018). During the rise of liberalism luxury drove economic growth. While initially limited to a small number of elites, democratization gradually made luxury accessible to a wider population by the end of the 18th century (Turunen, 2018). Yet it was from the 20th century on that the exclusivity and the isolation of the luxury world began to decrease and an ever-growing number of people started gaining access to it. In the second half of the 20th century luxury was becoming more and more associated with brands (see Berthon et al., 2009). Luxury has, however, not remained unchanged, but rather it was influenced by the rules and competition of industrial society (Turunen, 2018; see also Cristini et al., 2017). Under the influence of globalization, mass media and democratization new forms of luxury have emerged that conflict with original associations of luxury with scarcity and rarity (Turunen, 2018).

1.4 The changing concept of luxury

What new research has shown is that the concept of luxury is dynamic and fluid (e.g., Cristiani et al., 2017) and that the changes it has gone through in the last decades are a direct result of the changes in society, technology, and economy (Thomsen et al., 2020). Kauppinen-Räsänen et al. (2019) summarize three main reasons for the transformation of the meaning of luxury. First, recent democratisation and popularisation of luxury have made luxury goods and services more affordable to wider segments of the global population. Second, the consumer market has been influenced by the transition to an experience-based economy. Third, researchers have begun to question motivations for purchasing luxury items or services. As it will be shown in the continuation, recent studies have discussed the growing desire for pleasure and emotional value over solely functional, financial, or utilitarian benefits and that the perceived value of luxury may be related to intrinsic goals: consumers may be seeking deeper meaning from or in luxury.

While the traditional perception of luxury is associated with scarce products intended for the elites, the conspicuous consumption, and a certain social status (see Nueno and Quelch, 1998), in the new forms of luxury the focus is on how luxury is *experienced* (Thomsen et al., 2020). This has led to transformation of the consumer's search for meaning in luxury from *owning* to *experiencing* (Christini et al., 2017; Iloranta and Komppula, 2021), while the basis of luxury has shifted from status to self-interest (Bauer et al., 2011). The new concept of luxury can thus be defined as self-referring luxury and is characterised by pleasure and emotion and feelings (Goodey et al., 2013). This new, unconventional luxury is focused on how luxury is experienced and what kind of private meanings it has; such meanings can be ephemeral in nature. These new meanings of luxury are thus more concentrated on the consumer than on the product and stem from what luxury *does* for the consumer rather from what luxury *is* (Thomsen et al., 2020). With a shifting focus of an individual on a more self-centred well-being the shift in the perception of luxury followed: from conspicuous motivators for luxury consumption to a more experiential consumption in which emotions are central (Batat, 2019). As stated by Hemetsberger et al. (2012: 487) luxury experiences “*are [...] an opportunity to live out different selves, reflected by symbolic consumption, indulgence in special moments and activities, moments of harmony, self-enhancement and self-transcendence*”.

Therefore, the luxury experiences have the capacity to encourage consumers to realise and extend their experience of the self. This experiential approach is changing the traditional concept of value-creation. In the past value was created with the consumer being outside the process, however, now with the experience perspective, value is co-created by customers (Veríssimo and Loureiro, 2013). That the luxury tourist experience is based on the active role of the customer is also recognized by Iloranta and Komppula (2021) based on their interviews with Finnish luxury tourism service providers. Additionally, the consumer's primary motive for luxury is not, according to Batat (2019), to distinguish themselves or to belong to a certain group, but rather to have unforgettable and touchable experiences. Iloranta (2019) uses Heine's (2012: 42) definition of luxury as "anything that is desirable and more than necessary and ordinary". She also associates it with extraordinariness in a person's everyday life and a with a sense of specialness (Iloranta, 2019). Tynan, McKechnie and Chhuon (2010: 1158) define luxury products in a slightly different way as "high quality, expensive and non-essential products and services that appear to be rare, exclusive, prestigious, and authentic and offer high levels of symbolic and emotional/hedonic values through customer experiences". Despite the seemingly obvious correlation between (high) price and luxury today's reality of luxury is not so definite. There is a fundamental disagreement in literature whether price or exclusivity are the key drivers of luxury (Wirtz, Holmqvist and Fritze, 2020). Kapferer and Bastien (2009) claim that price is not the only thing that determines luxury, but rather that exclusivity is the defining element of luxury. Wirtz, Holmqvist and Fritze (2020) agree that high price is not enough to make something luxury and that exclusivity has the primary role in its definition.

Additionally, what people consider to be luxury is highly subjective (see Park, Reisinger, 2009; Wiedmann, Hennigs and Siebels, 2009; Monkhouse, Barnes and Stephan, 2012; Correia, Kozak and Reis 2016). For example: super-wealthy individuals may not perceive a standard 5-star hotel as luxury (Wirtz, Holmqvist and Fritze, 2020). Additionally, people display an array of perceptions regarding the meaning of luxury depending on their cultural background (Chauhan, Khanna and Khajuria, 2022; see also Kemp, 1998; Kapferer, Bastien, 2009; Turunen, 2018) which contributes to the lack of a uniform definition of luxury. The process of interpretation of what is luxury is composed of perceptions, experiences, and the personal context of

the individual (Turunen, 2018). Therefore, ultra-rich individuals understand luxury in a different way than individuals with a lower income.

The role of the customer has also changed: in traditional perceptions of tourism the customer played a passive role and was served and pampered by employees (e.g., Bahri-Ammari et al., 2016), while today they play an active role in the luxury experience. The hospitality industry had to adjust to these changes and is undergoing a transformation from physical-asset, product-focused, intensive organization to a customer-focused, experience-centric one (Harkison, Hemmington and Hyde, 2018).

1.5 How does luxury manifest in tourism?

As mentioned before, the contemporary perception of luxury from the point of view of tourists is an experiential one. However, understanding experiential luxuries has been neglected in academic research and the same goes for luxury research in service literature (Iloranta, Komppula, 2021). Consequently, the definition of luxury service has not yet been made Wirtz, Holmqvist and Fritze (2020). The lack of existence of a uniform definition of luxury is causing problems in the practical sense: for example, many organisations have created their own self-proclaimed luxury products based on their own definitions or lower-grade hotels have included additional luxury services for guests which causes confusion in the market (Harkison, Hemmington and Hyde, 2018). As Harkison, Hemmington and Hyde (2018; based on Presbury, Fitzgerald and Chapman, 2005) rightfully point out, it is essential for hotel managers to be able to identify the distinguishing features, services, and competencies that they can consistently deliver to their customers in order to be seen as luxury establishments. This can prove to be challenging as customers' expectations of what luxury means are, as mentioned, constantly changing.

In contrast to research on luxury goods and brands that has built a considerable amount of knowledge, the equally or even faster-growing market of luxury services has not received the same scholarly attention (see Thomsen et al., 2020; Wirtz et al., 2020). There is also a lack of research on what exactly constitutes as "luxury service" (Wirtz et al., 2020), as well as research on experiential luxury in hospitality and tourism (Correia and Reis, 2016; Park and Reisinger, 2009). Also, as the concept of luxury in tourism depends on the perception of the tourist, it is also hard to define its meaning uniformly (Cerović, Pavia and Floričić, 2019). Cerović, Pavia and Floričić (2019), for

example, see luxury tourism as characterised by personalised, premium offering and the luxury offering as differentiated, unique and exclusive.

Services, on the other hand, as defined by Wirtz, Lovelock and Chatterjee (2016, 21) are

“economic activities performed by one party to another. Often time-based, these performances bring about desired results to recipients, objects, or other assets. In exchange for money, time, and effort, service customers expect value from access to labor, skills, expertise, goods, facilities, networks, and systems. However, they do not normally take ownership of the physical elements involved”.

As pointed out by Wirtz, Holmqvist and Fritze (2020), this performance without transfer of ownership is important in the context of luxury (ownership of an object provides a connection between the self and the object). While one cannot possess luxury in the form of services the same way as one may possess material luxury possessions, the psychological ownership of services is as important as material ownership needs (or can even substitute it). Therefore, introducing feelings of psychological ownership regarding luxury services should be a focal point for luxury providers in order to reinforce the luxury perception (idem).

Along with consumption becoming more experiential so did the need for experiential services, including in luxury tourism. In contrast with the traditional view of luxury tourism associated with wealthier tourists, contemporary luxury tourism consumer may not focus on the material attributes of such services (in the form of, for example, five-star hotels), but rather on a wide variety of luxury experiences that offer uniqueness and authenticity (see Park, Reisinger, 2009; Veríssimo and Loureiro, 2013).

1.5.1 Luxury service providers

A closer look will be taken on an important aspect of industries such as tourism – the service providers. As mentioned, research on luxury service in tourism is lacking and is still largely oriented towards the traditional meanings of luxury in the form of physical features and branded products (Iloranta, 2020). Luxury tourism and service literature addresses the topic from the point of view of brand manager research (Gurzki and Woisetschlager, 2016) and is interested in how luxury brands manage service encounters through their employees (see Dion and Borraz, 2017), while the customer retains a more passive role (see Holmqvist, Wirtz and Fritze, 2020). However, there is

some newer research that place the customer in a more active role in luxury experience creation (see Harkison, 2017, 2018).

Referring to the characteristics of luxury service Wirtz, Holmqvist and Fritze (2020) mention that price is only one way of controlling exclusivity as service providers can also use social (i.e., controlled access) or hedonic exclusivity (i.e., requiring a certain level of expertise to be able to fully enjoy the service). According to them, exclusive experience is key to understanding luxury service (Wirtz, Holmqvist and Fritze, 2020). Also, customization, personalization, and convenience to high levels can be important aspects of such services (Wirtz, Holmqvist and Fritze, 2020).

According to Wirtz, Holmqvist and Fritze (2020), the common characteristics of luxury services include:

- luxury services are exclusive from the perspective of monetary, social, and hedonic dimensions,
- they are determined by objective service features, as well as by subjective customer perceptions,
- they mostly provide extraordinary hedonic experiences,
- they are not categorical, but rather there is a continuum ranging from ordinary services to elite luxury services based on their degree of extraordinariness and exclusivity.

Luxuriousness is thus jointly determined by objective service features and subjective customer perceptions. Between them, luxury ranges from everyday luxury (i.e., with low levels of exclusivity and extraordinariness) to elite luxury (i.e., with high levels of exclusivity and extraordinariness) (Wirtz, Holmqvist and Fritze, 2020).

The service element of tourist luxury experience is thus extremely important. Besides the physical experience of elements of luxury (e.g., cleanliness, lighting, smells, comfort etc.) there is also the human interaction element (that includes both personnel as well as other customers) that has the potential to ruin the experience (Iloranta and Komppula, 2021). Research (e.g., Hansen and Mossberg, 2017) also confirms the important role of guides and tour leaders in the creation of good and memorable tourist experience. Additionally, as Iloranta and Komppula (2021) summarise, human interaction and engagement with the customer (particularly the personnel's emotional intelligence and empathy) were described as the most significant elements in luxury tourism product (see also Dimanche and Lo, 2022). Iloranta and Komppula (2021) also

mentioned presence and situational sensitivity in the sense of the personnel being available when needed and having time for the customer. They also emphasised the personnel's task of creating an atmosphere of controlled comfort, enjoyment, and relaxation. They should make the customer feel special (see also Holmqvist et al., 2020). Additionally, the interaction between service providers and customers should be warm, genuine, and authentic, as well as polite and friendly. Intercultural sensitivity is also important. Also, local knowledge, such as knowledge of local history, cultural knowledge, language skills are important. For celebrity customers strict confidentiality is also crucial (Iloranta and Komppula, 2021). Similarly, Dimanche and Lo (2022) conclude that it is the people within the luxury establishments that provide the high calibre of services that denote a luxury experience.

All this requires constant training of the personnel as they play a vital role in creating the perquisites for luxury tourist experiences and, therefore, the correct understanding of what constitutes luxury service is crucial (Iloranta and Komppula, 2021).

All these characteristics that are necessary for the personnel that offers luxury tourism services present a challenge for the organizations in the sense that these services require a large number of service staff. Additionally, it is not easy finding personnel with the required attitude and skills, and seasonality is also a problem. The same goes for finding the right channels for sales, distribution, and marketing (Iloranta and Komppula, 2021).

1.5.2 Educational gap in luxury service personnel training

From the research publications analysed so far, Dimanche and Lo (2022) have put the most emphasis on the educational aspect of personnel in luxury service establishments (particularly hotels, but their conclusions can be extrapolated to other fields of luxury tourism industry). They agree with the existence of a gap between what hospitality students are taught and what is truly needed in the industry (see Raybould and Wilkins, 2005). Industry managers value interpersonal, problem-solving, and self-management skills (see Raybould and Wilkins, 2005). However, there is a tendency in hospitality education programs towards business management content as opposed to addressing the needs of the hospitality industry (Dimanche and Lo, 2022). While higher education does bring benefits to the industry (see Ariffin and Ha, 2015), it is still the personality, "soft skills", and applicable experience that remain of the highest importance when hiring hospitality professionals (idem). Consequently, a refocusing of

curricula would be necessary. One of the changes that would be especially welcome, is learning about niche sectors of the industry, such as luxury, which could benefit the sector performance and graduate employability and would generate a more qualified candidate pool (Dimanche and Lo, 2022).

1.5.3 Tourist's experience of luxury

There has also not been much research about the luxury tourist experience and at the same time much research around luxury still focuses on high price, high-quality service, and material elements that create the environment of luxury (for example, staying in 5-star hotels or high prices separating luxury hotels from non-luxury ones) (Iloranta and Komppula, 2021; see also Chen and Peng, 2014; Lu et al., 2015).

According to different scholars, luxury tourism experiences are described as (as summarised by Iloranta and Komppula, 2021) hedonically based consumption experiences (see Lee and Hwang 2011), experiences in which people seek emotional and aesthetic content to gain pleasure (see Bahri-Ammari et al., 2016). They are also characterized by tailored services and hospitality where service providers' performances are an important part of the product (see Harkison, Hemmington and Hyde, 2018) and the services are highly personalized in terms of comfort and convenience (see Chen and Peng, 2014). Service providers should have a thorough knowledge of the guests and be able to anticipate their needs; therefore, in the context of accommodation service providers, one of the most common characteristics that differentiate luxury hotels from other hospitality establishments is the high level of personalised service (Dimanche and Lo, 2022).

Additionally, luxury tourist experience is associated with a sense of escape, exoticism, and novelty (see Manthiou et al., 2017). The service providers strive to create a memorable experience for the consumer (see Ariffin et al., 2018). For example, a number of hotels have been focusing on creating memorable experiences by providing holistic experiential service offerings that connect with guests on an emotional and personal level (Harkison, Hemmington and Hyde, 2018). As consumer escapism may be a driving force in luxury experiences, it is the luxury service experience that creates a prerequisite for creating such a sense of escape from everyday life (Holmqvist, Visconti, et al., 2020).

What tourists today look in luxury surpasses the symbolic, functional, or financial benefits, but are rather focused on pleasure and emotional value (see Kapferer and

Valette-Florence, 2016; Kauppinen-Räsänen et al., 2019). The meaning of luxury is subjective, contextual and is in the form of experiential activities (Iloranta and Komppula, 2021).



Figure 1: An example of a product created for a typical luxury tourist experience in Finland as provided by luxury service providers interviewed by Iloranta and Komppula (2021: 7)

As described by Iloranta and Komppula (2021) who conducted 11 interviews with Finnish service providers who offer luxury services, the interviewed companies have developed a number of activities, accommodations, meal experiences and processes that form the luxury product's service process. Starting with an already high level of customer service and physical experience elements each offer is tailor-made according to customer's needs and wishes. In the pre-trip phase, the company's offer is negotiated with the customer and the service provider gains valuable insight about the customer. As expressed by the interviewees, the luxury tourists are heterogenic and have varying expectations depending on whether they ultra-rich customers who use private travel services or ordinary wealthy customers who do not require ultimate privacy. Some companies catered to both types of customers which represented a challenge. The interviewees additionally emphasized that their goal is a seamless and holistic approach to the customer experience and a service that is detail-oriented and takes care of customer's every need. They express that responsiveness and flexibility are crucial in customer service and that this process requires full trust and support of the entire service team working with the customer. As rightfully pointed out by

Dimanche and Lo (2022) such types of luxury guest experience require having employees who understand luxury culture and are trained at the highest level.

Therefore, today materiality of a product is no longer a single determining factor for luxury. Five-star hotels, for example, have changed to a wide array of authentic luxury experiences as luxury tourists seek exotic experiences that enable experiencing different cultures (Iloranta, 2021; Veríssimo and Loureiro, 2012).

PART 2: SUSTAINABILITY AND LUXURY TOURISM

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2.1 Introduction to the chapter

Luxury and sustainability are factors that become relevant among travellers in 2022 (Agent Travel, 2022). In relation to luxury travel market, there are some general trends at the beginning of the third decade of the 21st century. One of these tendencies is related to territorial concentration. In this sense, Europe is commanding a market share of the world tourism industry bigger than 35%. Therefore, Europe is a key source market for luxury tourism. Another relevant tendency is travel spending of luxury travel (Centre for the Promotion of Imports=CBI, 2021). Luxury Tourism Market size worth over USD 15 billion in 2020 and is expected to expand at around 16% CAGR (compound annual growth rate) from 2021 to 2027 (Wadhvani, Gankar 2021).

In November 2021 the Glasgow climate summit COP26 was held with sustainability as a relevant topic on the table (United Nations Climate Change Conference=UNCCC, 2021). Coinciding with this event, reports pointed to the richest for being the ones that pollute the most (United Nations Climate Change=UNCC-COP26, 2022). With this panorama, complex questions are raised about the board: Is luxury tourism compatible with sustainability and the United Nations' Sustainable Development Goals (SDGs)? Is luxury tourism a way to promote sustainable tourism?

In this chapter there is an approach to the concept of sustainable tourism. Sustainable tourism is a concept that covers the complete tourism experience. It includes full account of its current and future economic, social, and environmental dimensions which are presented in the next lines.

2.2 The concept of sustainable tourism

Sustainable tourism is a sub-set of sustainable development with a focus on quality of life and wellbeing measures, but without detriment to natural capital. Thus, the purpose

of sustainable tourism is to make a balance between protecting the environment, maintaining cultural integrity, establishing social justice, and promoting economic benefits, meeting the needs of the host population while emphasising inter and intra-generational equity, and in a way that can maintain its feasibility in time (United Nations Environment Programme and the World Tourism Organization=UNEP and UNWTO, 2005; United Nations World Tourism Organization=UNWTO, 2022a).

Sustainable tourism is related to the notion of sustainable development. This last concept has a long history, and it coincides with the famous Brundtland definition and the idea that “development meets the needs of the present without compromising the ability of future generations to meet their own” (World Commission on Environment and Development, 1987: 49).

The birth of sustainable tourism and the form of this tourism has been complemented by the role of various stakeholders (organizations as well as individuals). On one hand, regarding to international organizations, the Global Sustainable Tourism Council (GSTC) serves as the international body for fostering increased knowledge and understanding of sustainable tourism practices, promoting the adoption of universal sustainable tourism principles, and building demand for sustainable travel (GSTC, 2022). The GSTC Criteria serve as the global standards for sustainable travel and tourism for hotels and accommodations, tour operators, destinations and governments, corporate and business travel, certification bodies and travellers. Those criteria also suggest specific performance indicators to all of them.

On another hand, regarding to international institutions, in 2015 United Nations adopted the 2030 Agenda for Sustainable Development, along with the 17 Sustainable Development Goals (SDGs) (Figure 2). The bold agenda sets out a global framework to end extreme poverty, fight inequality and injustice, and fix climate change until 2030. Tourism has the potential to contribute, directly or indirectly, to all of the goals. In particular, it has been included as targets in Goals 8 (decent work and economic growth), 12 (responsible consumption and production) and 14 (life below water) (UNWTO, 2022b).



Figure 2: The 17 SDGs (Source: UNWTO (2022b))

In the context of the 2030 Agenda for Sustainable Development, the UNWTO designated 2017 as the International Year of Sustainable Tourism for Development. The International Year 2017 aimed to support a change in policies, business practices, and consumer behaviour towards a more sustainable tourism sector that can contribute to the SDGs (UNWTO, 2017).

Another relevant stakeholder is companies which have an interest to adapt to new sustainable scenario. According to different studies (e.g., Ramukumba, 2017; Marin-Pantelescu et al., 2019; Achmad and Yulianah, 2022), the implementation of sustainable tourism has benefits for companies both due to interest and responsibility. Benefits of the implementation of tourism sustainable business practices are connected to cost reduction, employee satisfaction, reducing emissions or consumer demand, among others.

Finally, tourists are another relevant stakeholder in sustainable tourism. Sustainability is an increasing concern for consumers, and a growing number of them choose tourist destinations, brands and tourist services that provide sustainable or environmentally friendly options (Rodríguez-Oromendía et al., 2013; Dongoh et al., 2019; Lightfoot, 2022). The negative impact of the sector (huge emissions from air travel, the social harm caused by over-tourism, and the environmental destruction) is something

consumers are increasingly concerned about, and their awareness has grown especially in ecologically sensitive areas (Lightfoot, 2022).

The implementation and development of sustainable tourism has taken notice, at a theoretical and practical level, coinciding with the Covid-19 pandemic in 2020. One of the consequences of the pandemic, with the initial lockdown and subsequent deconfinement, was the creation of conditions that are likely to make the entire tourism sector more sustainable (Fletcher et al., 2020; Lew et al., 2020; Romagosa, 2020). Many voices have highlighted the opportunity that this crisis has provided to make profound changes in the sector, in line with sustainability (Brouder, 2020; Higgins-Desbiolles, 2020a; Ioannides and Gyimóthy, 2020; Dot et al., 2022). And even more so considering the increasingly recurrent exposure of the sector to the risks imposed by climate change and global health emergencies (Higgins-Desbiolles, 2020b; Jamal and Budke, 2020).

In addition to the security factor, we must point to other factors that can favour the growth of local tourism (or proximity tourism), such as the growing social and environmental awareness of tourists, combined with a reduction in the purchasing power of tourism demand caused by the crisis (Lew et al., 2020; Romagosa, 2020).

2.3 The pillars of sustainability in tourism

The pillars of sustainability in tourism include economic, social, and environmental, with a context explained below.

2.3.1 Economic dimension

The tourism industry is one of the key sectors for economic growth. In the context of expansion and development of the tourism sector worldwide, assessment of its sustainability in the regions or countries becomes an important goal of strategic planning, main tool for maintaining a balance between current and future prospects for their development, especially in the areas with a tourism-based economy (Organisation for Economic Co-operation and Development=OECD, 2020).

Tourism is a constantly growing and economically important sector on a global and local level. It is of vital economic, social, and cultural importance and offers real prospects for sustainable and inclusive development. Tourism is seen as one of the possible measures to promote economic growth and the preservation of historical, cultural, and natural heritage with strong potential for the development of the local economy. What is more, today, improving economic efficiency and maximizing economic performance by optimizing the use of natural and social resources is one of the foundations of the previously mentioned Sustainable Development Agenda 2030 of the United Nations (Doncheva, 2019).

In the debate over sustainable tourism, the economic dimension is often given relatively scant attention compared to the environmental issues. Yet tourism is an economic phenomenon of great potency worldwide because (Ramjit, 2016):

- It is the major industry and foreign currency earner in many developing countries.
- It is the basis of growth of many transnational corporations.
- Accounts for a significant proportion of the annual disposable income of many people in the so-called developed countries.
- Swallows up billions of pounds every year in public sector infrastructure investment.

Economic Sustainability and maximising the positive economic impacts of tourism means (UNEP & WTO, 2005):

1. Ensuring Economic Viability and competitiveness of tourism destinations and businesses, so that they prosper long-term;
2. Maximising Local Prosperity from the contribution of tourism to the local economy, and minimising leakages;
3. Providing and strengthening Employment Quality of local jobs created and supported by tourism without discrimination by gender, race, disability or in other ways, and contributing to poverty alleviation.

Maximization of economic benefits, increasing of competitiveness and growth are the main objectives of managers of tourism businesses. Achieving these goals require the use of proper economic sustainable indicator that will allow managers and other decision-making stakeholders to measure economic sustainability and think more strategically (United Nations World Tourism Organization=UNTWO, 2022a).

Unlike some of its environmental and socio-cultural effects, tourism's economic impacts are mainly considered to be beneficial. These are (Ramjit, 2016):

- the generation of foreign exchange,
- the creation of new job and employment opportunities,
- the stimulation of trade, income, and entrepreneurship - especially in the service and small business sectors,
- the provision of new infrastructure, which is available for non-tourism uses,
- increased regional development - particularly in isolated areas,
- greater tax revenues permitting greater government spending - or reduced taxes on other activities, and the operation of what is called the multiplier effect.

Social impact is closely related to economy that has been presented above. Precisely, according to the literature (Nugraheni et al., 2020), social sustainability is the least developed aspect and often is proposed in relation to economic sustainability.

Talking about the social pillar of sustainability means to take humans to the centre of attention. In other words, it means social equity, public welfare, dignity, fair and ethical working conditions for people (the inevitable connection with the economy and the labour market appears here).

The scope of the social dimension of sustainable tourism consists of different interactions. These interactions are related to (UNWTO, 2022a):

- The tourist (for example, paying a fair price or not exploiting the host community, among others),
- Foreign tour operators (relationship with the host community and the tourism industry local),
- Local tourism industry (human resource issues, including salary and working conditions),
- And also, of course, the host community (and its attitude towards tourists or the level of involvement they have on decision-making in relation to tourism).

Given these impacts, sustainability can be achieved more in the social dimension if the following criteria are fulfilled (UNWTO, 2022a):

- all stakeholders in tourism are treated fairly,
- there is evidence of equal employment opportunities for all,
- there is an increase in opportunities for all people who want to travel,
- local people and staff are treated equally,
- tourism management is key to achieving the dignity and sense of pride of local communities,
- development of concept of fair trade.

2.3.2 Sociocultural dimension

Regarding the cultural dimension of sustainable tourism, it can be said that it is mainly based on respecting and enhancing the historic heritage, the authentic culture, traditions, and distinctiveness of host communities (GSTC, 2022).

Tourism industry has a considerable strength for the conservation of historic and cultural heritage, and it can stimulate arts, crafts, and other creative activities within communities. For that, to maintain cultural integrity, tourist policies are needed. According to UNEP & WTO (2005), there are at least two main policy areas to address at the destination level that can help in promoting the cultural dimension of sustainability.

First, policies should ensure effective management and conservation of cultural and historic heritage sites. In this sense, the conservation of historic and cultural heritage features and the promotion of the inclusion of sites on the World Heritage Convention list is part of tasks to be developed in the future. Effective visitor management through different techniques is another way to work on with the objective to spread and deflect demand, especially in those cases where cultural heritage is suffering tourism

pressure. The importance of securing more money from visitors for conservation and seeking ways to benefit local communities living close to heritage sites can be another way to help towards conservation as well as improving local livelihoods.

Second, working with communities on the sensitive presentation and promotion of culture and traditions should be another set of policies. These policies can include different actions to be developed by tourism managers, such as: a) the development of interpretative programmes and events based on the heritage and distinctiveness of the tourist destination, b) capacity building with local communities regarding visitor interpretation and issues of quality and authenticity, c) capacity building with the private sector to help them and their guests to bridge potential culture gaps, d) informing tourists about local traditions and local culture before and during the trip, e) informing local communities about the culture of their potential visitors, f) guarding against the sale and purchase of items of cultural value as souvenirs, among other actions (UNEP & WTO, 2005).

2.3.3 Environmental dimension

Tourism is the third largest economic sector in the European Union (EU). It is estimated to employ a total of 17 million people, and its overall contribution to the economy is close to 10 % of EU gross domestic product (Halleux, 2017). Tourism has a special, two-way relationship with the environment. On the one hand, the quality of the environment is essential to tourism's success, as this is very often what attracts people to visit a place and persuades them to go back. On the other hand, tourism can become the vector of significant pressures and impacts on the environment.

Potential adverse effects of tourism development relate to three main areas: strain on natural resources; pollution; and physical impacts, typically involving the degradation of ecosystems (Lenzen et al., 2018). Climate change and tourism are closely interlinked. While the tourism sector contributes to greenhouse gas emissions, for the most part derived from the transport of tourists, it also faces profound impacts from global warming. The beach, winter- and nature-based tourism segments are likely to be most affected. Research points to a lack of relevant, EU-wide, recent, and detailed data about the impacts of tourism on the environment. The European Environment Agency is working on the elaboration of a reporting mechanism on the tourism and environment relationship, based on several indicators, many of which are consistent with the European tourism indicators system for sustainable destination management

(ETIS) (European Commission, 2016), developed as part of EU action to promote tourism sustainability.

The ecological aspect of the tourism may refer to many elements. Considering it more than minimizing physical, social, behavioural, and psychological impacts, ecotourism is also about building a culture of environmental respect and protection while providing positive experiences to visitors and hosts. On the host's side, an ecotourism mindset is one generating value for local people and the industry, and they should help deliver remarkable experiences to visitors while raising their sensitivity to local environmental, political, or social issues (The International Ecotourism Society, 2020).

Tourism is associated with a variety of environmental impacts caused by all its elements: accommodation, activities, transport to and from the destination, and in and around the destination (Halleux, 2017). Potential adverse effects of tourism development can be divided in five aspects of environment dimension (Ramjit, 2016):

1. *The Natural Resource*: It includes like water, Climate and Air. Tourism makes use of a range of natural resources, and in many cases, the core attraction of a destination's product may be natural resources such as: Clean, pure mountain air, Land. The mineral water which has healing properties and that are the focus of spa development. The water in lakes and seas if it is relatively warm and clean and therefore suitable for bathing.
2. *The Natural Environment*: It includes the mountainous area, seas, lakes and rivers, caves, beaches, and natural woodland. We need to recognize that: There are few natural landscapes or wilderness area left in the world. Almost all natural landscapes have been affected to some extent, by the actions of man through the centuries. Tourism is the only one industry or activity which changes landscapes, and it is less significant in its impact than other industries. The natural landscape represents the core of tourism activity.
3. *The Farmed Environment*: It includes Agriculture landscapes, Man-made forests, Fish farms. The farmed environment can cover a diverse range of agriculture systems, including: Intensive crop-rearing such as the grain growing areas of eastern England, mid-west of the USA; Traditional mixed farming such as that seen in the Mediterranean region; Monoculture cash crops such as the vines of the Herault area of France; Areas where timber is formed such as south Asia and parts of Canada.

4. *Wildlife*: It includes the Land-based mammals and reptiles, flora, birds, insects, fish and marine mammals. The issue of wildlife has a number of dimensions: Areas where wildlife is a major attraction for tourists, tourism which is based on hunting wildlife including fishing trips, visitor attractions such as zoos, wildlife and aquaria, etc.
5. *The Built Environment*: It includes the Villages and townscapes, Transport, infrastructure e.g., roads and airports, Individual buildings and structures, Dams and resources. The built environment exists at no less than 3 levels:
 - Individual buildings and structures.
 - Small-scale settlements such as villages.
 - Large-scale settlements e.g., towns and cities.

Tourism has major impacts on the environment, not least due to the sheer size of the industry (Green Ideas Four Tourism, 2016) but also due to (as proposed by Halleux, 2017):

- *Strain on natural resources: the case of water use*: Tourism needs and consumes fresh water for a variety of purposes, including, for instance, toilets and showers, kitchens, and laundry; swimming pools, spas and saunas; cooling; and the irrigation of gardens. Some tourist activities, most prominently golf and skiing (where snowmaking is involved), also substantially add to water use. It is expected that a tourist consumes three or four times more water per day than a permanent resident, with non-tourist water use ranging between 100 and 200 litres per person per day across Europe. Although the overall water consumption for tourism is small, it often occurs in water-scarce seasons and areas, adding to the pressure on local resources. This is a matter of particular concern in the Mediterranean region.
- *Golf courses in coastal areas*: According to a study, there are around 1.400 golf facilities in European Mediterranean countries. Observers warn that golf resorts tend to be increasingly situated in or near protected areas. Examples of controversial development projects involving Natura 2000 designated areas in coastal regions can be found in Crete (Greece); Cyprus; and the Algarve region (southern Portugal). In the latter two cases, the European Commission has opened infringement cases against the countries concerned.

- *Pollution*: Common waste management problems can include a small number of facilities for waste treatment or disposal; significant seasonal variations in waste quantity and composition; high population density; limited land mass to locate landfills and other waste treatment infrastructure; and difficulties in achieving economies of scale.
- *Sewage*: Sewage can be a major source of water pollution, damaging fauna and flora and representing a threat to human health. According to Oceana, an organisation advocating for the protection of oceans, cruise ships release 95 000 m³ of sewage from toilets and 5 420 000 m³ of sewage from sinks, galleys and showers into oceans and seas every day.
- *Other tourism-related waste*: this includes litter dumped by tourists on mountain trails and beaches, requiring extensive clean-up action. The potential cost across the EU for cleaning coasts and beaches from marine litter resulting from land-based and marine-based activities was assessed at nearly 630€ million per year.

Despite the goal of protecting the environment, ecotourism can, even if unintentionally, create environmental harm because (YouMatter, 2020):

- Ecotourists often go to (already very) environmentally fragile areas that risk collapse or getting eroded;
- Disturbance of wildlife, the removal of vegetation (for plant collection, for instance) and garbage generation increases due to visitors are also likely consequences of ecotourism;
- Some visits are done in sensitive periods like during breeding or hatching periods;
- There are hidden impacts, such as the consumption of fuel for air or road travel;
- There's the risk of ecotourism turning into mass tourism with a huge impact at different levels besides environmental.
- Off-site impacts such as clearing lands to build infrastructures (roads, hotels) are also relevant.

It is interesting to start from too often forgotten environmentally friendly routines regarding sustainable practices:

1. Transports: the first rule for responsible travel is to choose sustainable modes of transport such as the train, bike sharing services, electric car, and public transport.
2. The ticket app: in the digital age, a paper ticket for the train or the hotel booking ticket is no longer needed, because it is sufficient to store them on the smartphone using one of the many apps to choose from.
3. The right structure: convenient choice of hotels, B&Bs, farmhouses and any other type of accommodation with low environmental impact, sustainable and capable of enhancing the territory and its resources.
4. Towels: during a stay, it is recommended to avoid changing towels if it is not strictly necessary, in order to help the structure to reduce the load of washing and therefore the consumption of energy, water and detergent.
5. Lights and air conditioners: another good practice is to turn off lights and air conditioning when leaving a room, and make sure you have closed the water taps well to avoid any kind of waste.

2.3.4 Luxury tourism and sustainability

The relationship between luxury tourism and sustainability is complex. There is a debate about sustainable luxury. The debate reflects differences in definitions of sustainability, beliefs about the action needed to address sustainability, and assumptions about the motivations of consumers. Complexity on the topic is also due to different views. On one hand, there are proponents who believe it is possible to produce and offer luxury goods and services in ways that are more sustainable. On another hand, opponents to that view believe that those seeking luxury tourism experiences are more focussed on service quality and tangibles and are unlikely to be concerned with their impacts or unwilling to change their broader consumption patterns (Moscardo and Benckendorf, 2010).

Apart from the complexity between luxury tourism and sustainability presented above, research linking luxury tourism with sustainability is not abundant. The most comprehensive overview of the topic was made recently by Gurung, Brahma and Goswami (2022) who acknowledged the lack of research and the fact that sustainable luxury tourism is an emerging concept that is in need of more research (Gurung, Brahma and Goswami, 2022). They conclude that some of the most prevalent topics in this area of research (i.e., focusing on or at least mentioning sustainable luxury

tourism) are mindful utilisation and preservation of resources such as energy sources, water, marine life (e.g., Tekken and Kropp, 2015), history and culture (e.g., Gonzalez, 2018) and the impact of luxury tourism on locals (e.g., Riensche, 2019). Iloranta and Komppula (2021) also mention that the luxury tourism service providers they interviewed expressed that a destination image allied with safety and sustainability (in this case they refer to environmental sustainability) is valued for the luxury tourist experience product.

The prevalent topics presented above raise some serious questions for tourism businesses facing the challenge of moving towards greater sustainability. Considering the work of different authors, Moscardo (2017) identified three major areas of concern very connected to luxury tourism and its practices. These areas include 1) managing resource use, 2) limiting negative environmental impacts, and 3) achieving justice and equity in socio-economic development (see Table 1).

Table 1: Global sustainability problems and characteristics of luxury tourism (Moscardo, 2017:171–172).

Problem	Common luxury tourism characteristics
<p>Managing resource use</p> <ul style="list-style-type: none"> • Rapid decline in non-renewable energy sources; • Excessive and inefficient use of freshwater; • Use of arable land for other forms of development. 	<ul style="list-style-type: none"> • High usage of energy for features such as air-conditioning and refrigeration of luxury food and beverage; • High levels of freshwater consumption in swimming pools, baths and showers; • Large spaces for both individual accommodations and for whole properties to provide privacy and exclusive access.
<p>Environmental problems</p> <ul style="list-style-type: none"> • Carbon gas emissions and climate change; • Water, air, and ground pollution; 	<ul style="list-style-type: none"> • Long distance travel to reach many locations involving large carbon emissions; • Habitat damage for building;

<ul style="list-style-type: none"> • Waste disposal; • Habitat destruction and bio-diversity loss. 	<ul style="list-style-type: none"> • Provision of seafood in dining; • Larger waste issues associated with more intensive consumption; • Chemicals associated with cleaning and cosmetics provided.
<p>Equity in socio-economic development</p> <ul style="list-style-type: none"> • Exploitation of lower standards of living to support cheaper production of goods and services for consumption elsewhere; • Poor working conditions include lower pay and limited training; • Economic leakage from foreign owned businesses; • Limited distribution of economic activities to local community; • Loss of local culture; • Asymmetry in ownership of key resources increasing local dependency and vulnerability. 	<ul style="list-style-type: none"> • Often provide luxury tourism opportunities in countries with lower standards of living because of cheaper wages and land prices; • Multinational or foreign ownership, the need to import goods to support luxury tourist expectations and to use non-local staff and managers to meet international luxury tourism standards support high economic leakage and limited benefits for local communities; • Destruction or commodification of local culture.

Additional search about sustainable luxury tourism also showed that most of the publications found so far equate sustainability with environmental sustainability (e.g., Miguel-Molina, Miguel-Molina and Rumiche-Sosa, 2011; 2014). Poelina and Nordesvand (2018), on the other hand, focus on the socially sustainable luxury tourism in the case of Indigenous groups in Australia. The view they have of sustainable luxury is not just as a means of respect for the environment and social development, but also as a synonym for culture, art and innovation and maintaining the legacy of local craftsmanship (Poelina and Nordesvand, 2018). They conclude that sustainable luxury tourism on indigenous lands would be most successful if it focused on small and community-based sustainable luxury tourism aimed at overseas visitors where people can enjoy unique access to an unparalleled wilderness (Poelina and Nordesvand, 2018).

When speaking of sustainability in the context of luxury, Ranfagni and Guercin (2018) assert that, paradoxically, sustainability and luxury are not that far apart. Sustainability is, as they claim, a collective phenomenon since preserving the environment means protecting a common good and just as luxury depends on sustainability in that it employs natural resources, in the same way it feeds sustainability. An article by Hennigs et al. (2013) does not, similarly to the previous one, address luxury tourism in particular, but rather the connection between luxury and sustainability, yet it holds interesting implications for tourism. The authors suggest that due to the changing conceptualization of luxury common ground between sustainability and luxury is not as farfetched as it might seem. Quite the opposite. The reason for that is that in recent years, luxury consumers have been increasingly concerned with social and environmental issues and they expect luxury providers to address the sustainability issues in their product. They theorise that consumers evaluate the (ethical) performance of luxury brands based on four latent luxury value dimensions: the financial, functional, individual, and social dimension of luxury value (Hennigs et al., 2013). Scarcity (that is often associated with luxury) of luxury products, for example may thus convey the idea that luxury brands encourage a more responsible consumption and help protect natural resources. Durability, that is also often a trademark of luxury, is not only the heart of sustainable development; it is also the core of luxury. Additionally, people often want to express their own identity through luxury, and they want to express their interest in environmental and social issues through it too. Sustainable luxury can also be a way of people expressing their deepest values and belonging to a group of likeminded individuals (Hennigs et al., 2013). Thus, the increased awareness of sustainability issues can indicate prestige and status based on access to “real luxury” goods that are expected to provide deep social values. Therefore, the concepts of luxury and sustainability are actually closely related and complement each other (Hennigs et al., 2013). A similar view is also expressed in the article by Poelina and Nordensvard (2018).

Luxury travel has adopted sustainability as priority. A document prepared for the International Ecotourism Society (Lackey, DeLange and Bricker, 2016; cited in Mtapuri and Giampiccoli, 2017) reports that luxury travel has adopted sustainability as priority, with tourists being ushered closer to nature proximally with activities such as engaging in community activities of re-forestation.

Destinations and resorts (and also airlines, cruise lines and even hotels) that are serious about making long-term changes and exceeding luxury travellers' expectations will have sustainability built into their design from day one. The future of the luxury segment is one where traveller does not have to think about being respectful of the environment, since it is already included (Arora, 2021; Skift, 2021).

In fact, rising awareness of sustainability issues in the tourism sector has resulted in a number of luxury brands and businesses adopting sustainability practices (Moscardo, 2017). According to many authors, Amatulli et al. (2021) express that sustainability represents a key driver of success for most luxury tourism companies.

Taking in particular basic service accommodation, Small Luxury Hotels of the World launched 'Considerate Collection' in 2021 and joined GSTC principles (which were mentioned earlier). That is a specific action for luxury hotels to prove that luxury is compatible with longevity (GSTC, 2021).

According to Papadas et al. (2019; cited in Amatulli et al., 2021), from the executive point of view, competitiveness (in luxury hospitality) increasingly depends on the companies' ability to respond to the challenges of sustainable development.

The future of luxury travel will be defined by smart tourism. Coinciding with evolution of luxury travel, there is an opportunity to build new destinations and offer services that implement cutting-edge technologies for smart tourism and create personalized experiences (Skift, 2021).

As Pollock (2016; cited in Takecare.travel, 2016) affirms, sustainability is a matter of survival for luxury travel. Luxury suppliers help to create a better tourism awareness and consumer values changed. Both of them help improving luxury tourism in terms of sustainability. New luxury tourism focuses now in economic and social sustainable experiences more than on physical amenities (e.g., buildings).

Luxury Tourism in the third decade of the 21st century embraces sustainability thinking for tourism development through more viable policy, planning and practice that recognizes the certainty of variability and the need for economic, social, and environmental adaptation. Thus, the pillars of sustainability are compatible with luxury tourism.

PART 3: MARKETING AND MANAGEMENT PERSPECTIVE

3.1 Introduction to the chapter

by Teija Tekoniemi-Selkälä

Despite the lack of widely accepted theories or definitions of luxury among researchers, scholars agree that luxury is a multidimensional concept that is relative, subjective, and contextual. In addition, a wide range of luxury value dimensions are recognized, and recent studies discuss consumers' growing desire for pleasure as well as the emotional value of luxury experiences (see Kapferer and Valette-Florence, 2016; Kauppinen-Räsänen et al., 2019).

Furthermore, it is necessary to recognize that different segments of consumers' perceptions and interpretations of luxury experiences differ based on their situational and personal needs and preferences, as well as their socioeconomic class (e.g., elite vs. middle-class) and generation (e.g., baby boomers vs. generation Z). There are numerous other issues to address, such as luxury service typologies, segmentation, and the luxury tourism continuum (Wirtz, Holmqvist and Fritze, 2020).

All of the issues raised above have an impact on how businesses/companies/service providers must plan and develop their business operations on tactical, operational, and strategic levels in the backstage and frontstage to ensure luxury/high-end tourism experiences that meet their customers' subjective needs and preferences as well as objective luxury characteristics (Wirtz, Holmqvist and Fritze, 2020: 678).

3.2 Sustainable Luxury/High-end Tourism as Business Model

by Teija Tekoniemi-Selkälä

The external environments of businesses are rapidly changing, as are consumer preferences and behaviour. As a result, any business that is not only willing to remain competitive but to survive in the market must constantly adapt its operations. The real challenge companies face is how to maximize the impact of a changed business

despite the fact that changes usually require resources and the results of performed changes are frequently uncertain. Eventually, having the right tools on hand can help businesses to succeed in this uncertain and wavering process (Ambrož-Gomezelj Omerzel, 2017).

Business Model Canvas can be seen as a strategic as well as an operational tool for managing both external and internal changes that necessitate an innovative and creative mindset as well as a structured approach in order to articulate the existing business model and then eventually develop it further (see Osterwalder–Pigneur, 2009; Ambrož-Gomezelj Omerzel, 2017).

Business model innovation occurs when two or more elements of a business model are renewed in order to challenge changes and increase customer value (Lindgardt, Reeves, Stalk and Deimler, 2009; cited in Ambrož-Goebel Omerzel, 2017). The renewals can be incremental or radical, and it is widely accepted that innovation is broadly defined as anything that differs from “business as usual or represents a discontinuance of previous practice in some way for the innovating business”. (Johannesson, Olsen and Lumpkin, 2001; cited in Hljager, 2010: 2).

Business model innovation creates an opportunity to build a sustainable competitive advantage for a company (Ambrož-Gomezelj Omerzel, 2017: 176). Therefore, business model innovation has been viewed as a very promising mechanism for incorporating sustainability into business (Presenza, Messeni Petruzzelli, and Natalicchio, 2019).

In their paper, Presenza, Messeni Petruzzelli, and Natalicchio (2019) introduced and investigated the relationship between business model innovations and sustainability in the hospitality and tourism industry. The business model innovations introduced focused on topics such as sustainable consumer behaviour in tourism, employee and community well-being, environmental management, corporate social responsibility initiatives, economic sustainability, and service design. Those innovative and sustainable business models have proven that it is possible to develop integrative and competitive business model solutions by radically reducing negative and/or generating positive external effects for the natural environment and society as a whole (Presenza, Messeni Petruzzelli and Natalicchio, 2019).


To enhance the development of sustainable business models, the Sustainable Business Model Canvas (BMC) has been designed based on Osterwalder's original

Business Model Canvas as well as Nancy Bocken's interpretation of the Circular Business Model (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009).

The Sustainable BMC is a valuable strategic tool because it can be used to display the core contents of various luxury/high-end tourism business models, as well as explain and illustrate various luxury/high-end tourism business models in various operating environments where stakeholders collaborate and network to create, deliver, and capture value for their customers (profit), society (people), and the environment (planet) (Table 2) (Bocken, 2021; Cf. Richardson, 2008; Osterwalder – Pigneur, 2009; Rice University, 2022).

The key elements coloured in brown are somehow covered in this part of the literature review. The core contents of the four main areas of the Sustainable BMC are presented as follows:

Table 2: Sustainable Business Model Canvas (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022)

Sustainable Business Model Canvas						
<i>Feasibility</i>		<i>Desirability</i>			<i>Feasibility</i>	
Value Creation		Value Proposition			Value Delivery	
Key Stakeholders - With whom do we collaborate with (networks/businesses)? - Which key resources and activities are our collaborative partners offer to us?	Key Activities - What activities do we need to carry out to fulfill our value proposition, customer relationships, and revenue streams?	People (Society) - How do we and our network(s) support our community and have a positive impact on the common interest of society?	Profit (Customers) - What do we and our network(s) offer and what problems do we solve for different customer segments?	Planet (Environment) - How do we and our network(s) have a positive impact on the environment?	Customer Relationships - How do we and our network(s) interact with different customer segments based on their needs, expectations, and preferences?	Customer Segments - Who are the most important customer segments? - For whom do we and our network(s) create value?
	Key Resources & Capabilities - What resources do we need to obtain to fulfill our value proposition, customer relationships, and revenue stream?	 Value Capture			Channels - How do we and our network(s) reach customers? - Which channels are the most suitable and efficient for different customer segments?	
<i>Viability</i>						

3.2.1 Value Propositions for Customers, Society, and the Environment

Luxury/high-end tourism businesses or a network create value or benefits for their customers by resolving a problem or satisfying a need. Customers may value exclusivity, premium price, rarity, selective distribution and associated personalized services, service excellence, creativity, authenticity, and hedonism (beauty and pleasure) to name a few (Wirtz, Holmqvist and Fritze, 2020; Rice University, 2022).

Furthermore, luxury/high-end tourism businesses or a network add value and benefits to society by enhancing both the cultural heritage and literary identities of local communities while also creating new business opportunities. When luxury/high-end tourism evolves into considerate tourism (high quality but low volume), the environment benefits (see Bocken, 2021).

3.2.2 Value Delivery for Customer Segments via Mix of Channels and Maintaining Customer Relationships

Luxury/high-end tourism businesses cannot exist without customers. They must identify and understand their customers, and these customers can be divided into segments based on shared characteristics (Bocken, 2021; Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022).

Channels deliver the value proposition to customers via communication, distribution, and sales. Luxury/high-end tourism businesses can reach their customer segments through a mix of channels, both direct and indirect, to raise awareness, allow for purchase and delivery, provide customer support, and support other critical business functions (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022).

Luxury/high-end tourism businesses and networks need to maintain customer relationships in order to acquire and retain customers and increase sales. Strong customer relationships can have a big impact on the overall customer experience. Personal assistance, tailor-made services, user communities, and co-creation are all examples of customer relationships (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022).

3.2.3 Value Creation Requires Resources, Activities, and Partnerships

Any luxury/high-end tourism businesses or networks require resources to function, whether they are physical, financial, intellectual, or human. These resources enable the luxury/high-end tourism business or a network to provide its customers with products or services (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022).

Key activities are the critical tasks that luxury/high-end tourism businesses or networks must complete in order to succeed and operate successfully. Different luxury/high-end

tourism businesses or networks concentrate on different activities in categories such as co-creation, collaboration, knowledge management, branding, luxury service design, and delivery (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022).

Luxury/high-end tourism businesses or networks build partnerships to improve their operations, reduce risk, or gain essential resources. Partnerships are classified into four types: strategic alliances between noncompetitors, coopetition—strategic alliances between competitors, joint ventures, and buyer-supplier relationships (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022).

3.2.4 Value Capture through Value Propositions

Creating value propositions incurs costs for all luxury/high-end tourism businesses and networks. The costs are either fixed or variable. Luxury/high-end tourism businesses or networks consider their cost structures in two ways: cost-driven, where all costs are reduced wherever possible, and value-driven, where the emphasis is on greater value creation. Cost structures often take into account fixed costs, variable costs, economies of scale, and economies of scope.

Revenue streams differ depending on the type of luxury/high-end tourism business or network and the value propositions that are created. There are two types of revenue streams: one-time customers and ongoing payments. Revenue pricing mechanisms range usually from fixed (e.g., predefined prices based on static variables) to dynamic (e.g., price changes based on market conditions). Asset sales, for example, selling a physical product or an experiential service, usage fees, licensing, advertising, and temporarily selling the use of a specific asset can all generate revenue streams e.g., lending, renting, or leasing (Bocken, 2021; Cf. Richardson, 2008; Osterwalder–Pigneur, 2009; Rice University, 2022).

3.2.5 SUHET-project and the Sustainable BMC

The Sustainable BMC allows various luxury/high-end business models to be articulated and compared. As a result, stakeholders in luxury/high-end tourism can gain clarity about what they are doing, recognize opportunities both internally and externally, analyse the innovativeness of their business models and learn from best

practices to improve luxury/high-end tourism in the future as well as to gain a sustainable competitive advantage (Ambrož–Gomezelj Omerzel, 2017; Rice University, 2022).

The Sustainable BMC can be seen as a communication tool between SUHET- project actors, luxury/high-end tourism businesses, entrepreneurs, and network partners as it enhances discussion and common understanding with colleagues, partners, and other stakeholders about the multi-dimensional luxury/high-end tourism industry (see Ambrož–Gomezelj Omerzel, 2017; Rice University, 2022).

3.3 Customer insight, value-creation, and marketing from innovation and management perspectives – The Customer logic

by Petra Paloniemi

Luxury is a constantly changing concept. The luxury needs of consumers have changed from 'esteem' needs to the 'self-actualization' needs. The new luxury is personal and experiential, and the luxury experience is based on consumers' personal values, desires, and goals. Today's consumers purchase luxury for experience and self-indulgence. Consumers seek luxury consumption to enhance their 'self' through an improved luxury experience (Shadma and Justin, 2021). 'Democratization of luxury' has happened and made luxury brands reachable also to wider availability and access (Shukla, Rosendo-Rios and Khalifa, 2022).

Though some studies have shown that consumers give importance to functionality and quality of the luxury products, many researchers note the importance of experience-oriented approach as essential for luxury consumers (Kumar and Gilovich, 2016; Bastos, 2019). Luxury consumers experience focuses on functional as well as emotional cues and is assessed based on the "pleasure" they reap from such consumption (Tynan, McKechnie and Chhuon, 2010).

Research on the motives of luxury consumption emphasizes extrinsic, social, and interpersonal motivations (e.g., to impress others or to search for status and prestige) and intrinsic and personal motivations (e.g., a search for quality, pleasure, desire, self-fulfilment, aspiration, or self-reward (Berry, 1994; Tsai 2005). According to Vigneron and Johnson (1999) luxury perceptions include both interpersonal and personal values and related motives (Geerts and Masset, 2022).

3.3.1 Value perceptions, value creation, and luxury consumption

The concept of luxury is subjective and multidimensional as value perceptions. Vigneron and Johnson (2004) identify several sub-dimensions of value that influence luxury consumption. In particular, they say that luxury value perceptions integrate both interpersonal and personal values. Interpersonal values focus on the benefits associated with public display to reference groups and include conspicuousness, social and uniqueness values. When it comes to democratization, grounded in these

value frameworks, the societal, personal, experiential, and financial values are dominating. Furthermore, uniqueness is identified as one of the fundamental traits defining luxury and is proposed in extant research to be an important value driver (Wiedmann et al, 2009; Shukla et al., 2022).

Researchers seem to agree that luxury is a subjective and multidimensional construct that encompasses a wide variety of consumer perceptions (Roux, Tafani and Vigneron, 2017). The values and motives are “two related, but distinct facets of the consumer-brand relationship: values are brand-oriented since they focus on luxury brand attributes, whereas motives are consumer-oriented since they concern drivers that lead consumers to favor certain values” (Roux et al. 2017: 6; Geerts and Masset, 2022).

Different types of luxury values do exist. Wiedmann et al. (2009) identified consumers' perceptions of luxury value based mainly on functional, individual, and social aspects with price acting as a moderating variable. Relying on these values, the authors identified four clusters of luxury consumers, namely materialists, rational functionalists, extravagant prestige seekers, and introvert hedonists. Roux et al. (2017) have found that the interpersonal values include conspicuousness, social value, and uniqueness, while personal ones are represented by hedonism and perfectionism. In the tourism context, Correia et al. (2019) have found that social value, conspicuousness, and uniqueness are antecedents of a tourism luxury experience, whereas status, self-esteem, and public display are consequences (Geerts and Masset, 2022).

As a conclusion on how value is created and knowledge developed from luxury tourism perspective, we can say that “even though there is no agreement among scholars regarding the value dimensions of luxury, and although a broad set of value dimensions are recognized, recent studies have discussed that there is a growing desire for pleasure and emotional value among customers” (Kauppinen-Räsänen et al., 2019; Iloranta, Komppula 2022: 42).

3.3.2 Marketing

The rising purchasing power and standard of living have promoted the rapid growth of global luxury travel market over the past few years. Therefore, the topic of luxury marketing is drawing increasing attention from hospitality and tourism academics and practitioners (Minjung Shin and Ki-Joon Back, 2020).

Luxury experience can be seen as a competitive advantage in marketing. The luxury companies distinguish their offerings and may build a strong connection with their consumers. Moreover, by creating strong emotions the luxury marketers communicate with the consumers resulting in consumer experience that goes beyond pleasant and satisfying luxury experience (Tynan, McKechnie and Chhuon, 2010). Thus, experience-based luxury consumption is based on customers preferences and aims to satisfy their internal and external needs.

Marketing in the luxury sector is also dominated by the online channels. The share of purchases made online nearly doubled from 2019 to 2020, with the online channel being the fastest growing, giving the internet bigger role than ever (Geerts and Masset, 2022). Also, private sales websites and private online clubs are typical marketing channels in luxury tourism (Geerts and Masset, 2022).

3.4 Service design, quality from a management perspective - How to match the Concept: integrated approach

By Gilles Rasson

This short literature review examines the link between service design and service industry insights in general and the (possible) applicability of them in the luxury or high-end tourism industry. For the sake of brevity and clarity this review will mix both terms driven from the underlying driver as is high value creation for a selected audience or client segment from a budgetary point of view. In applying these concepts like service design, driven, and expanded within the field of service management, literature keeps us reminding on how specific that industry is in its drivers. The main drivers in the continuous changing of the tourism industry are the parties involved and the fact that tourism is such a big factor in who and what we are. Examples of these can be found in almost all tourism management literature: trips have become shorter, progressive disintermediation and cross-contamination increasing, and increasingly self-defining function as a time of personal realization (Montebelli and Vavassori, 2017). Almost all applied literature works/uses these same techniques whether it is from a diamond shaped structure¹: starting from a definition of hospitality (Semantic definitions and Evidential definitions leading towards a synthesis), expanding, and broadening then on a both fundamental discussion on what is therefore management and hospitality management (Brotherton and Wood, 2000). All of this then is conceptualized in a concept here described as Professionalized hospitality management, which is neither the purpose nor steppingstone of this review. However, it adheres to more definition-driven research that lends itself to multi/inter-disciplinary study; it is above all a liberating approach. Literature on service design and quality from a management perspective within the world of luxury tourism can therefore be divided into these 'categories' or 'steps/methodologies' being concepts in culture or management applied to a specific question in tourism industry (Zhang, Xiong and Lee, 2020) or literature

¹ Diamond shape structure means you start with the simple definition, and you elaborate (if you want to use the word) or approach in a holistic way and then narrow everything down again to a single aspect of the discussion to then again find all aspects of that tiny element.

that focuses on conceptualization of findings in this multi-disciplined sector (Peng and Chen, 2019).

Piling back to the main focus of this literature review we need to define service design and interestingly this problem of defining and bundling literature pops up its head in the end of the eighties and early nineties with the need of a systematic design of services (Gummesson, 1990), a case for design in the service sector due to product and service dissatisfaction being a lack of understanding of customer requirements (Hollins, 1993) and the application of concepts and approaches fitting in to this view of service design (Wathen and Anderson, 1995).

In the seminal work of Van Looy, Gemmel, and Van Dierdonck (2013) on services management (a chapter is dedicated on the definition of service concept with an emphasis on the need (also see Gummesson, 1990), definition of service concept (Heskett, 1996) and implementation of the same concept namely focusing the service delivery system (Ponsignon, Smart and Maull, 2011).

Integrating the approaches within field of service management, i.e., service design etc., one can bundle research in to four groups (also used in Van Looy, Gemmel and Van Dierdonck, 2013): performance measurements systems in service firms, managing innovation in a service environment, managing services across national boundaries and of course defining a service (concept) strategy. In the overview below a review is made of some relevant works in both (1) the broader service industry and management research, and (2) the application of such principles in the tourism industry even (2bis) luxury tourism industry. All of these publications seem to adhere to include quality from a management perspective since it is the only driver that cannot be done without (also see Gummesson, 1990; Hollins, 1993).

3.4.1 Performance measurement systems in service firms

The analysis aspect of performance within the sector is well documented, whether it may be on a specific impact-rich aspect let's say price promotions (Seongsoo and Moutinho, 2019) or looking into the check of the legendary loyalty effect principle (Aaker, 1972) on repurchase within a luxury consumption value model (Peng and Chen, 2019).

Most service industry tends to use the famed balanced scorecard (BSC) developed by Kaplan and Norton (Kaplan and Norton, 1992) as a framework for all kinds of research, even in tourism. On the level of government management in tourism (Greatbanks and

Tapp, 2007), examining how internal marketing orientation affects balanced scorecard outcomes (financial performance, customer, internal process, learning and growth) in a small service businesses context it est here the case of travel agencies (Khazaei, Khodadadi and Amirbakzadeh, 2017). The paper that shows the application of the BSC in a luxury environment, “a data envelopment analysis-based balanced scorecard for measuring the comparative efficiency of Korean luxury hotels” (Min and Joo, 2008) allows us to focus on the basic structure of this kind of research, namely: “set the benchmark of performance standards”.

Not totally contrary to the BSC model (supra) and in line with the spirit of a true balanced scorecard system, benchmarking has been used a lot in recent times to measure performance in luxury tourism firms and especially within the hospitality industry where concepts are one, but service and measurement of service quality seems to be a difficult art to control. Covid-19 recovery, for instance, has made a choice in what to service and how compared to one’s competitors more relevant within the constrictive pressure of cost-maintainability. Some examples of this can be found in (Magnini, Crotts and Calvert, 2021) recent study on KPI’s. On a much smaller scale even the more recent invention of food trucks has shown its potential for Performance measurement systems in service firms (Kraus et al., 2022).

However, most research within service design tend to be more specific: either driven by the contemporaneous nature of services (1) and therefore more inclined to innovation-driven results (2) or focusing on the transnational or global aspect of tourism and service management (3).

3.4.2 Managing innovation in a service environment

Innovation as a finality or goal as such is inherently deficient it that has to more than a linear view of the nature of the innovation process. Whilst we here will not study all approaches of innovation management within service or tourism management three seem to be worthwhile studying further: the value-constellation approach and innovation portfolio management seem evidential, but it is the operational management of innovation within service design that is of the greatest interest for this review.

The multitude of publications on complex and ‘publication-scientific’ systems and concepts is one to behold. However, we might ask what is applicable in real-world decision making within the luxury tourism world? Due to the limited nature of this review a small selection can be worthwhile from the aspect of applicability in other parts of

this review. A compendium of research (Patrício et al., 2011: 180) makes the case for Multilevel Service Design which “enables integrated development of service offerings at three hierarchical levels: (a) Designing the firm’s service concept with the customer value constellation of service offerings for the value constellation experience; (b) Designing the firm’s service system, comprising its architecture and navigation, for the service experience; and (c) Designing each service encounter with the Service Experience Blueprint for the service encounter experience“. An example of MSD used in service industry, here Sport and tourism event, shows us the applicability of MSD as a concept without too much hassle (Kallitsari and Theodorakis, 2018).

The example of a proved and necessary innovation with implications all over the industry was digitalization big data etc. (e.g., Pascual-Fernández et al., 2021) and all seem to focus on the capability. Technological innovations (Debackere, Van Looy and Vliegen, 1997) seem to be the prime example or accordingly to Porter (1997) innovation is only a sustainable competitive advantage if it leads to a long-term advantage. More recently innovations like blockchain keep on reminding us that innovation from a true world perspective always seems to flow into the industry (Rashideh, 2020).

3.4.3 Managing services across national boundaries

As by definition an international competitive economic activity like the luxury tourism industry with its inherent simultaneity of consumption and production embeds two major consequences for the internationalization: (a) the problem of customer accessibility to the service delivery system and (b) the problem of difference in culture. There is wide met literature on customer perspectives, reviews and so on (see Leblanc, 1992; Rishi and Gaur, 2012; Shammout, 2020) within the tourism sector as a whole since it is one of the main stays of BSC (supra) or other client-driven management checks.

3.4.4 Defining a service (concept) strategy

Finally, and perhaps the challenge remains on how to define a service strategy and conceptualizing a service design. Here we have to limit ourselves and pick one, perhaps not the best, but let’s try: the service concept with a what: “A service concept is the mental picture that is held by customers, employees and shareholders about the

service provided by the organisation” (Goldstein et. al, 2002: 124) and the how: “A service concept is a blueprint that communicates to employees what service they should give and to customers what service they should expect to receive.” (Van Looy, Gemmel and Van Dierdonck, 2013: 27).

Application of these is to be found either in wider concept virtualisation (Zi’ang Zhang, Zengxian Liang and Jigang Bao, 2021) from a more anthropological view (Manfreda et al., 2022) or finally applied in the best way possible namely the service encounter for luxury (Chapman and Dilmeri, 2020).

The service concept can here provide a guiding framework for visualization and to make a compendium of a multitude of research. Below are two visualisations (S S’Jeghers and Rasson, 2020).

The service concept can here provide a guiding framework for visualization and to make a compendium of a multitude of research:

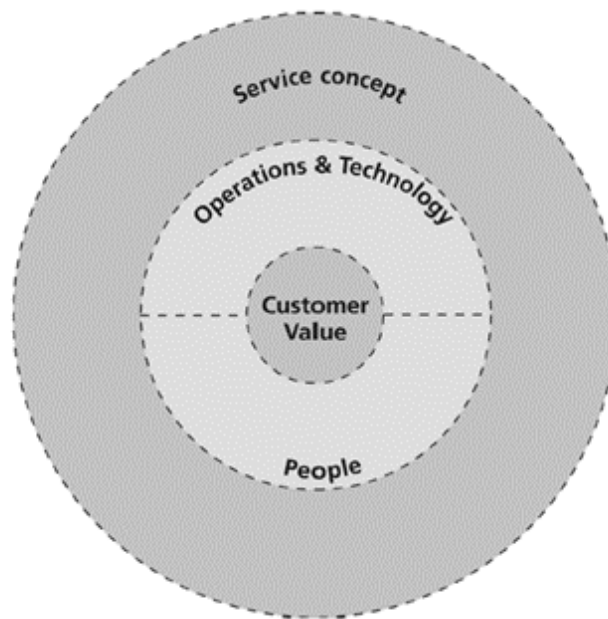


Figure 3: Conceptualizing service concept basic features (S'S'Jeghers and Rasson, 2020)

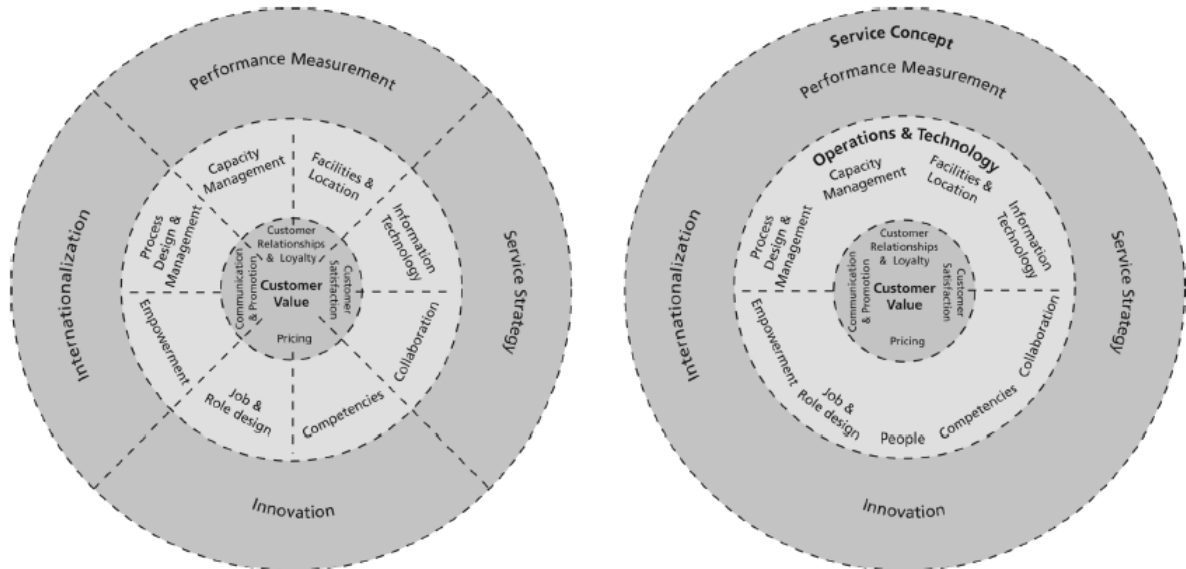


Figure 4: Conceptualizing service concept S'S' Jekhers and Rasson (2020)

3.5 Strategies, Operations Management, Flexibility, and Innovations

by Teija Tekoniemi-Selkälä

Whatever luxury/high-end tourism business a company is in, the following holds true. It is therefore critical that there is a common understanding of what type of luxury tourism is being developed and assessed, as strategic and operational strategies and management practices will differ based on the perceptions of luxury that the company has adopted, e.g., traditional luxury vs. unconventional luxury.

A business strategy and business model establish the prerequisites and are the also foundations for a luxury/high-end company's existence. If the strategy and the model do not conform, their unique qualities will not be utilized, and their potential will not be realized. An ambitious strategy and a common model, or an innovative model and a mundane strategy, are completely contradictory and can be harmful for the company. To be successful, both the strategy and the model must meet certain quality standards and be consistent. Furthermore, they should support and reinforce each other (Slávik–Zagoršek, 2016:74). As a result, the operational action plan is aligned with the business goals and strategy, which in turn fulfil the ultimate vision, mission and value statements of the company (see Phillips 2018; Phillips 2019a; Phillips 2019b; Phillips 2019c).

Nowadays due to frequent and unpredictable changes in demand and short product lifecycles many luxury/high-end tourism businesses, too, are forced to operate in highly volatile and uncertain environments as a result of economic globalization, the advancement of information technology, and the diversity of customer requirements. Flexibility has increasingly become a key strategic competency and a competitive factor in both service and manufacturing businesses. Flexibility expands service and product options, allowing these services and products to better meet the needs and expectations of customers (Alolayyan et al., 2011; cited in Santos Brito, Torres Junio and da Costa Diniz, 2020; Yu, Cf. Cadeaux and Nanfeng, 2015).

Definitions of flexibility are far too numerous and diverse, and they differ depending on whether it is a manufacturing or service industry (see Santos Brito, Torres Junio and da Costa Diniz 2020; Kangkang, Cf. Cadeaux and Nanfeng,2015).

In this literature review,

“...operations flexibility is the ability to respond effectively, in a short time and without notable changes in cost, to unexpected changes from external disturbances arising from the uncertainty existing during the execution of an event while depending on ordinary capacities based on the organization's structures or current objectives. When organizations have adopted the operations flexibility strategy, they need to implement types of flexibility that make it possible to change an operation in some way.” (Corrêa and Gianesi, 1994; cited in Santos Brito, Torres Junior and da Costa Diniz, 2020: 2)

Companies' vulnerability to unexpected variations in short-term issues, such as changes in service packages, volume, or schedules, is also reduced by operations flexibility in the luxury/high-end tourism industry as well as other service industries. It helps to control and favour global sensibility when uncertain situations or unexpected disruptions occur in the operational environment. (Arias-Aranda et al., 2011; cited in Santos Brito, Torres Junio and da Costa Diniz, 2020).

Operations flexibility is defined as, for example, design flexibility, package flexibility, delivery time flexibility, delivery location flexibility, volume flexibility, system robustness flexibility, and customer recovery flexibility (Corrêa and Gianesi, 1994; cited in Santos Brito, Torres Junior and da Costa Diniz, 2020). Diverse operational flexibility risks are associated with activities, time/timeline, environment, human resources, organization type, infrastructure, suppliers, and/or cooperative partners and location/sites used as well as safety and security planning (Silvers, 2008; cited in Santos Brito, Torres Junio and da Costa Diniz, 2020).

As operational flexibility is about adapting to unexpected changes, it is inseparably linked to various types of innovations such as product and service innovations, process innovations, management innovations, marketing innovations and institutional/collaborative innovations (see Santos Brito, Torres Junior and da Costa Diniz, 2020: 2; Cf. Hjalager, 2010). However, different types of innovation are difficult to distinguish because they are frequently bundled, and an innovation in one industry may lead to another innovation elsewhere (Barras, 1986; cited in Hjalager, 2010).

When applying flexibility and innovations to the Sustainable Business Model Canvas in Table 2, it is clear that process and management innovations can be directly linked to value creation, which includes blocks such as managing key resources, key processes and networks, and partnerships. Marketing innovations, on the other hand, are directly related to value delivery, which comprises blocks such as customer segments, customer relationships, and communication channels. Then, product and service innovations are critical components of value propositions and value capture, in which various earning logics can be invented (see Bocken, 2021; Cf. Richardson, 2008; Osterwalder – Pigneur, 2009; Hjalager, 2010; Rice University 2022).

This section clearly requires more attention and detailed examples, but there were no time resources available in this literature review within this time frame. Furthermore, as stated before, it is necessary to know which perception of luxury is being used before delving deeper into the subject. This literature review has opened my eyes as well as inspired me enormously to know more!

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