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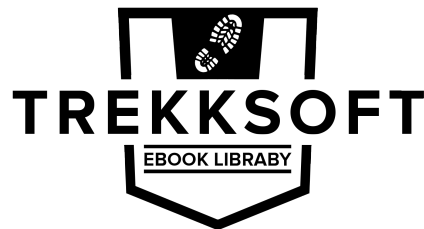
The tours and activities
distribution landscape of
today

INDUSTRY RESEARCH

The tours and activities distribution landscape of today

by Lucy Fuggle and Nicole Kow

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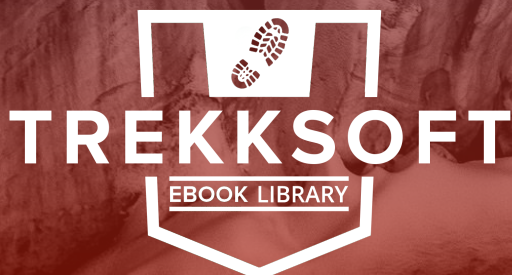
TREKK SOFT



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About the study

In September 2016, TrekkSoft conducted a global survey of tour and activity companies to analyse their distribution use and habits.

We received responses from **213 companies** around the globe, and conducted the survey in 4 languages - English (64%), Spanish (26%), German (5%) and Portuguese (4%).

These companies are from **more than 8 sectors** in the tourism industry, including outdoor activities (29%), multi-day tours (25%), walking and bike tours (14%), DMCs (6%), boat tours and cruises (5%), coach tours (5%), helicopter and hot air balloon tours (7%), and other uncategorised sectors (15%).

Companies who responded to our survey secured an average of 3325 bookings per year, usually receiving 6 passengers per booking.



What is a distribution network?

The various channels/partners via which a company sells and re-sells their products. Usually made up of a mix of online and offline and direct, agent, and reseller channels.



Introduction

The distribution landscape is continually changing for tourism providers, as consumers continue to push the industry further online and towards mobile. At TrekkSoft we wanted to dive into the workings of a successful distribution network and, above all, find out how to help you grow your business.

In this research, we ask: **What is the distribution model of the modern tour and activity operator? How many rely on their websites to bring in bookings? Is this move towards the online world helping tourism businesses grow?**

As we expected, the results show that selling online does improve a business. But to what extent?

In this report, we'd like to share with you our findings (which we hope you'll find as interesting as we have). We uncover common trends, some surprises, and a few dilemmas faced by tour and activity operators around the world. For each of our findings, we include practical tips to help you make the most of them.

Finally, we want to thank the two hundred and thirteen people who contributed to our study, all the way from Limerick to Honolulu to Jerusalem to Abu Dhabi to New York. Your insights impact not only this research, but also TrekkSoft's blog, ebooks, and events. All of which are moving the industry forwards, with you right next to us.

Enjoy the statistics and insights!



CHAPTER 1

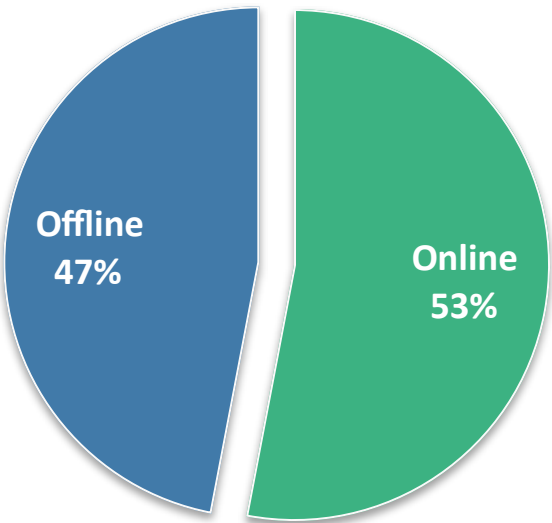
Overall findings of our study



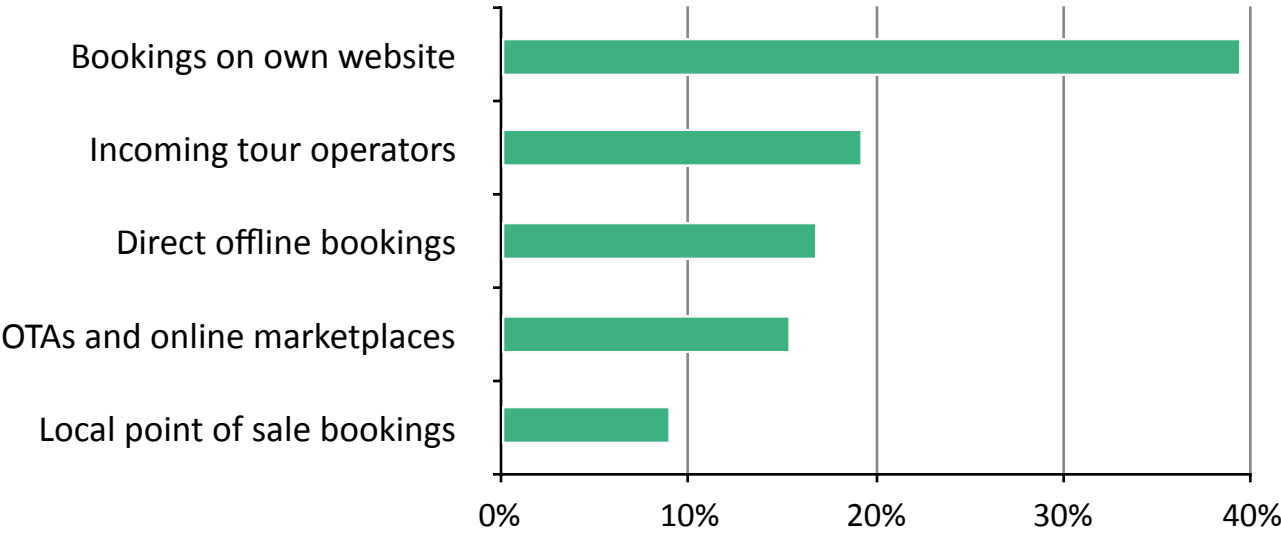
Most suppliers have a distribution network that’s balanced slightly in favour of online channels

What is your balance between offline and online bookings?

As today's customers are online, you need to be there too.



What would you rank as most important to your business?





Direct online booking is the most important distribution channel for the modern tour and activity company

As expected, direct bookings on a supplier's own website are ranked as most important. This is closely followed by incoming tour operators, direct offline bookings, and online resellers (OTAs and tour & activity marketplaces).

It's interesting to note that direct offline bookings are ranked third. While offline marketing tactics are still valuable, most companies now **understand the importance of being online.**



"It is on direct online channels that companies are able to optimize margin and pricing. There are no commission requirements and they can keep 100% control over their customer, brand and reviews. This is why TrekkSoft encourages companies to optimize the user booking experience on their own websites to ensure the highest customer conversion."



Only 41% of suppliers use OTAs to increase exposure, but 69% of those who do report an increase in bookings

Online Travel Agents (or OTAs) are cited as the most popular online distribution channel used by global tour and activity companies. These platforms, such as Viator, Expedia, and GetYourGuide, allow customers to research and book their ideal getaways independently online.

Companies are working with an average of 4 OTAs



Companies who use OTAs

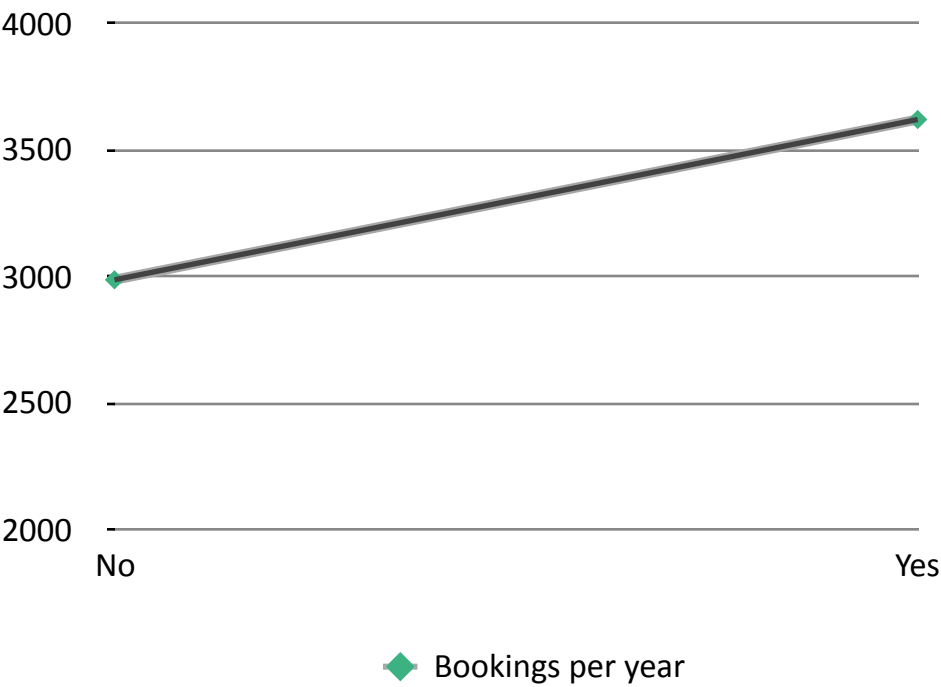


Companies not using OTAs





Companies using OTAs receive on average **20%** more bookings per year than companies who don't



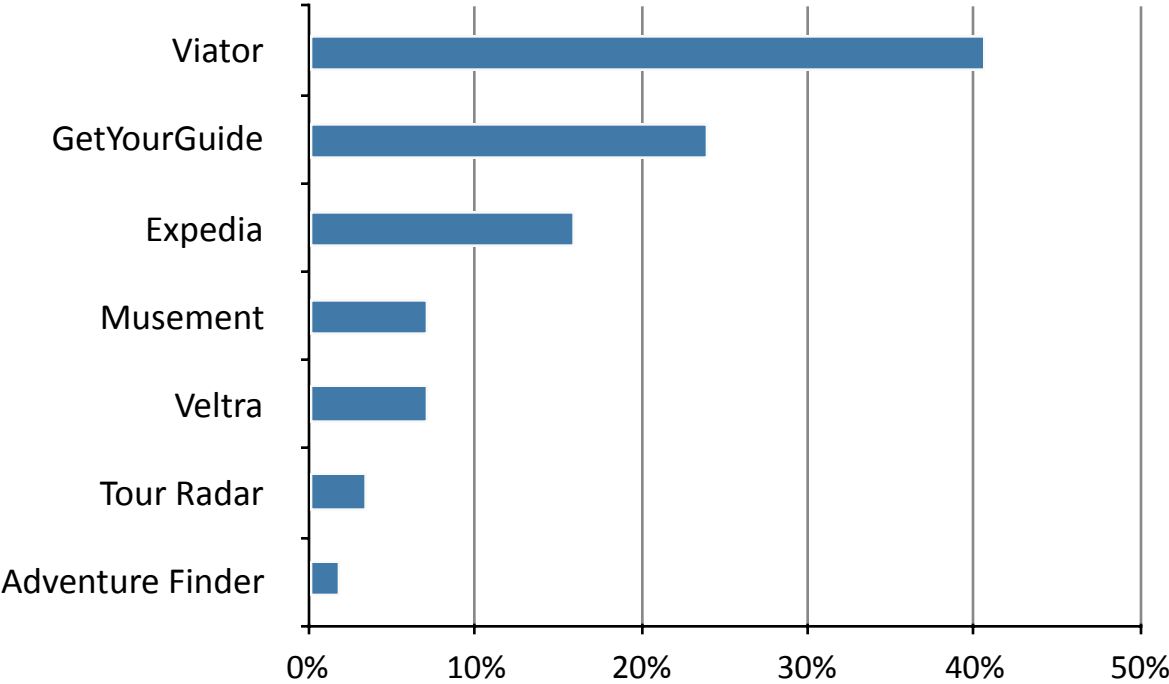
How long have you been using OTAs?

More than 4 years	21%
2 - 4 years	21%
Less than a year	25%
1 - 2 years	33%



Viator ranks as the number one most-used OTA

The top OTA of choice, which shouldn't come as a surprise, is Viator. 41% of businesses choose to distribute their tours through Viator, followed by GetYourGuide (24%), Expedia (16%), Musement and Veltra (both 7%).



Note: As TourRadar and Adventure Radar specialise in multi-day tours, they should be considered separately from other OTAs cited.



“It's worth noting that, when it comes to tours and activities, Viator is one of the oldest and more experienced OTAs. Expedia, although only recently making tours and activities a priority with their Expedia Local Expert program, is leveraging their overall customer base and growing quickly”.



Commission remains a barrier to OTA use, even if it's worth it for the exposure and extra bookings that an OTA brings

71%

Of the businesses who work with OTAs believe that the commission is fair based on the results OTAs bring.
Yet...

80%

of all respondents are only willing to work with an OTA if they charge less than 15% commission.

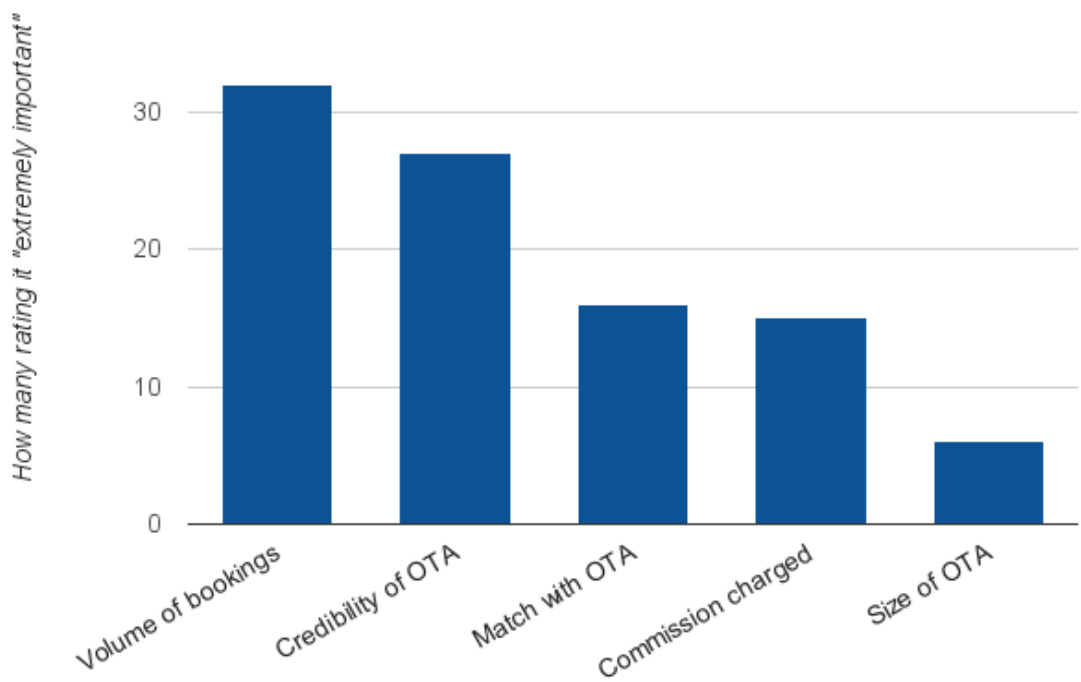


"The general consensus is that OTAs earn their commission by offering extended reach and visibility to a wider customer base. But tour and activity providers have a max pain threshold of 15% commission that they are comfortable paying. In contrast to hotels or airlines with high fixed costs, most tour and activity companies have high variable costs and thus are less able to afford high commission rates."



What do businesses look for when choosing an OTA?

Based on our study, **companies value the volume of bookings delivered by an OTA** more than the OTA’s reputation, customer base or commission charged. We can assume that if an OTA delivers a high volume of bookings, the companies are willing to pay more and/or accept guests that are not necessarily a typical fit for their product.



“It will be interesting to see how attitudes towards OTAs develop. If the volume of bookings delivered by an OTA rises to the majority of a company’s passenger base, will they still be willing and able to pay higher commission rates?”



81% of companies aren't using a channel manager, but would likely benefit from one



What is a channel manager?

A channel manager allows businesses to manage multiple distribution channels (OTAs or other online marketplaces) from a single interface.

What are the benefits?

Coupled with a live booking system, a channel manager can update your availability in real time whenever a booking is made. This reduces admin, prevents human error, and removes the risk of overbooking.

Rather than dividing up your inventory such that 50 bookings go to one OTA and 25 bookings go to another OTA, with a channel manager each spot on your tours or activities are promoted on the range of OTAs simultaneously. This multiplies the opportunity to get booked by a customer.



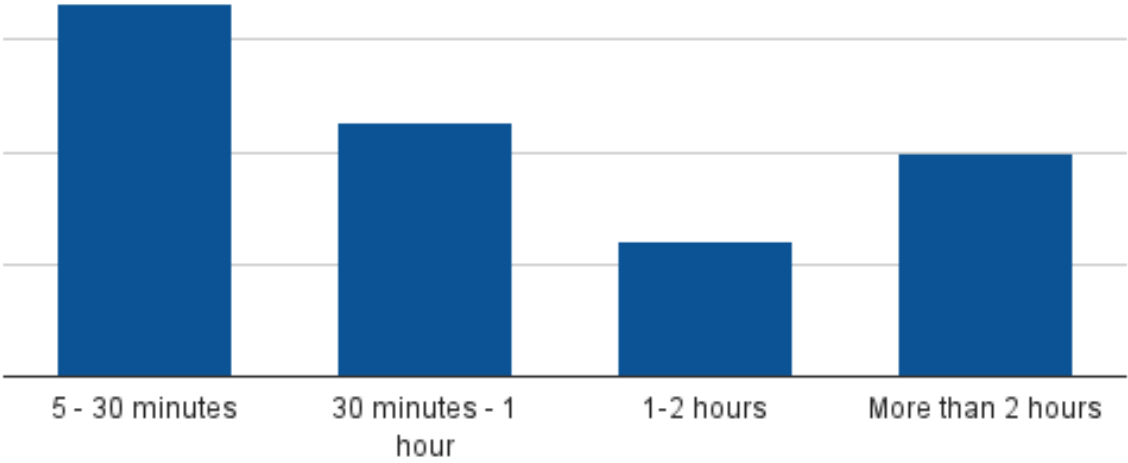
"We are seeing a huge increase in last-minute and in-destination bookings on mobile. Channel managers are the easiest way for suppliers to manage this by enabling real-time sales on multiple platforms. "



Of the suppliers not currently using a channel manager, 60% said they are “not sure” if they are interested in using one.

A majority of business spend no more than an hour managing their bookings via OTAs each week, but a significant amount spend more than two hours per week. A channel manager is the best way to cut down on this admin.

How much time do you spend managing bookings via OTAs in an average week?



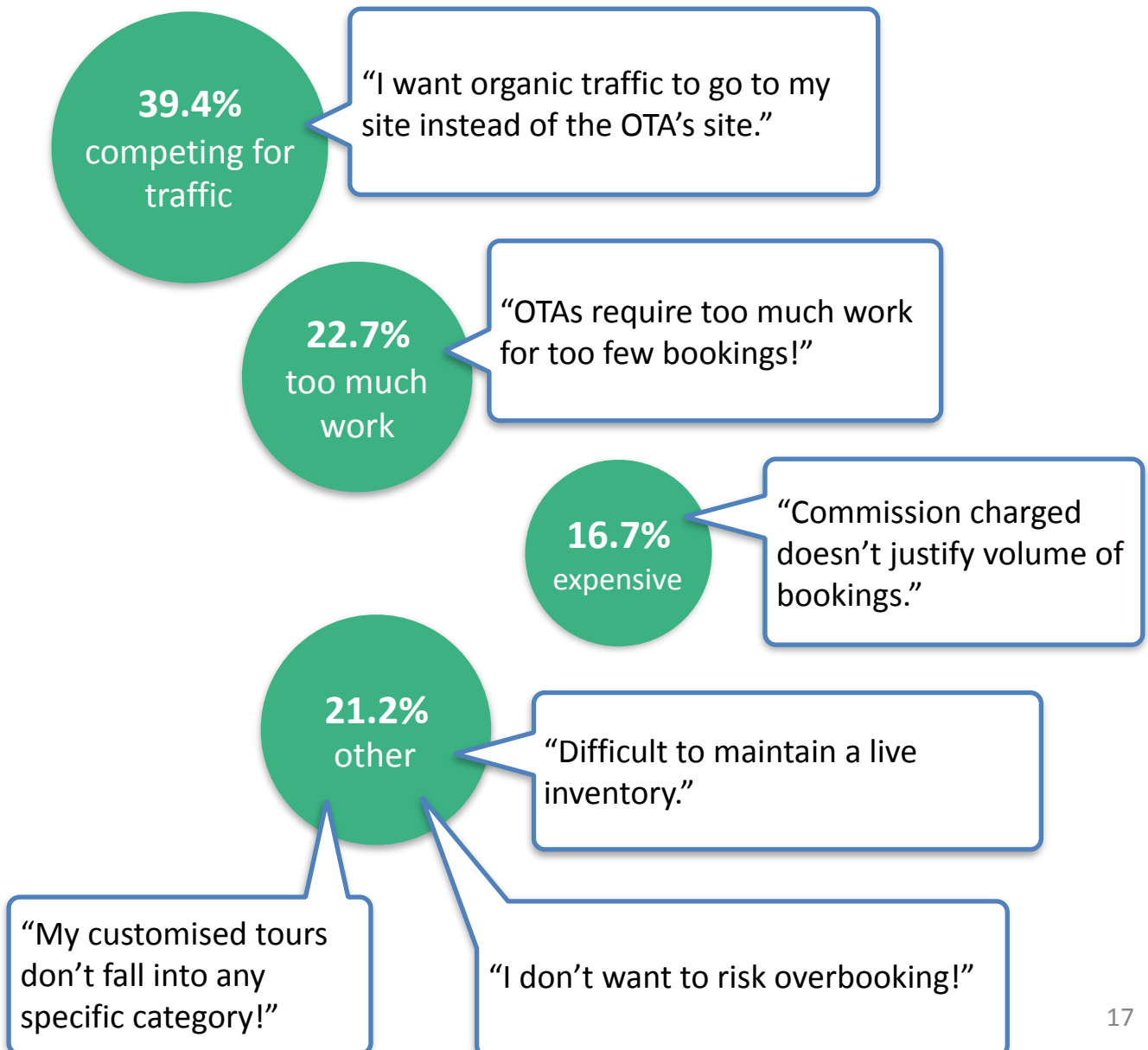
“Channel managers are still quite a young concept for tour and activity companies. We are looking forward to seeing this evolve and continue to impact the industry over the next twelve months.”



The main challenge of online distribution is competing in searches

As with any other aspect of a business, there are pros and cons to decisions regarding distribution and it is up to each business to strike the right balance. For 39% of suppliers we spoke to, their main concern is competing in searches with OTAs and losing organic traffic to their own website.

What's your biggest challenge working with OTAs?





The most common reason for not using OTAs is “I’ve never thought of it”

“I’ve never thought of using OTAs.”
(32%)

“I can’t afford the commission.”
(25%)

“It takes too much time to set up.”
(20%)

“It’s too confusing.”
(17%)

“I get enough bookings already.”
(6%)



“94% of companies not yet selling via OTAs would welcome more bookings from them. A majority of these could benefit from using a channel manager like TrekKSoft to help them get started listing their products on OTAs.”



CHAPTER 2

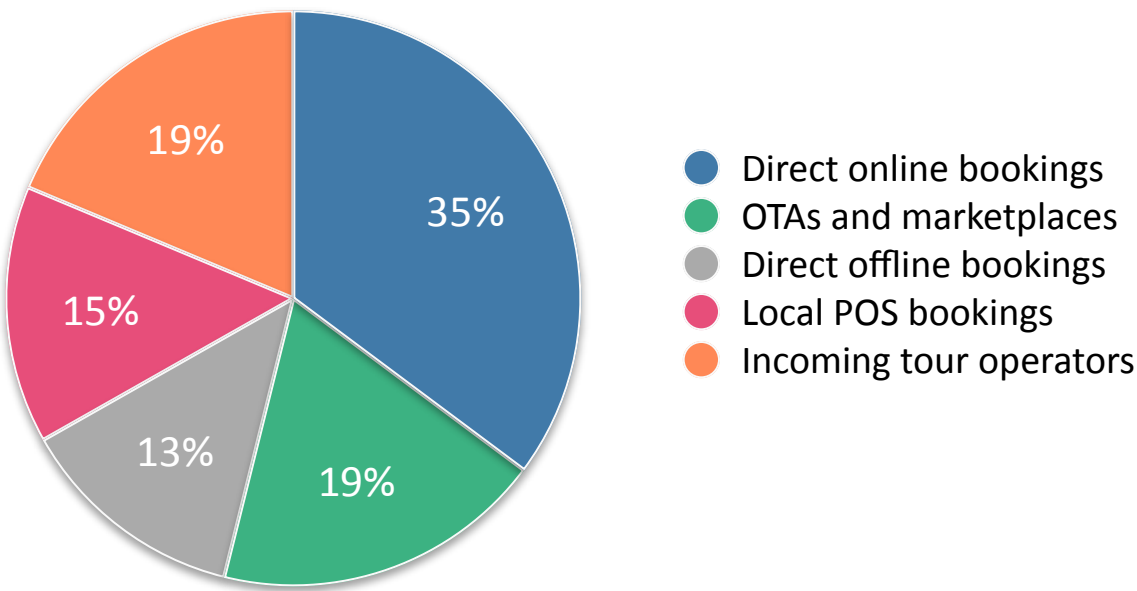
Deep diving into verticals within
the tour and activity sector



Multi-day operators receive 14% more bookings online than offline, most of which are on their own website

We’re pleased to see multi-day tour operators responding to the consumer preference of online and mobile booking, and more are receiving a majority of their bookings online than we expected. It’s worth saying that **there are still relatively few global OTAs for multi-day operators**. TourRadar is the most established, followed by Stride.

As a multi-day operator, what would you rank as most important to your business?



Only 19% of multi-day tour operators use OTAs, but 73% of those who do say that they receive more bookings as a result.

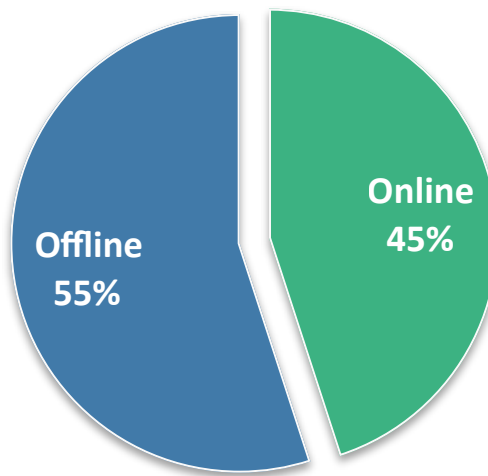
Over 2/3 of multi-day operators who do not use OTAs are hoping to start selling on them in the future.



Outdoor activity suppliers receive approximately 10% more bookings offline than the industry average. But with a rapidly-changing industry, how long can this continue?

Even after removing outliers, offline distribution seems to yield more bookings than online strategies for outdoor activity companies today. Suppliers who are focused on offline strategies (more than 50% offline) receive up to 46% more bookings than those focused on online tactics.

As an outdoor activity provider, what is your balance between online and offline bookings?



Of the 45% of outdoor businesses that are more focused on online than offline strategies, they class direct online bookings via their own websites as most important to their business.

The proportion of online bookings they receive is also almost 10% more than other sectors, suggesting that consumers appreciate the ability to book online.

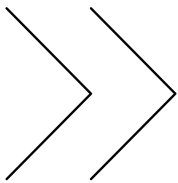
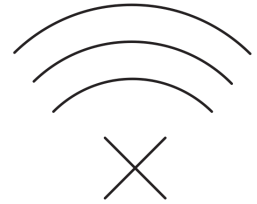
Outdoor activity providers use an average of four OTAs to distribute their tours. They also get results from offline booking methods like direct bookings and local POS bookings.



We looked closer at the outdoor sector to find out why offline tactics remain so effective

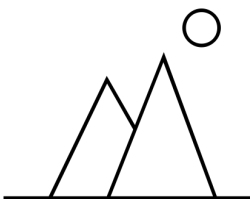
The typical adventure traveller is 37 years old ([Northern Ireland Tourism Toolkit](#)) and likely to travel with a spouse or a small group of friends ([Skift](#)). They will research online and ask friends and family for recommendations ([Adventure Tourism Market Study, 2013](#)), spending an average of 40 hours researching a trip ([Travel Market Report](#)).

Even though a majority of adventure travellers research and book online, many outdoor companies are still not online. Furthermore, in areas with a tonne of outdoor activities, there can still be a lack of stable internet access for both the activity provider and consumer.



Disintermediation might be a factor, where travellers prefer to go directly to a guide or supplier to book their next outdoor adventure. By cutting out the middleman, travellers believe that they are getting a better deal. ([Skift, 2014](#))

Some backpackers and slow travellers don't mind scouting around town, on foot, to look for a supplier they're confident in.



As outdoor activities are so weather-dependent, consumers can be deterred from booking in advance. Companies should be clear about their refund and/or rescheduling policies, and use a feature such as TrekkSoft's pre- and post-trip email/SMS notifications to simplify last-minute communication.

Finally, as many adventure activities include a higher element of risk, consumers are more focused on evaluating companies on aspects such as safety record, equipment, certifications, and guide training. This can lead to more direct communication and thus more offline bookings.



35% of city tour operators rely most on their websites to secure direct online bookings, followed by OTAs and marketplaces

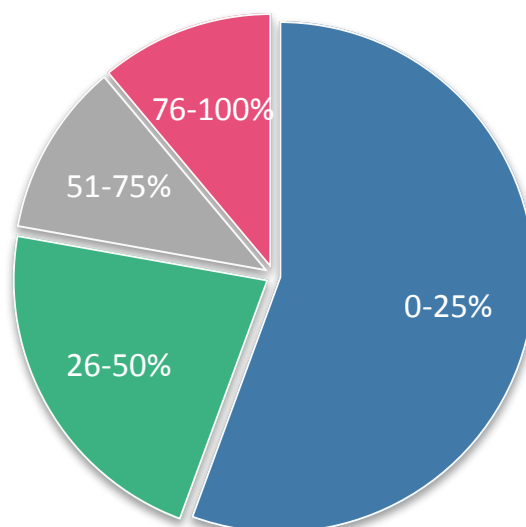
Currently, the 36% of city tour operators working with OTAs tend to work with Viator or GetYourGuide. Of those who work with OTAs, 22% report that OTAs bring in more than half of their overall reservations.

It's worth noting that city tour operators, the early adopters of the OTA distribution opportunity, usually have fewer capacity restrictions, so it's easier for them to work with OTAs without a channel manager.

They also have less overhead and more flexible pricing, making it easier to afford higher commission rates. On top of that, the low price point of such tours makes it suitable for last minute in-destination bookings, meaning that **it is a perfect service to be booked via mobile**.

It's likely that this good fit explains why 89% of city tour operators believe that commission charged by OTAs is fair.

On average, what proportion of your bookings come from OTAs?





CHAPTER 3

Looking to the future of online distribution



72% of respondents said that they plan to use more distribution channels in the coming year, regardless of whether they're already using one or not.

We also expect more and more businesses to go online and adapt their websites for mobile use as this trend continues to grow amongst consumers.



"TrekkSoft sees a big opportunity in voucher redemption and real-time confirmation of bookings as more suppliers adopt better technology. This will result in better user and booking experience for consumers and help increase confidence in booking activities on mobile devices. This should spread into other sectors as well."

Read more: [Growing company, changing distribution strategy: what stage are you at?](#)



Getting started selling your tours on OTAs

Getting started is simple: it starts with doing your research. [Learn about the different OTAs on the market](#) and identify those that suit your business needs best. You might consider signing up for Viator, the most popular OTA in our study. Other popular OTAs you could work with include GetYourGuide, Expedia, and Veltra.

Before applying to be listed on an OTA, make sure you have all your documentation ready to simplify the onboarding process.

Here's how to get started with an OTA:

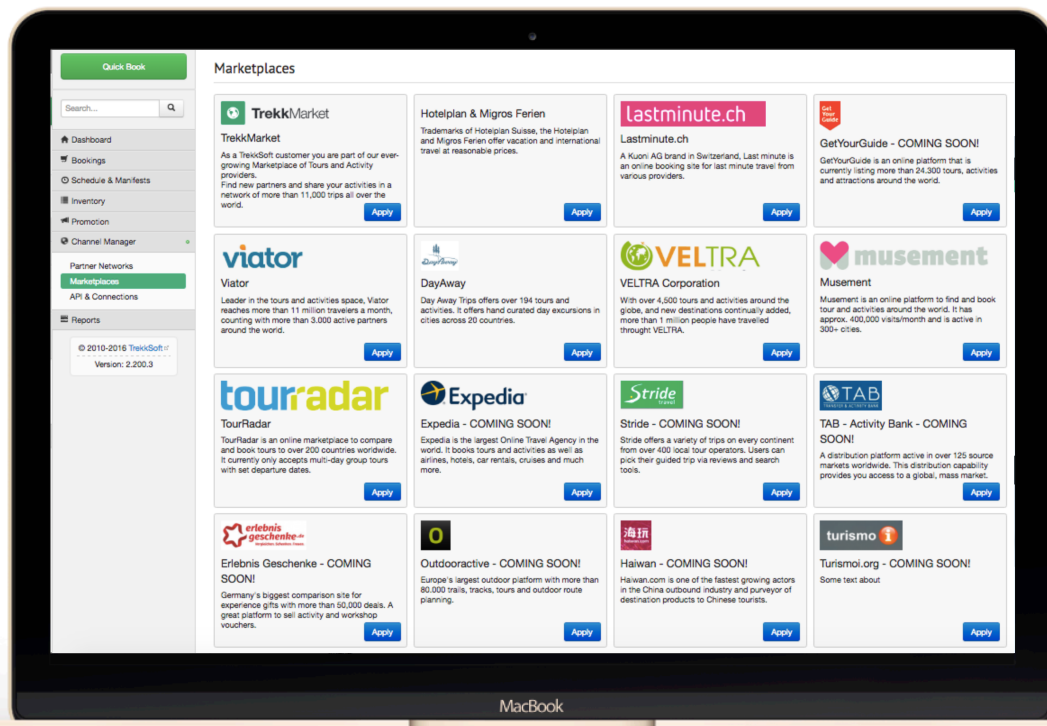
- Do your research and come up with 3 - 5 OTAs that you might want to work with. Have a mix of niche and mass targeting OTAs.
- Find out what other suppliers in your region and/or niche are saying about OTAs. What points are they making that could apply to your business?
- Join Facebook or LinkedIn groups and ask other members about their experiences to find out if signing up with an OTA is for you.
- Get started! Marketing your products through an OTA will give you a head start over competitors who aren't using them, as will being bookable online and on mobile devices.



Manage your distribution channels more effectively

If you already use an OTA, you're one step ahead. To prevent overbooking, use an online booking engine with live inventory so that you and your customers are aware of your availability at all times.

You can also use a channel manager like TrekkSoft's to organise all your distribution channels in one place, simplifying admin and reducing time spent managing them.



Read more: [3 ways to manage distribution on OTAs more effectively](#)



How to balance your distribution network

It's crucial to balance your distribution network if you want to protect your business in an ever-fluctuating market. Distribution channels come and go, local inter-supplier politics may come into play, and economic and political crises can be unavoidable.

To be prepared, listen to the age-old wisdom and avoid putting your eggs in one basket. Also remember:

- Never be dependent on any one source of bookings
- Maintain a healthy spread of high and zero commission rates
- Never be dependent on any one market for bookings
- Build partnerships no matter what your business size is

Consider cross-selling with local partners and promoting each others' services online to boost your exposure and increase bookings. You can use a tool like TrekkSoft's Partner Network to cross-sell without having to pick up the phone or send an email.

You could also build a valuable network of sales agents and equip them with the right tools (like the TrekkSoft Point-of-Sales Desk) so that they too can book directly into your system.

The key? Keep your distribution network diverse and dynamic.

Read more:

- [94 places to list your tours](#) - TourismTiger
- [The SEO Guide for Tour and Activity Providers](#) - TrekkSoft
- [Business development for tour operators](#) - Acteavo
- [What a successful distribution strategy looks like](#) - TrekkSoft



Research summary

A distribution strategy that is dynamic and diverse will make most money

The modern tour and activity company will have a distribution strategy that is both diverse and dynamic.

Diverse, because the business will be securing reservations from a wide range of online and offline partners and distributors.

Dynamic, because online consumer behaviour changes quickly, influenced by a constant stream of new marketplaces, apps, and technology we've not even imagined yet.

Businesses need to be responsive to these changes but keep their long-term business goals in mind. The key to success in this rapidly-changing industry is to find partners and build systems that can quickly adapt to the needs of your business.

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OPTIMISE YOUR DISTRIBUTION NETWORK and get more bookings

Grow your business with TrekksSoft online booking software,
loaded with features including a website builder, channel
manager, and booking desk for agent sales.



Let's talk
Arrange your personal demo call
at www.trekkssoft.com