Adventure Travel: iNsustry Snapshot 2013

Adventure Travel Trade Asscoiation

INDUSTRY SNAPSHOT

2013

ADVENTURE TRAVEL
TRADE ASSOCIATION
www.adventuretravel.biz

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Survey Context

The ATTA carried out its 2013 Industry Snapshot Survey using QuestionPro Online Survey Software between February 14th and February 28th, 2013. Nearly 400 adventure tour operators, both inbound and outbound, worldwide completed the entire survey, with nearly 700 tour operator responses for certain parts of the survey.

Each year, the ATTA seeks anonymously-collected data to secure higher degrees of data integrity and accuracy, offering respondents, both ATTA Members and non-ATTA Members alike, a “safe” place to share real and raw data. ATTA Industry Snapshots serve as a barometer of the adventure tourism community’s performance, health and outlook, and occasionally, to reflect adventure tourism business’ perspectives on specific issues.

Between 2006 and present day, the ATTA has surveyed its growing global tour operator membership base and amassed more than eight years of data suitable for year-by-year comparisons – available for free to ATTA Members on The HUB’s Research Center. ATTA Industry Snapshot Tour Operators Survey questions have remained largely intact year-to-year, varying only slightly in verbiage with increasing query sophistication between 2006-2013.

Each business in the industry faces slightly different challenges and opportunities, so while the data included is real and valuable, it needs to be viewed in light of each business’ common-sense view of which pieces of data are most applicable and appropriate for action.

Survey Highlights

Geographic Representation Expands

In the eight years between the ATTA’s Adventure Travel Industry Survey 2006 and the ATTA 2013 Industry Snapshot Tour Operator Survey, geographic diversity among reporting tour operators has grown significantly. And, ensuring broad geographic representation in its comprehensive surveys remains a primary aim of the ATTA. While headquartered in the United States, the ATTA in just nine years has grown from an organization with fewer than 20 countries represented in 2005 to more than 93 countries in 2013.

Of particular note, this year’s Industry Snapshot collected responses from companies based in 84 different countries: European participation in the ATTA Industry Snapshot Tour Operator survey has increased from 1.6% in 2006 to 24% in 2013 (and up from 17% in 2012); in Africa, from 4.3% of total respondents in 2006 to more than 12% in 2013; and in South America from 6.4% of total respondents in 2006 to more 12% in 2013. Similarly, country representation at ATTA’s annual Adventure Travel World Summit (ATWS) has climbed from 13 countries participating in the 2005 ATWS to more than 60 countries in 2012.

Survey Highlights

Revenue, Margins & Staff

All currency listed in US Dollars

Actual
Gross revenues reported by 425 tour operators continue to increase overall with a shift of 40% reporting revenue over $1M in 2012, compared to 36% in 2011, while 60% reported revenue under $1M in 2012, compared to 64% in 2011. Of the responding companies for fiscal year 2012 compared to 2011, 66% reported increases, 17% reported decreases and 18% were flat. With a sample size of 332 tour operators, the average total gross revenues increased 18.9% in 2012, compared to an increase of 17.3% in 2011. Companies reporting under $1M saw significant revenue gains of over 20% in 2012, while companies in the $1M-$5M gained an average 16%.

Average global net profit margins continue to increase year-over-year with 2012 reporting the highest since 2009 at 14.7%. Previous net profit margin averages as reported in recent ATTA Industry Snapshot Tour Operator reports are 13.9% in 2011, 12.4% in 2010 and 10.7% in 2009. Companies reporting revenue between $1-5M reported the lowest net profit margin at 11.4%.

Projections
Positive perspectives prevail among tour operators, with an average revenue outlook for 2013 expected to be up 24%. In comparison last year tour operators predicted a 20% increase in revenue.

Regarding respondents' ability to forecast future revenues: the outlook for 2012 was 1.4 points too high; the outlook for 2011 was 8.7 points too high; and the outlook for 2010 was 1.7 points too low. 71% of the 415 tour operator respondents anticipate increased revenues for year-end 2013, 8% expect a drop in revenue, while 21% expect revenues to remain flat.

Interestingly, of the 382 responding tour operators, the average global net profit margin is projected to increase by 21% in 2013 making 2013's average global net profit margin projection to be 18%. Companies reporting over $5M were most conservative in their projections coming in at a 16% increase while companies reporting less than $250K projected net profit margin growth at 30%. The two most influential factors in tour operators net profit projection for 2013 were: new customers; and, new products while controlling costs. There is little indication that operators are concerned with oil and gas prices, less repeat business, less or flat product offerings while controlling costs, or increased overhead affecting profit margins.

More than half of the tour operator respondents indicate that bookings were up over the same period in the prior year.

Staff

Staffing increased significantly in 2012 to 43.7 full-time equivalent (FTE) staff according to the 2013 Snapshot, while in 2012 there was an average of 33.8 FTE. In 2012, large companies ($1M+) added the most employees to Sales; small and medium companies added the most employees to Operations.

Survey Highlights

Product Observations

An average of 6,579 clients have been served annually among the 560 tour operator responses recorded. Companies reporting gross revenues over $5M averaged 19,119 clients and those reporting revenues under $250K reported an average of 1,023 clients.

In the 2013 survey the global average trip length reported was 8.8 days. For comparison, adventure tour operators in the 2006 survey reported an average trip length was 7.9 days, while among the 295 respondents in 2012 reported the average trip length in 2011 was 8.6. North America based operators reported the highest average at 9.5 days while South America based operators reported the lowest at 7.5 days. This shows that tours booked through North American-based adventure travel providers are 7% longer than those booked with European tour providers, and 27% longer than those booked with South American providers.

The average global trip price in 2012 was $308 per day, including lodging but excluding airfares.

Small and medium companies increased itineraries in 2013, while companies in the $1M-$5M revenue range consolidated their trip offerings by 20.5%, reporting an average of 93.5 itineraries in 2013 versus 117.7 in 2012. Companies over $5M were flat. The average number of itineraries reported in 2013 was 74.7 an increase over itineraries offered in 2012 by 3.8%.

Over the last several years the number of itineraries has steadily increased and we continue to surmise that customers' increased interest in customized and self-guided tours, as well as the increasingly competitive environment, is driving tour operators to expand their offerings to include a greater variety of unique trips. Trends we observe: the proliferation of adventure trips that include 'new' activities such as visiting local farms and exploring culinary traditions in more depth; participating and experiencing local arts and music in new ways; and engaging in previously limited opportunities for volunteer tourism and other activities unique to indigenous communities.

Traveler Observations

No significant changes in traveler demographics caught our eye, though tour operators reported some geographic shifts in destination interests. Operators are reporting for 2013 an increased traveler interest in Scandinavia, South Africa, India/ South Asia, Central America, Arctic and West Africa while not surprisingly the Middle East and Northern Africa continued to see a decrease in interest. The dramatic rise in interest in Scandinavia we attribute to the larger number of respondents from Europe.

Source markets for adventure travelers reflect a notable shift with an increase of 3% from South America and Africa while there was a decrease in 3% from North America and a decrease of 1% from Europe which was less dramatic than the 4.2% decrease in the prior years reporting.

Additionally, we asked for the top activities travelers are booking in 2013. Tour operators reported back that trekking, cycling, kayaking, biking, rafting, cultural, wildlife, and safaris are requested at a higher rate.

Survey Highlights

In addition tour operators were asked what overall activity types were of interest to travelers in 2013 — soft adventures, custom itineraries and activity-based adventures again topped the list for another year. As an indicator of industry growth, overall interest in all activity types grew. Long-haul/overseas travel gained significant interest while "Green" travel, shorter duration and volunteering within travel grew, but less drastically, in interest (see page 26). The increase in long-haul travel may be attributable to a strengthening in the U.S. economy and stabilization of the economy in the U.K.

Marketing

The 2013 Snapshot asked tour operator members what positive or negative changes they made to their marketing budgets. This year we included Storytelling (video, photography, blogs) as a category since we have heard anecdotally from many members that they are spending more money in this area. Tour operators are increasing spending on Storytelling (16.6%), Search Engine Optimization (15.9%), Social Outreach (15.4%) and Email campaigns (12.6%). Email campaign spending was up 3% from last year where channels such as Print Advertising and Direct Mail continue to be essentially flat in regards to change in marketing budgets.

Economic Impact of Adventure Tourism

Based on a growing body of research about the importance of the outdoor recreation and travel to local economies, the ATTA decided to include for the second year in a row a question about how much of every dollar is left in a destination when adventure/ecotourism trips are taken.

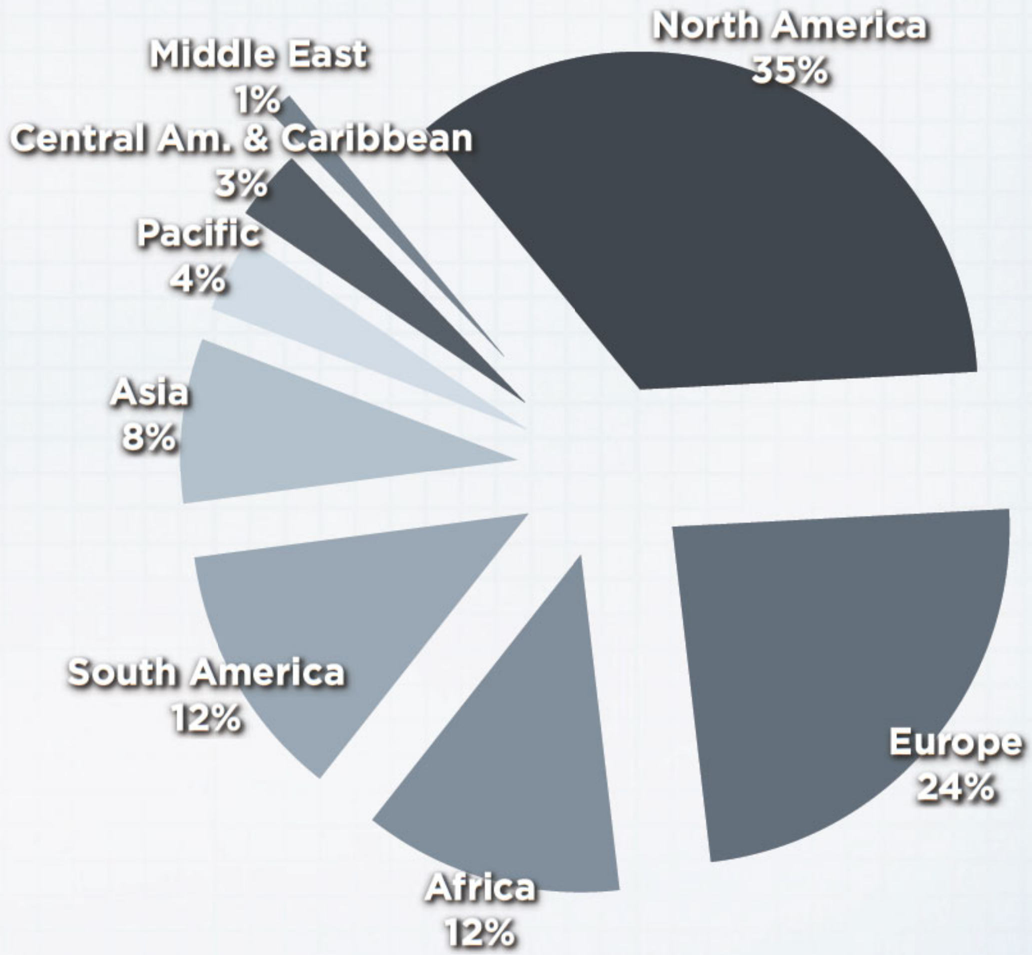
"Please estimate the percent of the total tour costs, spent by a client, which remains in the host destination (e.g., monies paid to in-country guide, locally-owned hotels, gratuities, park entrance fees, etc.)"

374 tour operators responding to this query indicated that, on average, 65.6% of every dollar from tour costs remains within the host destination.

Conclusion

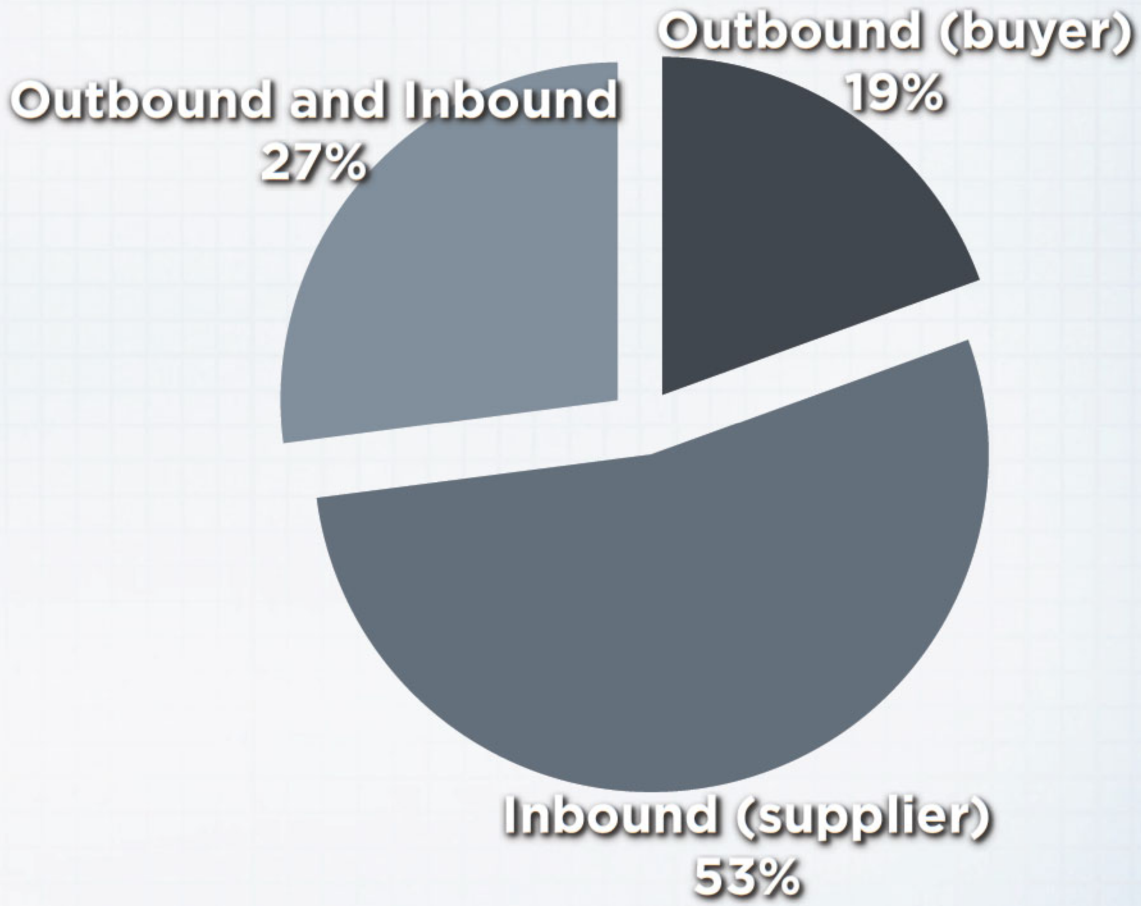
Overall, the adventure industry is growing at a rapid rate with healthy profit margins and solid and increasing gross revenues. We should expect this growth to continue as profitability and professionalism increases and as companies increase their itinerary offerings and staff counts.

Organization Headquarters



* Figures have been rounded to their closest whole number value.

Tour Operation Type



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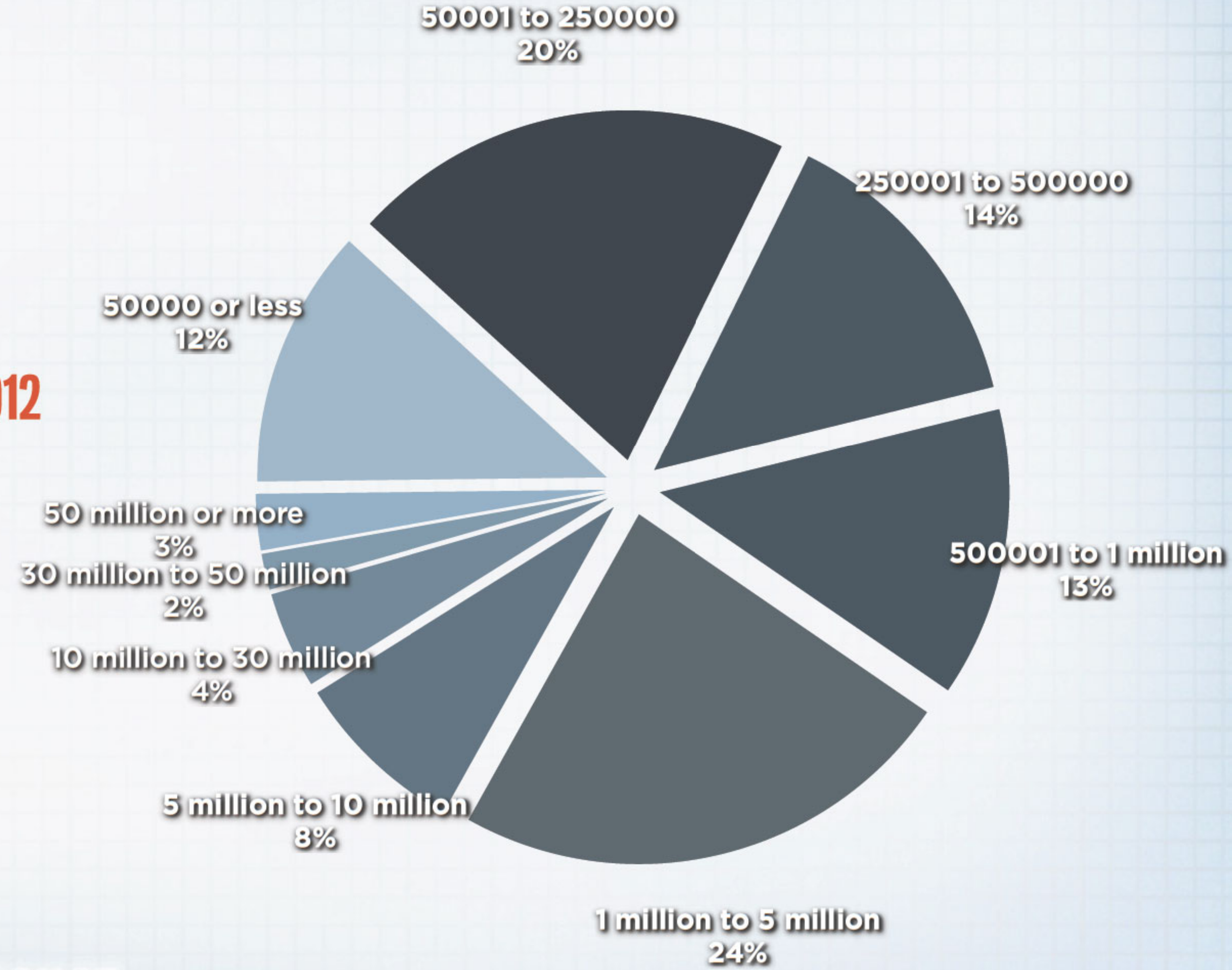
Gross Revenue In 2012

In US Dollars



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Average Customers Per Year

By Company Headquarters

Africa	Asia	Europe	North America	South America
3592	5625	6693	6658	4733

By Company Size In Revenue

$0-250k	$250k - $1M	$1M-$5M	$5M+
1023	2772	4869	19119

GLOBAL AVERAGE

6579

CUSTOMERS PER YEAR

Average Trip Length In Days, By Company Headquarters

Africa	Asia	Europe	North America	South America
8.7	8.8	8.9	9.5	7.5

GLOBAL AVERAGE

8.8

TRIP LENGTH IN DAYS

Staffing In 2012, By Company Headquarters

	Africa	*Asia*	*Europe*	*North America*	*South America*
Full Time	28.2	62.7	36.4	20.5	44.0
Non-Staff Contractors	26.1	45.4	29.6	31.5	30.8

GLOBAL AVERAGE

43.7

F.T. EMPLOYEES IN 2012

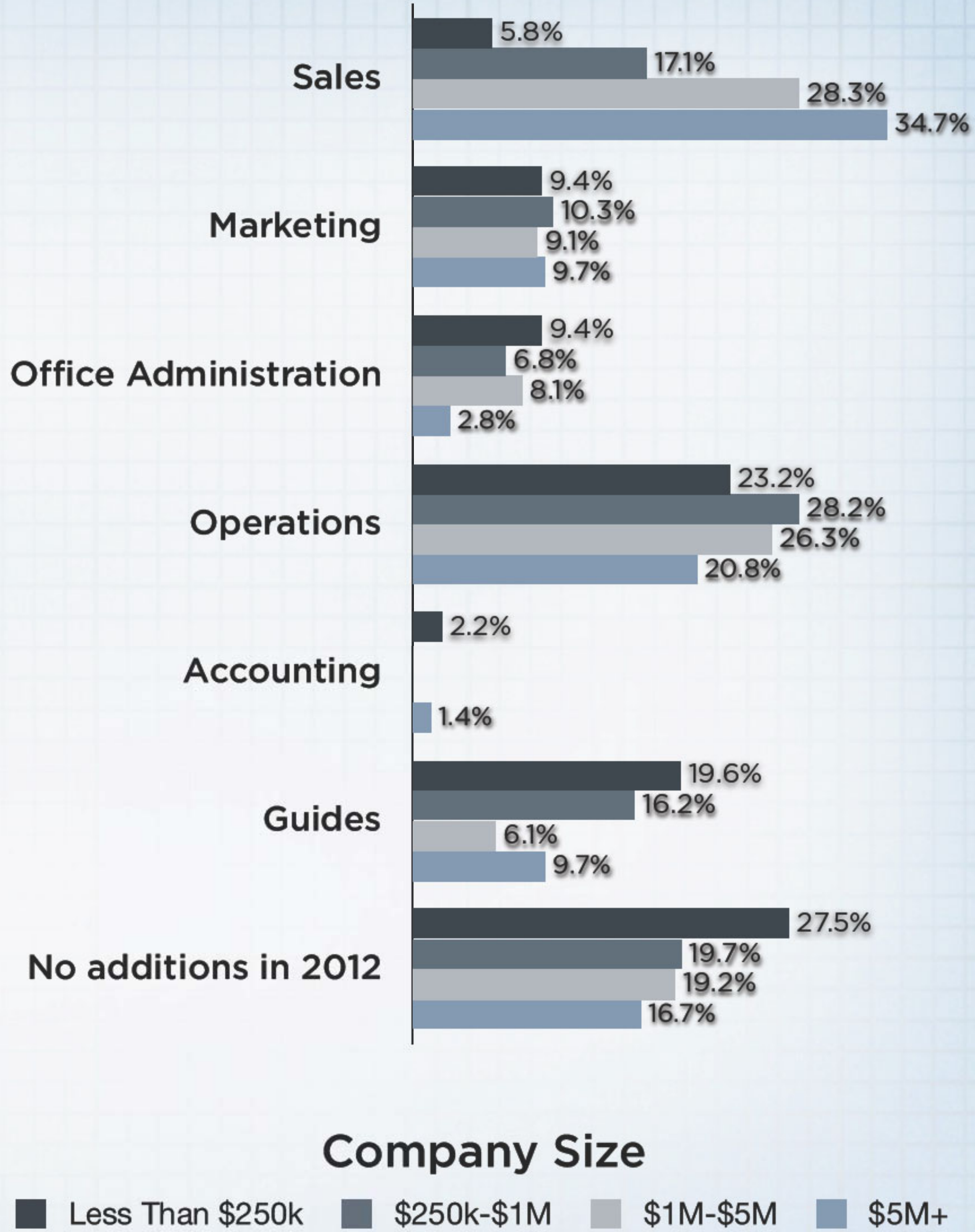
GLOBAL AVERAGE

33.1

CONTRACTORS IN 2012

* Contractors are non-staff, e.g., guides

In What Business Area Did You Add The Most Full-Time Staff In 2012?



Average Per Day Trip Price, By Company Size In Revenue

Prices In US Dollars
Including Lodging But Excluding Airfares

	Less Than $250k	*$250k-$1M*	*$1M-$5M*	*$5M+*
2012 Price	**$246**	**$315**	**$291**	**$410**
% Change Over 2011	7.1%	6.0%	5.0%	6.1%

AVERAGE

$308

PER DAY TRIP PRICE IN 2012

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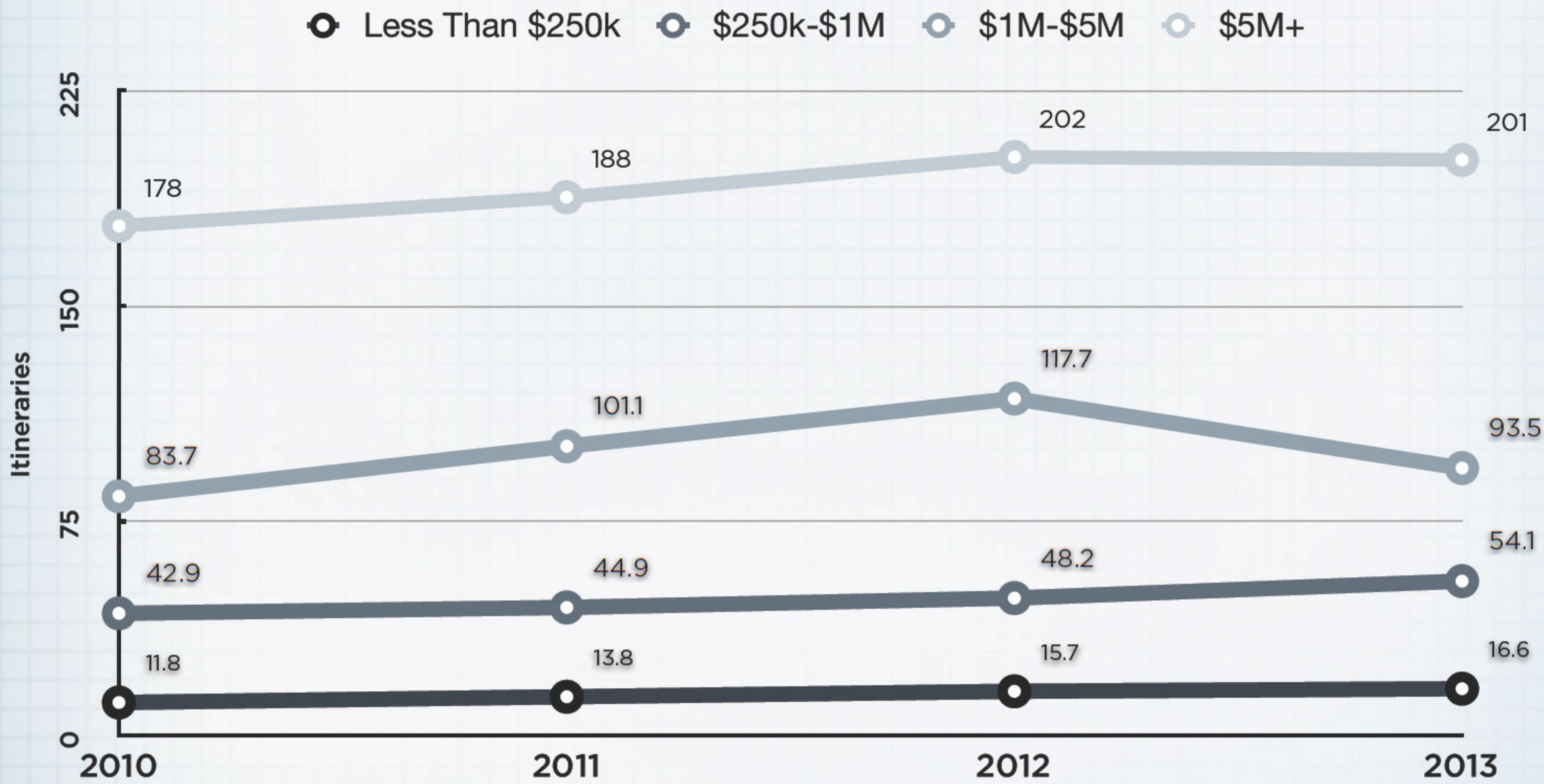
2013

Number Of Distinct Itineraries, By Company Size In Revenue



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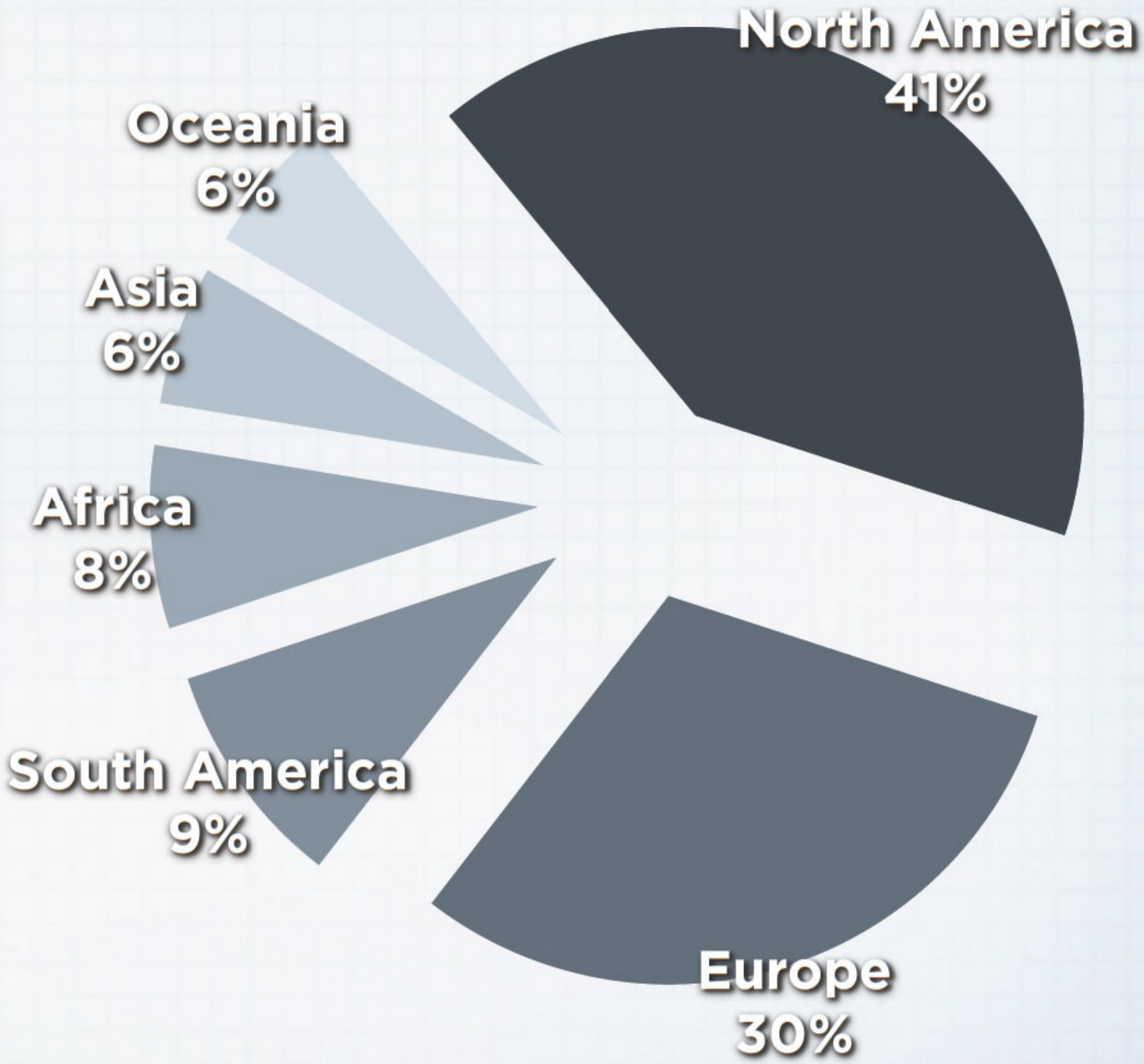
Source Of Bookings In 2012



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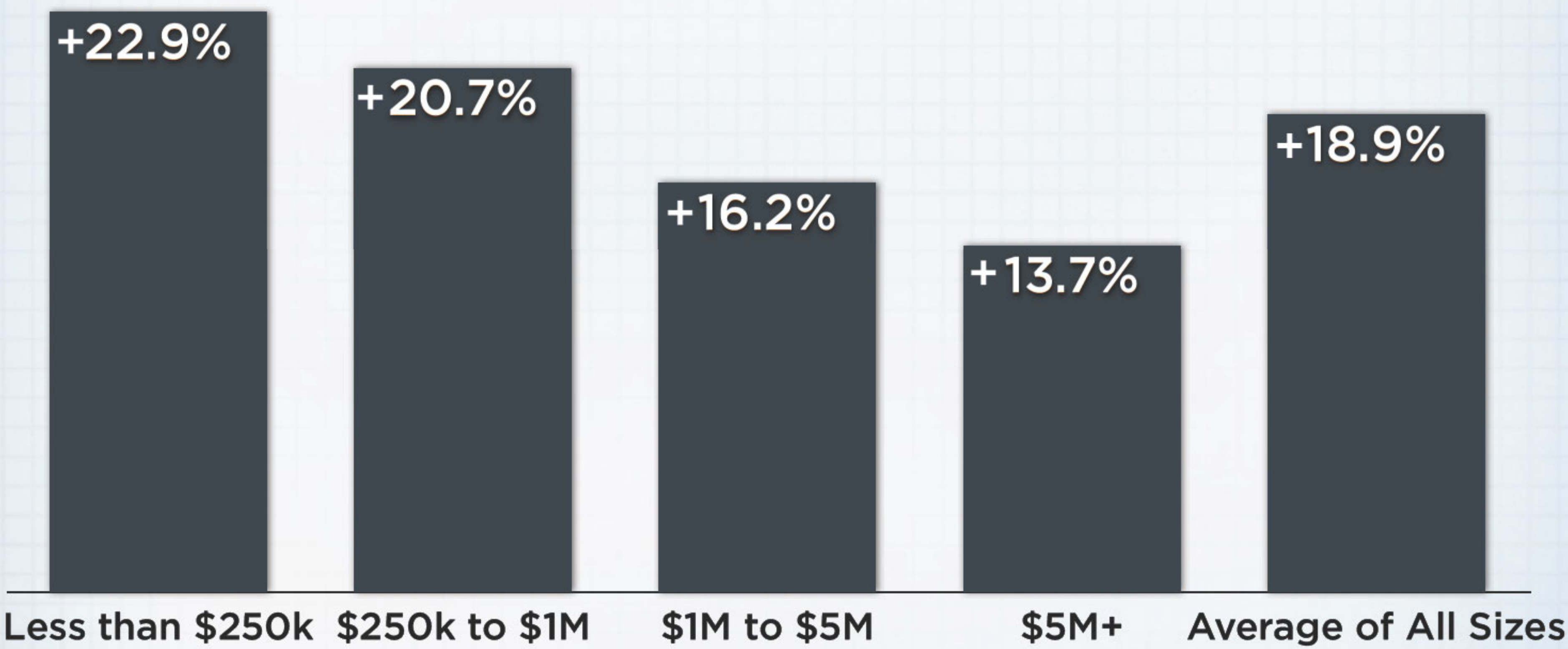
Total Gross Revenue Changes For 2012, By Company Size In Revenue



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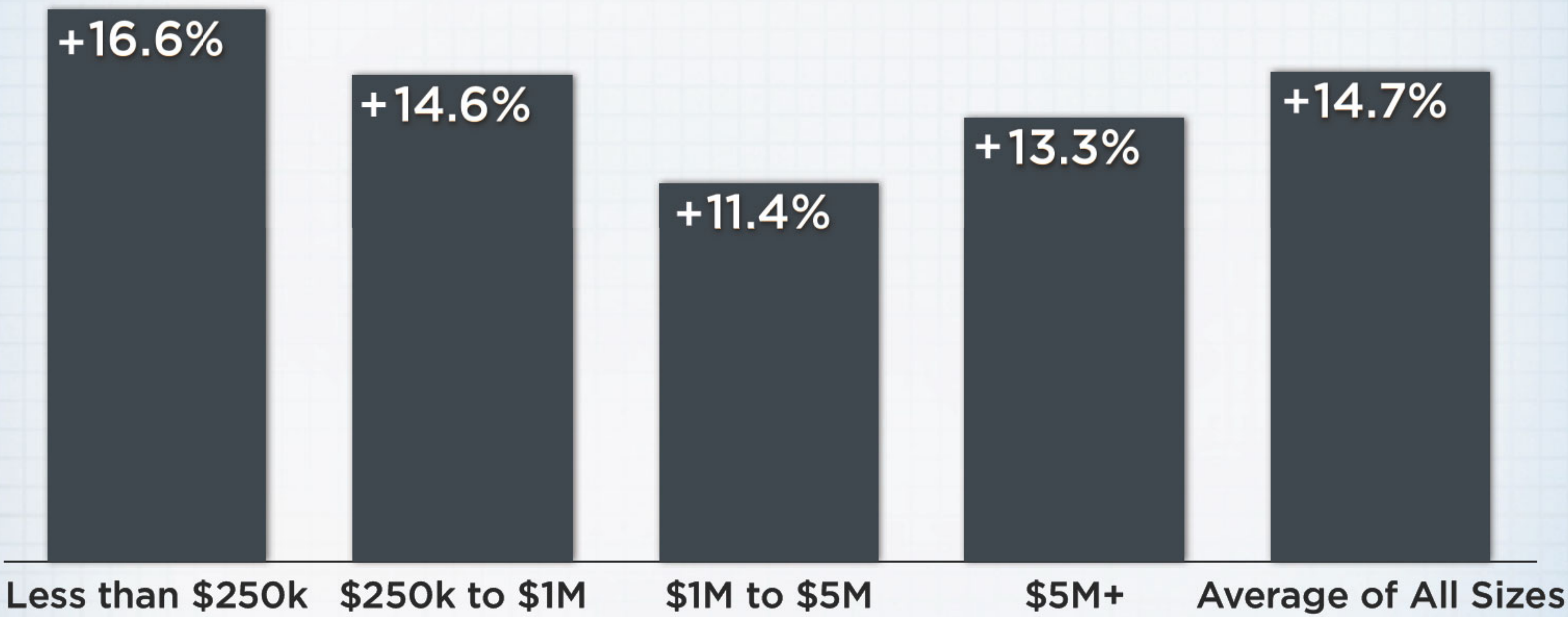
Net Profit Margin In 2012, By Company Size In Revenue



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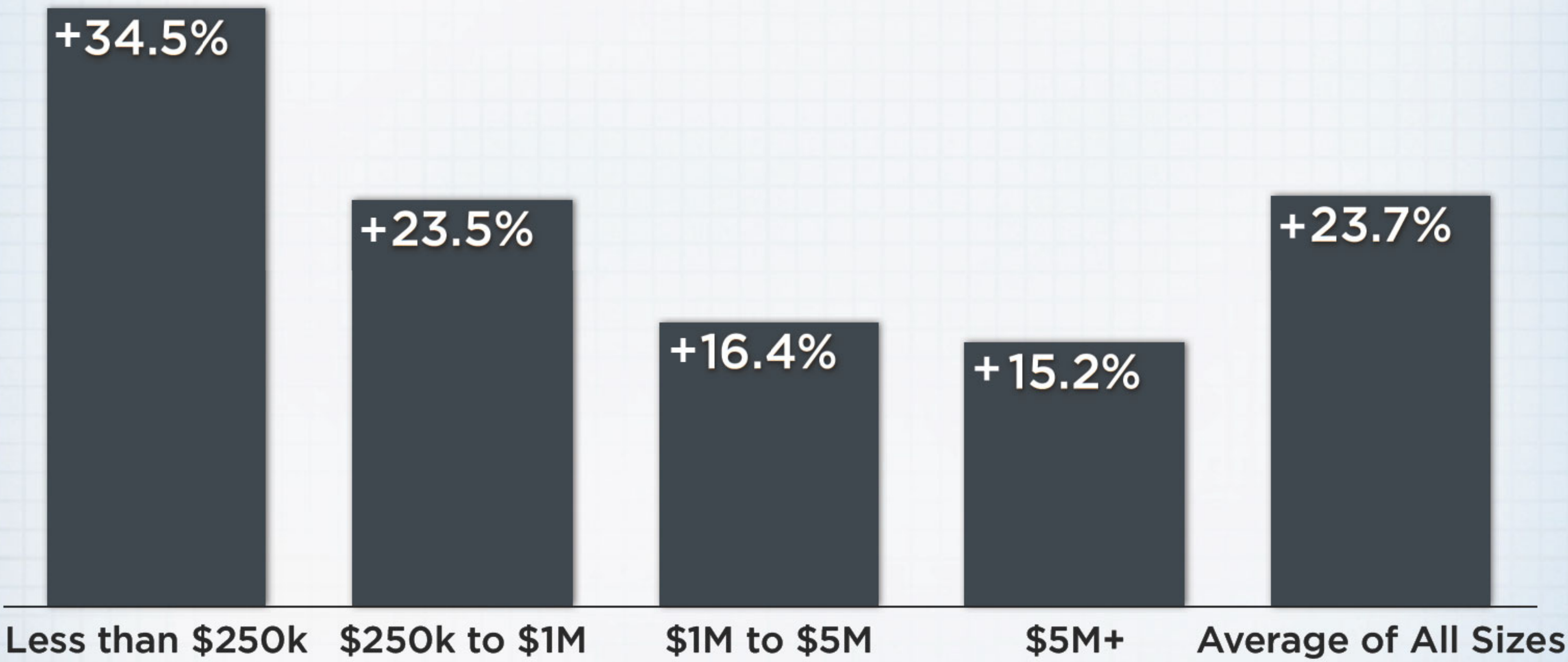
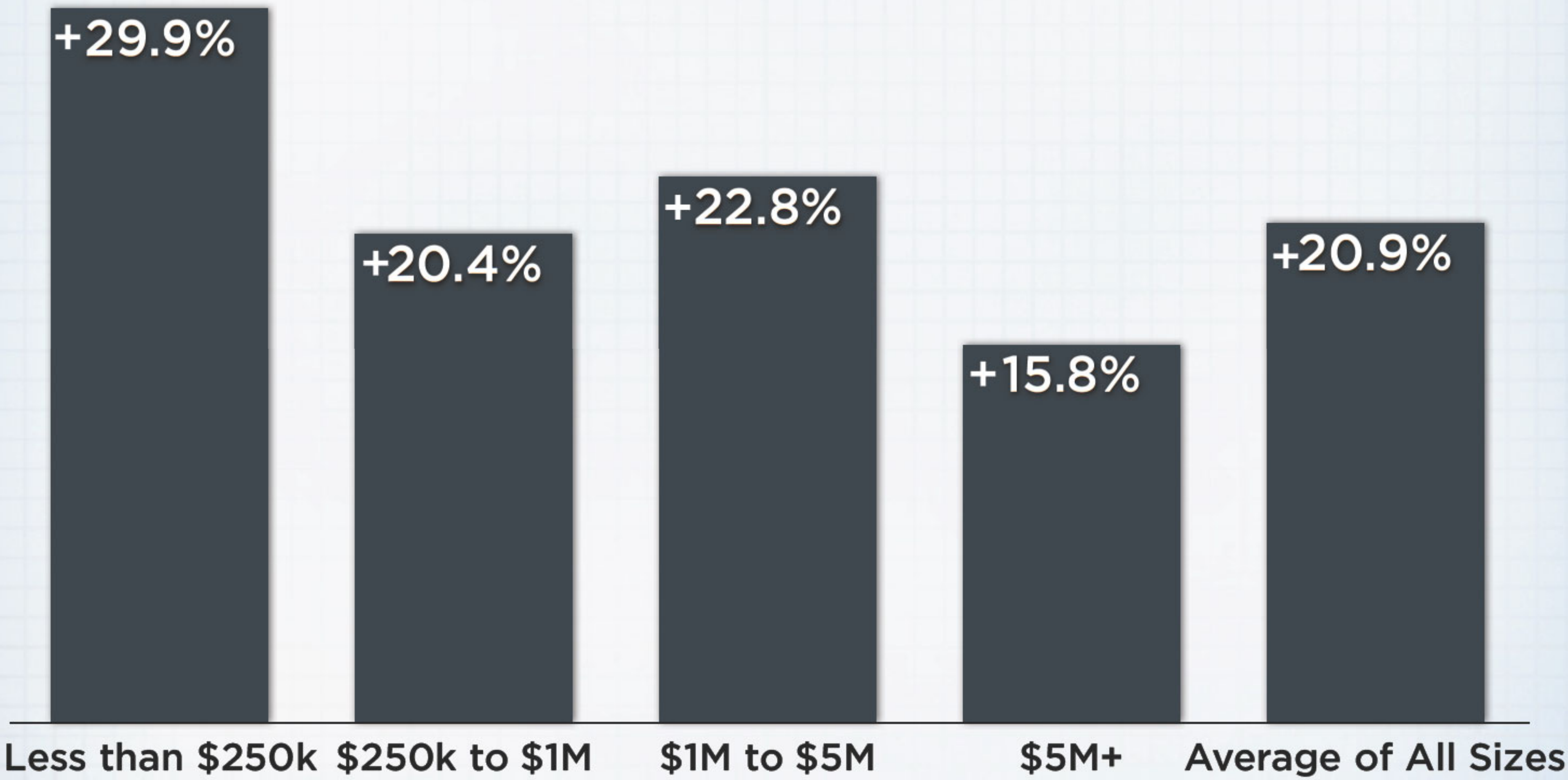
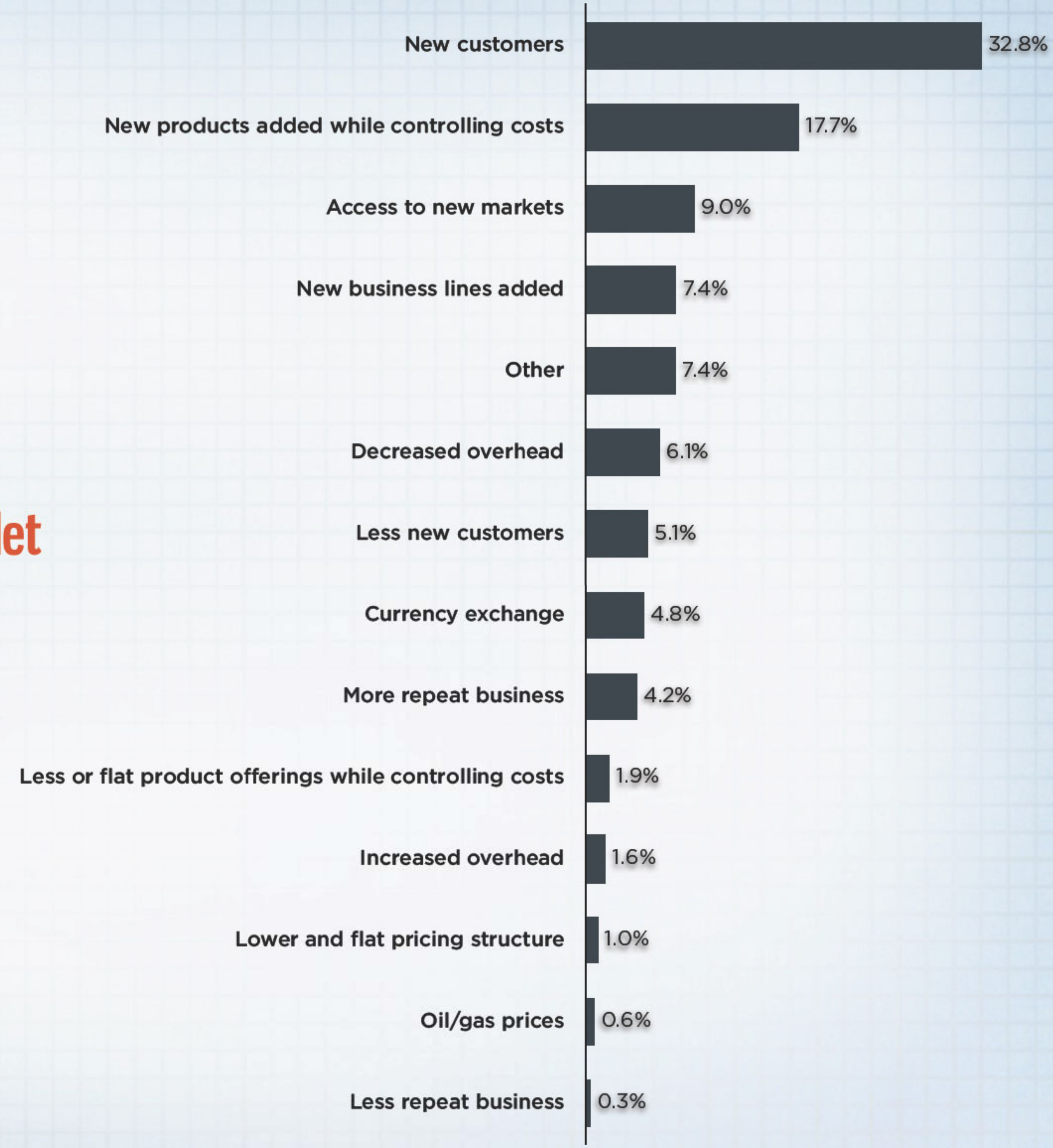
Outlook On Total Gross Revenue Change In 2013, By Company Size In Revenue



Outlook On Changes To Net Profit In 2013, By Company Size In Revenue



What Most Influences Your Net Profit Projection For 2013?



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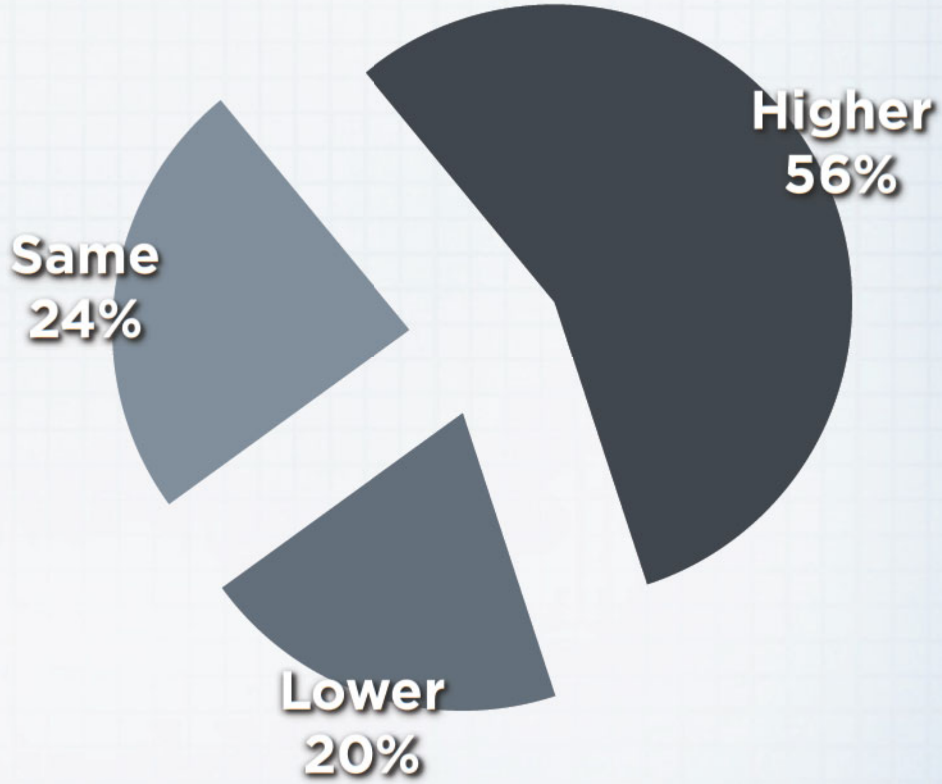
How Do Reservations In The Period From November 2012 Through February 2013 Compare To The Same Period Last Year?



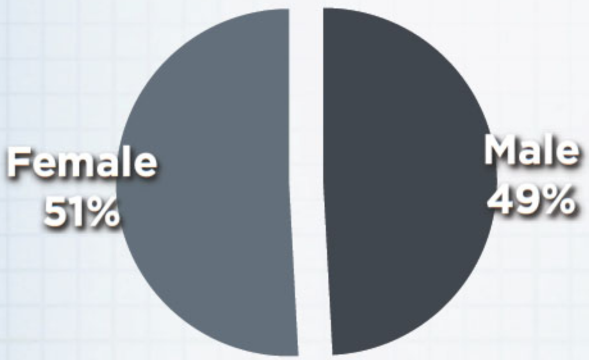
Please Estimate The Percent Of The Total Tour Costs, Spent By A Client, Which Remains In The Host Destination

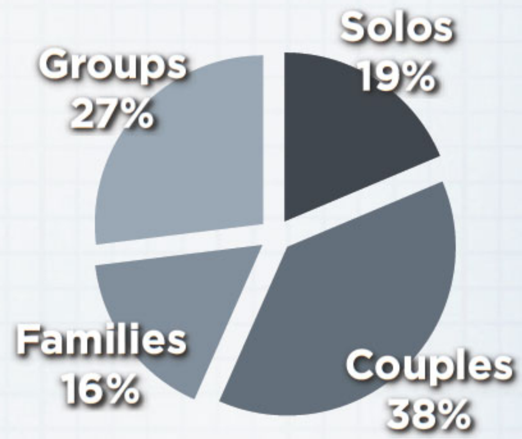
(e.g., Monies Paid To In-country Guide, Locally-owned Hotels, Gratuities, Park Entrance Fees Etc.)

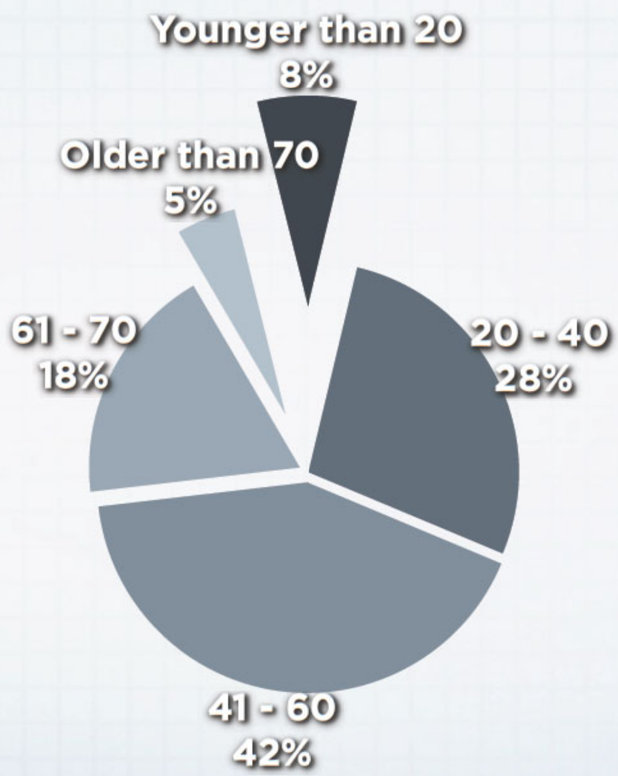
Average Tour Costs Remaining in Host Destination

65.6%

Customer Demographics







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Average Customer Age In Years, By Company Headquarters

Africa	Asia	Europe	North America	South America
46.4	45.7	45.9	47.5	46.4

Regions Of Changing Customer Interest

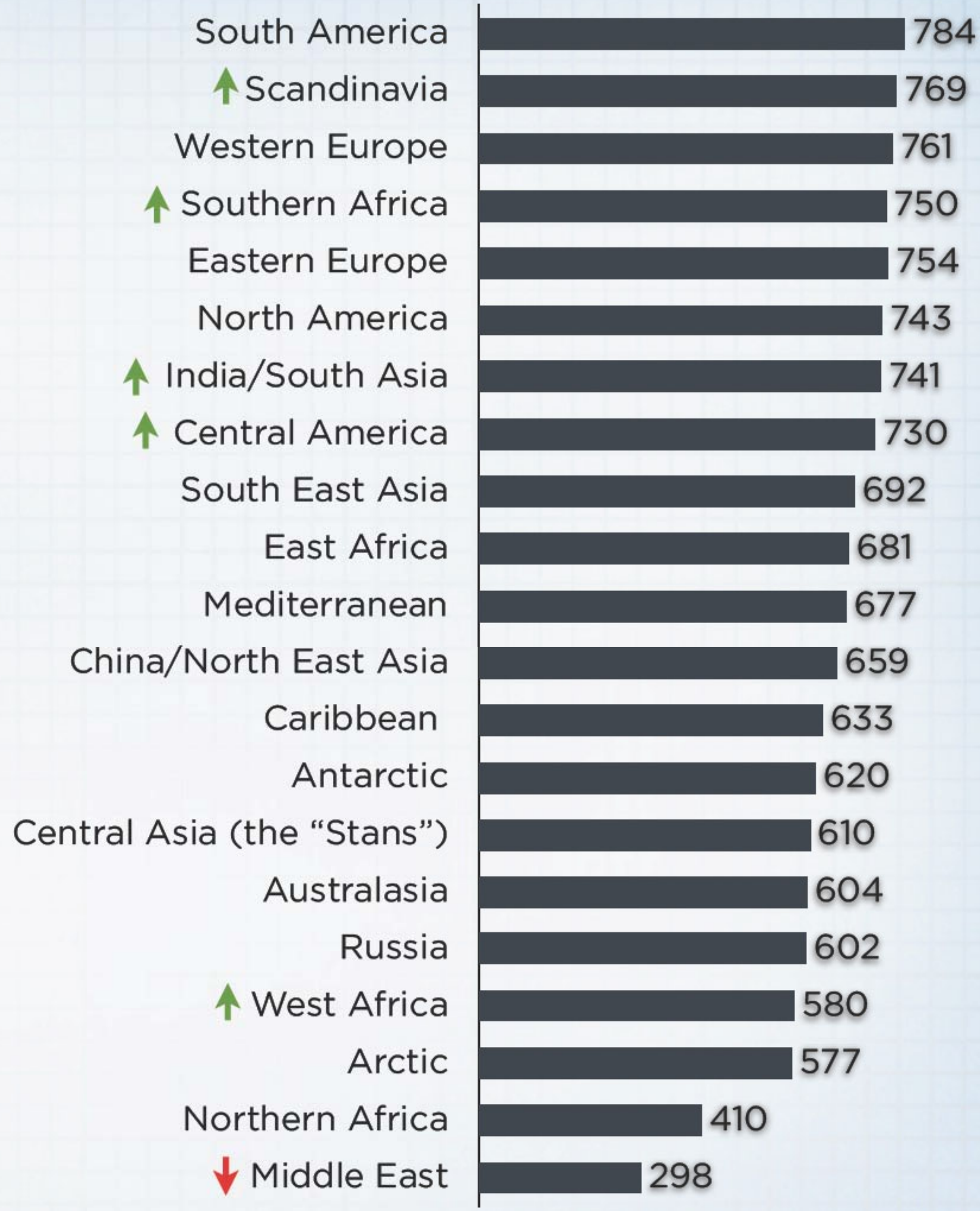
2013 vs. 2012

Higher scores correspond with increased customer interest in region

Index Key
100% Increase in Interest = 1,000
No Change = 500
100% Decrease in Interest = 0

Significant divergences from the 2012 Snapshot shown with a green or red arrow.

'Not Applicable' responses were not tabulated in this chart



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Changing Customer Interest In Activities

2013 vs. 2012

Higher scores correspond with increased customer interest in activity

Index Key
100% Increase in Interest = 1,000
No Change = 500
100% Decrease in Interest = 0

Significant divergences from the 2012 Snapshot shown with a green or red arrow.

'Not Applicable' responses were not tabulated in this chart

Top Activities Travelers Are Booking In 2013

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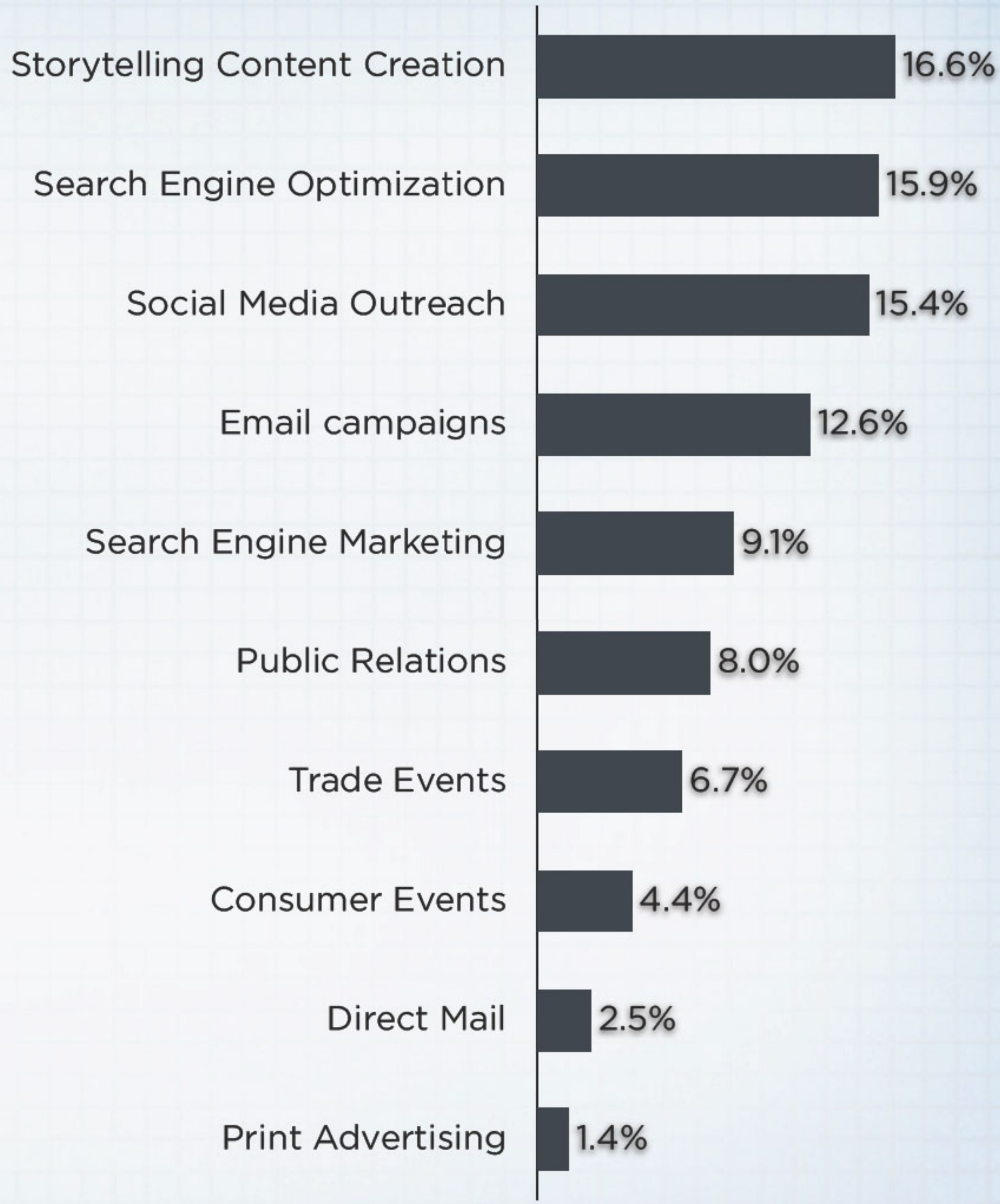
* The size of the word relates to how frequent respondents used it in reporting activity popularity.

Changes To The Marketing Budget In 2013



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Established in 1990, the Adventure Travel Trade Association (ATTA) serves nearly 900 members in 80 countries worldwide. Members predominantly include tour operators, tourism boards, specialty agents and accommodations with a vested interest in the sustainable development of adventure tourism. The ATTA delivers solutions and connections that propel members towards their business goals and the industry toward a responsible and profitable future. Through its regional AdventureConnect events and annual Adventure Travel World Summit trade conference, the ATTA excels in professional learning, networking and partnering services. With expertise in research, education, adventure travel industry news and promotion, members of the ATTA receive competitive opportunities that help establish them as leaders in adventure tourism.

The ATTA's Web Properties

ADVENTURE TRAVEL TRADE ASSOCIATION www.adventuretravel.biz

The ATTA's homepage online at www.adventuretravel.biz

AdventureTravelNews™

The adventure travel industry's source of trade news online at www.adventuretravelnews.com

www.adventure.travel
inside the outside

The traveler's guide to finding adventure at www.adventure.travel

ADVENTURE TRAVEL WORLD SUMMIT

The annual trade-only industry conference. Learn more online at www.adventuretravel.biz/summit

the HUB

The HUB is ATTA's Online Members Community at http://members.adventuretravel.biz