

2007 XOLA



ADVENTURE INDUSTRY



RESEARCH ROUNDUP



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Xola Consulting, Inc. (xolaconsulting.com) is a consulting and research services firm assisting tour operators, tourism boards and non-profit organizations with sustainable adventure tourism destination and product development, marketing and research. Xola launched Off the Radar (travelofftheradar.com) in 2005 to provide travelers with information about the best entrepreneurial adventure operators around the world — those who provide guests with a genuine, personal experience; who believe in sustainable, environmentally sensitive travel; and who believe in incorporating the local people and traditions of the places where they operate. Interested parties may contact Christina Heyniger (christina@xolaconsulting.com) for more information about Xola services or Editor at Off the Radar (editor@travelofftheradar.com).

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Executive Summary

Welcome to the *2007 Xola Adventure Industry Research Roundup*, where we provide adventure industry professionals with a summary of major tourism and adventure industry trends gathered from a variety of sources including the UNWTO, government tourism monitoring services, news clips and interviews with industry professionals.

This year's report is also supported by information taken from surveys conducted by adventure travel operators and media providers, offering interesting insight into adventure traveler preferences and attitudes on issues such as whether it's worth spending more for expert guides or trips in which contributions are made to conservation programs.

Analysis in each section is intended to assist adventure industry professionals in translating global trends into "actionable" data to support their business.

GLOBAL TRENDS

The future continues to look exceptionally bright for the adventure tourism industry. Global tourism is on the rise again this year, up 6% from 2006. And as greater numbers of travelers become more sophisticated and experienced, they find themselves driven to seek out the kinds of activities, cultural experiences and unusual destinations for which adventure tours are known.

As the adventure tourism industry grows, its role as a steward of environmental and cultural resources is becoming more important. In 2007, we find the adventure industry joining international organizations in taking an active role on issues such as tourism's role in reducing global poverty and supporting conservation programs. Two significant examples of this include the Adventure Travel Trade Association's partnership with conservation organization Conservation International to support sustainable tourism development in areas key to biodiversity, as well as the organization's membership in the UNWTO.

REGIONAL TOURISM TRENDS

Around the world, all but a couple of destinations saw their tourist traffic increase in 2006. Africa (+8% growth) in particular, as well as certain destinations in the Middle East (+14% in Egypt) saw surprising growth.

Destinations that experienced the highest growth in US visitation between 2005 and 2006:

- ▶ Jamaica, up 25%
- ▶ Ireland and Switzerland, both up 22%
- ▶ India and Italy, both up 8%
- ▶ The Netherlands and Taiwan, both up 5%

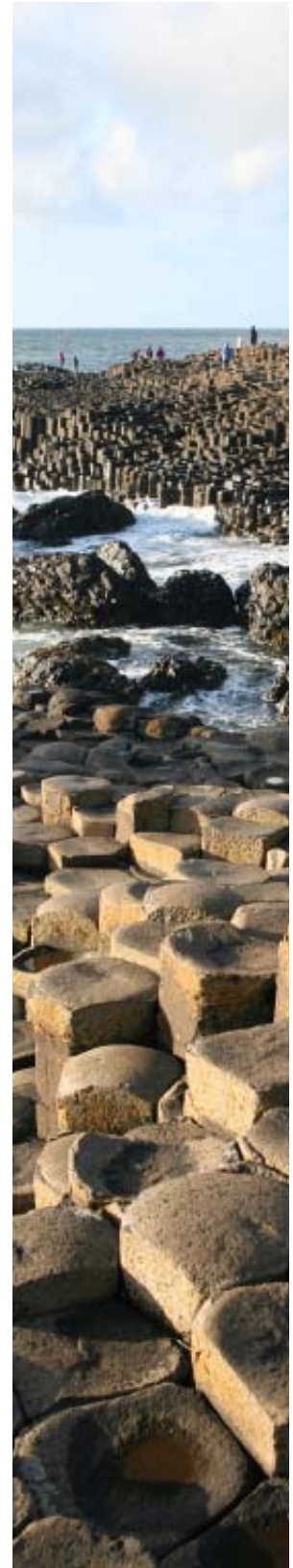
SUPPLY CHAIN TRENDS

Throughout the tourism supply chain, one overriding trend is that businesses are paying closer attention to the environment and seeking ways to improve their environmental performance. Other key trends in each sector are highlighted below.

Tour Operators

More than 60% of US Tour Operator Association members saw an overall increase in bookings for 2006.

Adventure operators in particular are responding creatively to the growth of special interest travel with regularly updated trip itineraries and marketing strategies tailored to directly respond to traveler interests. For example, longtime adventure tour operator Mountain Travel Sobek said, "We continue to see a trend toward softer adventure (for example trekking to Machu Picchu inn-to-inn) and the need for more customer service care pre-departure, as well as an expansion to more exotic destinations."



To cater to traveler demands, MTS has invested in creating a range of new trips — at least 20% of the trips in their 2008 catalog are new — including unusual explorations such as the Trobriands/Papua New Guinea kayaking, Mentawai hiking, glacier hiking in the Swiss Alps, rafting in Uzbekistan, new trips in Tibet and India, and Mozambique.

Travel Agents

Despite the increasing importance of online booking, travel agents continue to play a vital role in the supply chain. In the US, the American Society of Travel Agents reports that agents sell 51% of all airline tickets, and 81% of all tours and packages.

Transportation

With more low-cost airline options (low-cost carrier passenger capacity was up 27% in 2006), greater numbers of people are flying every year. By 2015 it is estimated that 1 billion people worldwide will travel by air annually, a 36% increase from the current level. Even with the greater number of people flying, airlines continue to report losses, with global losses at \$.5 billion in 2006. Rail travel is also seeing a resurgence, especially luxury and specialty trains.

Accommodation Providers

For accommodation providers, being able to say they are “green” is important as travelers become more educated about the behind-the-scenes waste involved in maintaining even small hotels and lodges. One caveat, however: while travelers feel that environmentally responsible practices are important and seem to favor hotels who market and promote their environmental practices, many travelers still say that when they travel they “are less likely to conserve energy and water” and three out of four believe “it is important to have bed sheets and towels changed every day” according to a survey conducted by Starwood Hotels and Resorts.

Technology

Travel technology specialists say they expect transactions on the Internet to account for over half (54%) of all US travel bookings in 2007. In the adventure industry, Adventure Central, which provides technology services, including online booking solutions for adventure operators, estimates that only 4% of adventure travel tour operators currently have e-commerce enabled Web sites able to process transactions and instantly confirm reservations.

TRAVELER TRENDS

The full report examines consumer trends related to family travel, gap year student travelers, single travelers, gay/lesbian travelers, and baby boomers. Two of the biggest growth areas are in student travel and gay/lesbian travel:

- ▶ Research indicates that more students are traveling at younger ages, sometimes spending \$10,000 on a gap year exploration
- ▶ Gay and lesbian travel is estimated to account for 10% of the US travel market or \$54.1 billion

The trends to increasing family and student travel suggest that tour operators should highlight trips catering to these distinct groups and reach out to these prospective travelers with media relations and advertising efforts targeted to these audiences.

TRAVEL MEDIA OVERVIEW

New to the research report in 2007, our team reviewed key travel print and online magazines, blogs and journals to better understand major themes in the travel press and important media trends.

A key finding — international research shows that people under age 55 spend more time consuming digital media than any other type, including traditional television and radio, which indicates an even greater need for adventure operators to maximize online resources for building awareness about trips, products and other services. In 2005, for example, consumers in the USA, Japan, and the UK spent 22% of their media time using the Internet.



Even as use of the Internet grows, print media remains a crucial component of the marketing mix for companies and destinations looking to increase their profile among potential adventurers. Key findings for adventure operators targeting US audiences:

- ▶ Adventure travel magazines such as *National Geographic Adventure*, *Outside*, and *Men's Journal* focus on inspirational adventure journalism, destination coverage, outdoor sports, health/wellness and gear/apparel
- ▶ *Men's Journal* and *Outside* skew towards the men's lifestyle category, with increased coverage of fashion and consumer electronics, etc.
- ▶ *National Geographic Adventure* focuses coverage of travel destinations and tour operators

TOP U.S. ADVENTURE COMPANY NEWS

While Xola typically works directly with entrepreneurial adventure companies and on adventure tourism development projects in countries where the success of smaller companies is most actively sought, this section provides an overview of what the larger companies in North American adventure travel were doing in 2007 and are planning for 2008.

This information is valuable because we've found that larger, more established companies often set an example for newer, smaller operators and more easily attract the attention of travelers. A brief survey of their activities provides useful information for tourism boards and adventure companies around the world seeking to partner and market their destinations to North American adventure travel companies. New entrants and smaller companies as well can benefit from tracking the trends at the larger organizations, taking cues from their product development and marketing when assessing their own internal management and product development efforts. For each company on our top company list we provide a brief summary of activities that were "Big for 2007" and are "Eagerly Anticipated for 2008."

Highlights from our findings:

- ▶ *Families* — a common theme among the Top 10 is a greater demand among clients for family trips
- ▶ *Corporate social responsibility* — several of the companies listed in this report have created programs to raise awareness and contribute to solutions for global conservation problems
- ▶ *Mass customization* — companies are developing ways to customize client itineraries while retaining some standard elements to maintain efficient operations and manage costs
- ▶ *User friendly and eye-catching marketing* — new corporate Web sites are in the cards for some of the companies in our Top 10
- ▶ *Destinations* — in 2008 expect to see more itineraries in Eastern Europe and Asia/Pacific

SPECIAL SECTIONS

In addition to sections devoted to global, regional, supply chain, traveler, media and company trends, the full report contains special sections devoted to topics especially relevant to the adventure travel community in 2007:

- Volunteer Adventure Tourism
- Women Adventurers
- Prime Time Travelers
- Eco Certifications

