

TRAVEL TREND REPORT

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Tours & Activities in 2020 and Beyond

The Covid-19 pandemic has spared no segment or region of the travel industry as stay-at-home orders, immigration restrictions, and general concern about catching and spreading the novel coronavirus brought business to a near standstill in March. Halfway into 2020, some travel has returned but the industry is still in fallow territory. The two biggest online travel agencies, Booking Holdings and Expedia, reported annual revenue declines of more than 80% for the second quarter of 2020. The biggest travel suppliers have suffered severely as well: Marriott International reported an 84% decline in revenue per available room in the second quarter.

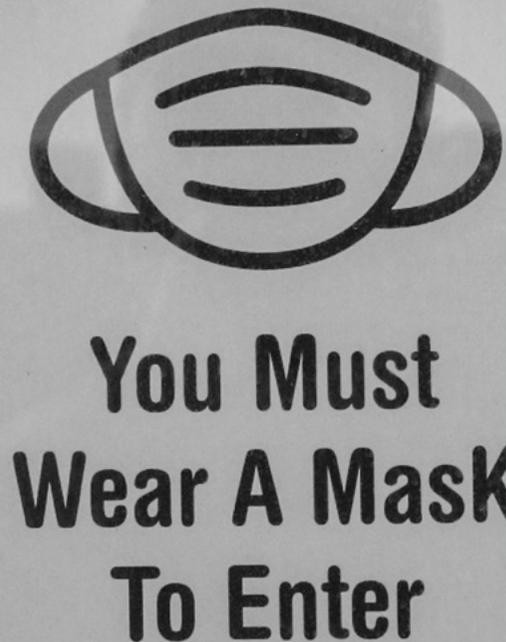
With flights and hotel stays at historic lows, the in-destination sector has seen its bookings plummet too. While many operators are doggedly pursuing all the business they can get in difficult times, many others have closed their doors – at least for the time being.

“We have seen some people closing down their business, until late 2021, hibernating”

Olan Sullivan, CEO of **TrekkSoft**,
an activity **booking software provider**
based in Interlaken, Switzerland.

For 2020's Travel Trend Report, TrekkSoft is collaborating with Arival to examine the state of the in-destination tours, activities and attractions market several months into the Covid-19 pandemic. Drawing on Arival research as well as insights from TrekkSoft, it outlines the size, structure and notable features of the sector, and identifies key trends emerging during the crisis.

We hope you find the report useful as we, as an industry, work together towards long-term recovery.



Thank You!

The State of Travel, Tourism & Tours & Activities

Late summer has seen the easing of entry restrictions in 40% of countries, according to the UNWTO, but more than half of all destinations worldwide still have completely closed borders. When travel will once again reach 2019 levels is unknown, but two things are for sure: the return will not be linear – destinations will continue to ease and tighten restrictions as they see fit – and once virus concerns subside, it will depend on the speed and nature of economic recovery.

The 2019 tours, activities and attractions market was the third-largest sector of the global travel industry, with \$254 billion in gross bookings, according to Arival. The sector grew 6% that year, but the immediate future is less clear. Arival projects that bookings in 2020 will only reach 23% of the prior year, and won't return to 2019 levels until 2023.

For 2020's Travel Trend Report, TrekkSoft is collaborating with Arival to examine the state of the in-destination tours, activities and attractions market several months into the Covid-19 pandemic. Drawing on Arival research as well as insights from TrekkSoft, it outlines the size, structure and notable features of the sector, and identifies key trends emerging during the crisis.

The following research is based on Arival's [Experience Revolution report](#), as well as ongoing industry surveying of more than 7,000 operators worldwide by Arival.

The Size of the Market

The in-destination industry has been a hot-bed of small business innovation, creating economic opportunity for hundreds of thousands of entrepreneurs from Saigon to Seattle. Within the three overarching categories, attractions, which includes amusement parks, museums, zoos, monuments and landmarks, is the biggest, accounting for 46% of the bookings. Tours and activities make up the rest.

Global Tours, Activities and Attractions Bookings, 2019 (US\$B)



The Experience Revolution: Size & Structure of the Global Operator Landscape

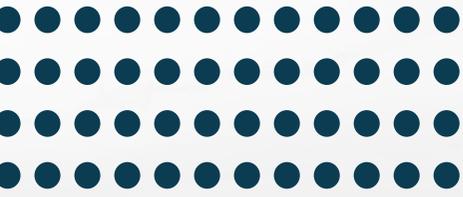
Of the nearly one million tour and activity operators worldwide, 86% made less than US\$250,000 in annual sales in 2019. And the sector is diverse: Arival has identified more than 130 distinct categories. Tours range from those that focus on food and history, to factory tours and bike tours. Within activities, the water-based category alone runs the gamut from jetskiing and parasailing to surfing and shark diving.

COVID-19 & the Market Outlook

The rapid and unforeseen growth of the coronavirus outbreak and the ensuing restrictions on travel worldwide have dramatically and suddenly changed the outlook for travel and tourism in 2020 and beyond. This creates tremendous uncertainty around the future of the industry and complicates forecasting models.

The two key unknowns of this developing crisis are the duration of lockdowns, and the extent of the economic fallout. Covid-19's economic damage has been fast, deep and global. The extent of that impact and the speed of economic recovery remain significant variables in calculating the return of travel demand.





Arival's forecasting model takes into account four phases of Covid-related market reality, which will play out unevenly at a global level. Arival will continue to update this model as more information about Covid-19 and the global economic outlook becomes available.



The Four Phases in Arival's Forecasting Model

Lockdown

Demand is virtually zero as non-essential travel is halted. Society remains in some form of stay-at-home order.

01

Easing

Travel restrictions start easing as the public health risk subsides; travel demand returns very gradually.

02

Returning

Travel demand grows as the economy recovers.

03

Recovery

Travel demand approaches pre-Covid levels.

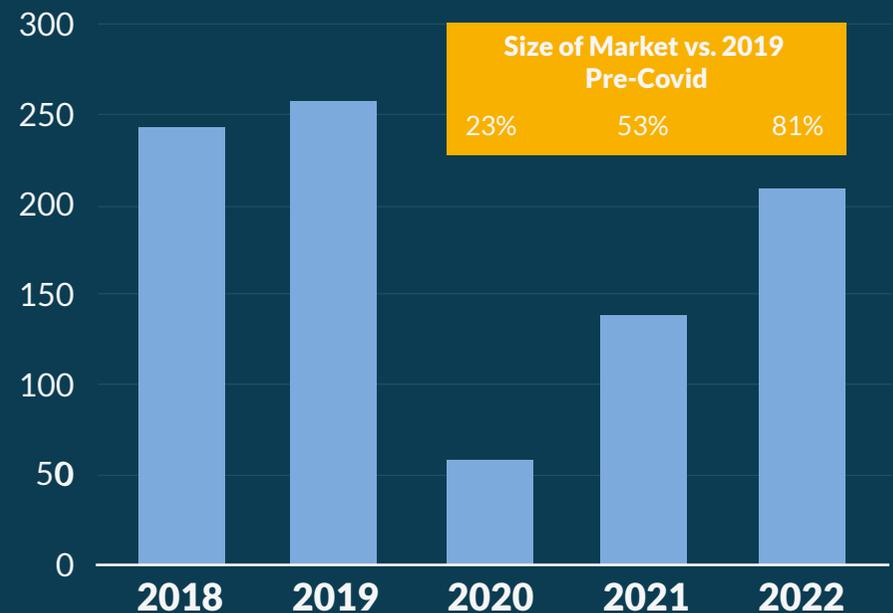
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With travel's return unable to begin in a way that will meaningfully drive demand in the tours and activities market, we do not expect the segment to return to pre-Covid levels before 2023. Even with the market more than tripling from 2020 to 2022, revenue will only reach 81% of 2019's total.

However, there have been notable pockets of, if not growth, certainly some reasonable business performance.

1. Growing summer travel within domestic markets, as well as some European cross-border travel.
2. Outdoor and adventure experiences, from watersports and activities to national parks and land-based adventure where social distancing is more easily implemented in the experience.
3. Private or self-guided experiences that limit interaction with large groups of travelers.

Industry Forecasts to 2022 in Gross Bookings (US\$B)



The Experience Revolution: Size & Structure of the Global Operator Landscape

Operator Takeaway

Creators and sellers of tours, activities and attractions must accept the reality of a long and uncertain downturn. Plans for a very uneven recovery should take the following near-term trends into account:

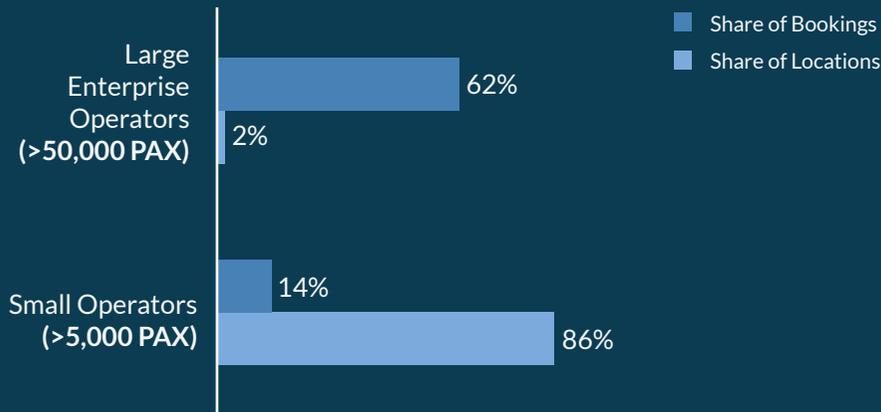
- 1) A return of local and domestic tourism before international tourism.
- 2) Weakened consumer confidence depressing pricing and driving demand for lower-priced tours and experiences.
- 3) Preference for small-group and outdoor activities that minimize risk of exposure.
- 4) Sustained government-imposed capacity limits on larger attractions and activities to reduce risk of contagion, challenging profitability and limiting tour operator access to attractions.



A Look at the Global Tour & Activity Opera- tor Landscape

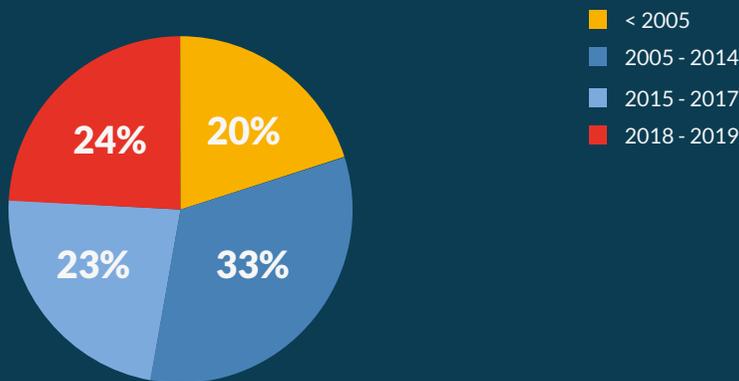
Tours and activities have largely reinvented themselves over the past decade, bringing a dramatic influx of new businesses and types of experiences. Half of existing operators were founded within the last five years, and much of that activity has come outside of the United States. Asia, Africa, the Caribbean and Europe have seen more new operators start up than other regions.

Global Locations & Gross Bookings by Operator Size



PAX = number guests or visitors served in 2019

Tour, Activity and Attraction Operators by Year Founded



The Experience Revolution: Size & Structure of the Global Operator Landscape

The tours, activities and attractions market is highly fragmented, with a very long tail of small providers. More than eight in 10 locations serve fewer than 5,000 guests annually, and those small providers make up just 14% of annual gross bookings.

The global operator community is composed of thousands of small or micro-businesses, with many serving just a few thousand guests each year. But a small number of mega attractions – representing less than 1% of global locations – account for more than a third of bookings.

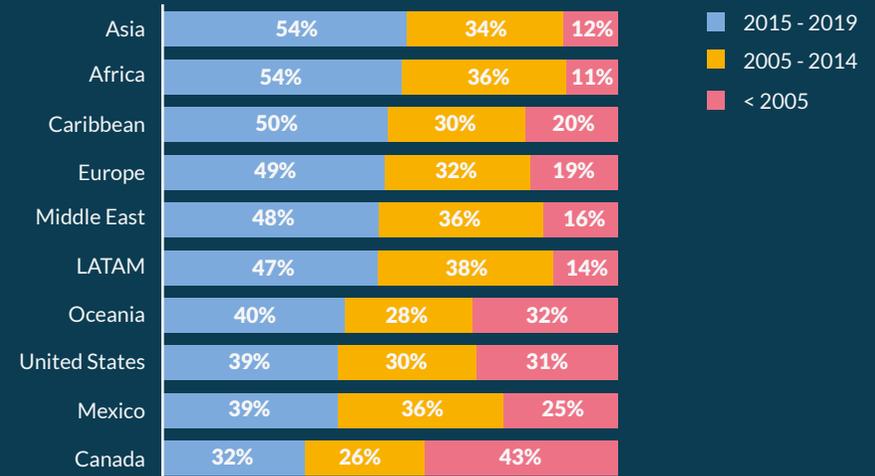
The tours, activities and attractions sector includes a large number of very young businesses. One in four operators is less than three years old, and nearly half are less than five years old.

The top five categories for new entrants are escape rooms, guided experiences, cultural experiences, wellness activities and culinary experiences.



The fastest growing regions for travel overall are Asia-Pacific, Latin America, the Middle East and Eastern Europe. These four regions all registered high single-digit gains in 2019, according to Phocuswright. APAC also leads in the share of in-destination activity providers founded in the last five years, followed by Africa, which Phocuswright does not include in travel market sizing. The Caribbean, Europe, Latin America and the Middle East are all growth regions for tours and activities, with roughly half of the businesses in each of those regions being created since 2015.

Year Founded by Region



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The Experience Revolution: Size & Structure of the Global Operator Landscape



Operator Takeaway

The highly fragmented tours, activities and attractions sector has undergone huge transformations in recent years. Growing travel demand, especially in certain regions, spurred entrepreneurs to create new travel experiences.

Many of these new businesses should be able to withstand the current disruption to travel, especially those with low fixed costs that can serve small-group experiences. Certain segments, such as escape rooms, and operations built around larger groups (e.g. bus operators) may be more challenged to weather this crisis, especially if global travel remains significantly depressed through 2021.



Booking Trends amid the Pandemic

Into this story of growth and evolution, a major disruption arrived at the start of 2020, in the form of Covid-19. It hit China hard beginning in January and was labeled a pandemic by the World Health Organization on March 11.

Refunds - January 2020 to June 2020

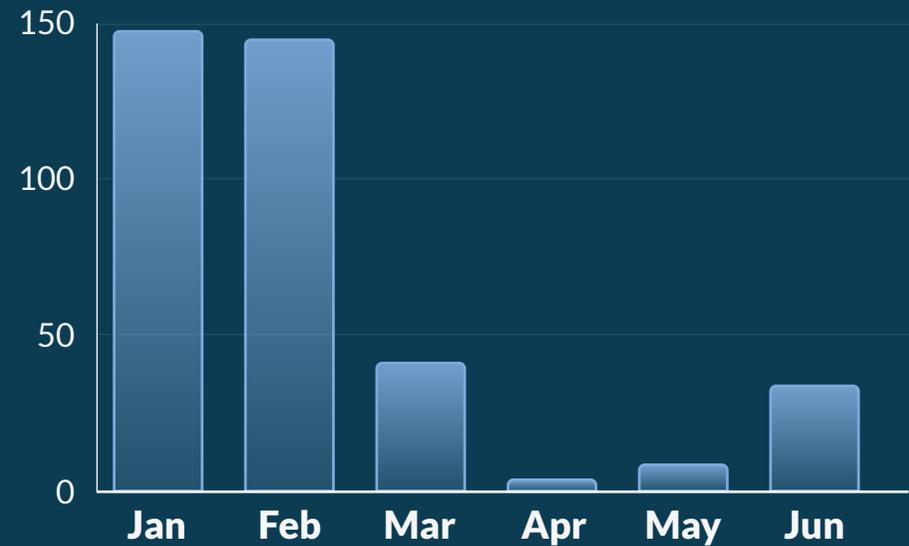


Treksoft Data 2020

TrekSoft saw the impact immediately. The tour and activity providers that use its booking software were hit with a raft of cancellations. In January 2020, when awareness of the virus's spread was relatively limited to Asia, providers in its network issued 5.4 times as many refunds as in the previous January. The trend accelerated in February as it became clear that Covid-19 was spreading globally. Refunds issued that month reached a jaw-dropping 7.2 times the volume of February 2019.

By March, cancellations were no longer the big story because bookings had dropped to historic lows, down 75% compared to the prior month. In April, TrekSoft processed just 1,000 bookings across its network of approximately 900 providers.

Total bookings between January 2020 and June 2020



TrekSoft observed the beginnings of a recovery in June, when the volume of bookings processed jumped 400% over the roughly 3,000 bookings it processed in May. Although 2020 summer travel has been far from 2019 levels, TrekSoft CEO Olan O'Sullivan sees hopeful signs in the slight rebound that began in Europe as infection rates slowed and restrictions eased.



“Once people thought it was relatively safe to travel, they did,” he says. “As they have felt safer, people act pretty normally. They take their holiday, they spend money.”

He adds that communications at a destination level – of standards and expectations – are crucial to making travelers comfortable.

The quick onset of the Covid-19 pandemic led first to an onslaught of cancellations, and then to a cratering of demand for most operators globally. But while the virus will continue to limit travel, a key ingredient for recovery is proving resilient: Travelers’ thirst for experiences.

Tour & Activity Marketing Outlook

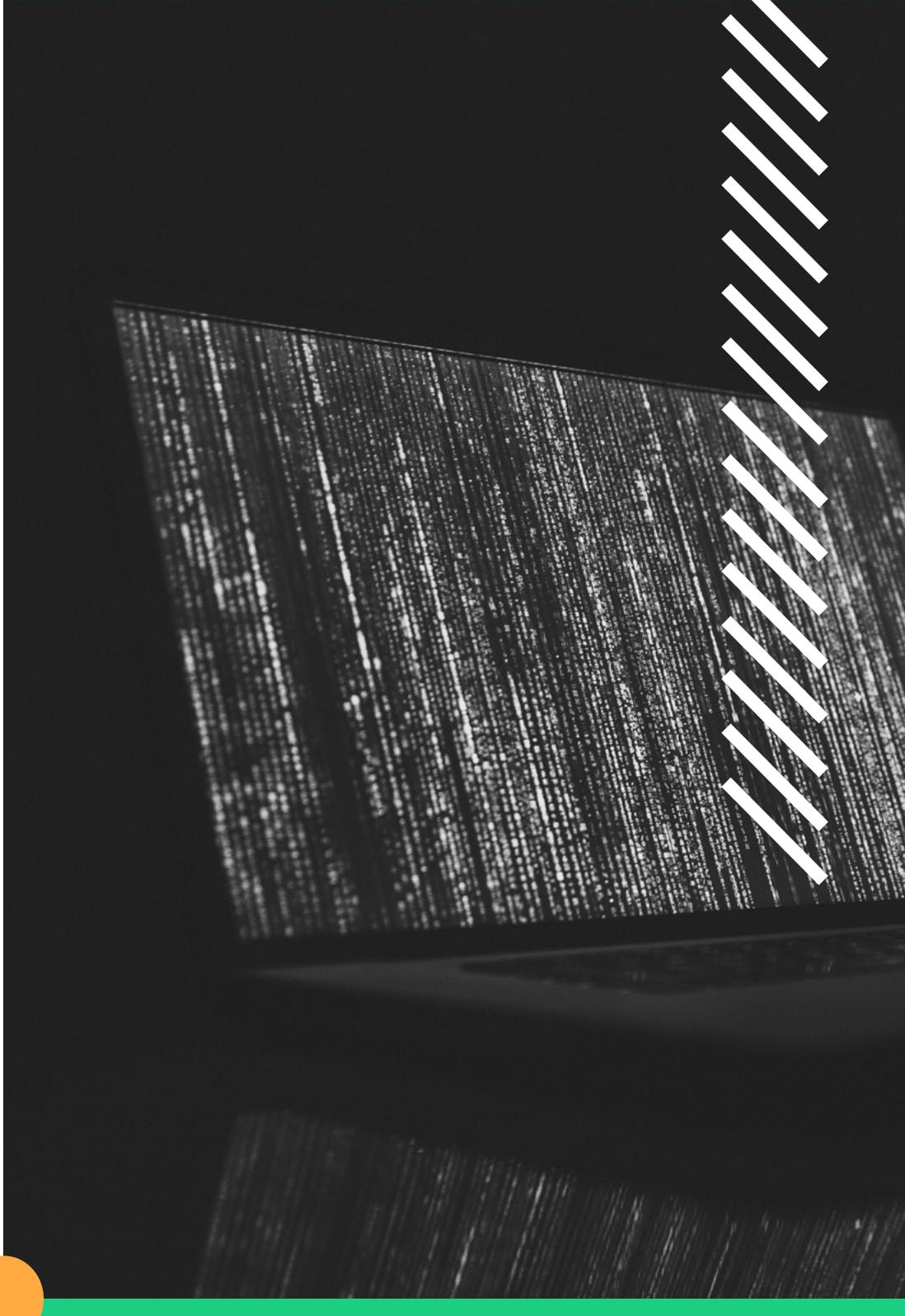
As the in-destination sector looks toward and plans for recovery, two major trends are emerging – a preference for local and domestic trips, which may be short-lived; and a shift toward digital booking, which will likely persist long after this pandemic no longer constricts human movement.

Acceleration of Digital Transformation

Tours, activities and attractions have lagged behind the rest of travel in shifting toward online sales. While other segments of travel, like air travel and hotels, have been sold primarily via online channels for several years, fragmentation and product diversity have made it difficult to aggregate tours, activities and attractions for sale via online travel agencies. Plus, many operators saw no need to invest in digitizing their ticketing.

The segment has made a big shift toward online channels over the last few years, but there is still a lot of room to further embrace digital sales. Operators conducted \$44 billion in sales via their own sites and online travel agencies in 2019, 17% of the total market, according to Arival.

But travelers have grown accustomed to booking other products online, and demand for digital shopping is apparent in the in-destination category. While purchasing is still predominantly offline, desktop and laptop computers are the gateway to planning travel activities, preferred almost two-to-one over guidebooks and family and friends.





Under the pandemic's pressure, offline bookings have suddenly become significantly less practical. Many attractions now require timed ticketing to comply with safety regulations, and are only taking bookings online. Travelers also see new benefits to booking ahead online: It ensures access to limited-capacity tours, attractions and activities; and also limits the time spent waiting in lines and engaging face-to-face with operators.

Going Local

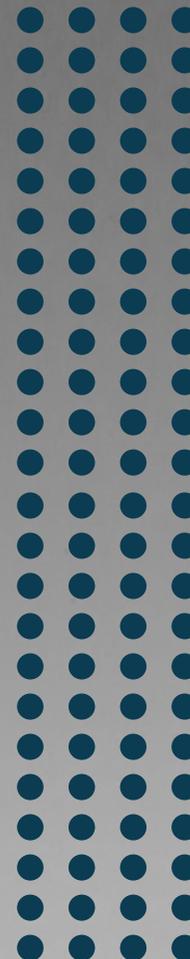
The initial early stages of rebound have been, by necessity, locally driven. Domestic visitors will remain key to activity providers' strategy for at least several months, due to both travel restrictions and traveler preferences.

TrekkSoft's O'Sullivan says that a prolonged period of dependence on more locally sourced visitors will force tour and activity providers to refine their offerings. "Locals will look for more product differentiation," he explains.

“Building local demand and marketing is a new challenge. Operators need to use this period to get smarter about their products. Locals won't be interested in something that ten other operators are providing.”

For locals and eventual long-distance visitors alike, wandering in search of things to do, or walking up to an office to register and pay for an experience, has suddenly become much less convenient. Whether it's to learn what is available, suss out Covid-related restrictions, or to purchase ahead so that the onsite experience is smoother, online channels have become more important than ever.

TrekkSoft, along with others in the online in-destination ecosystem, is observing a digital bookings boom during the crisis. If past crises are any guide, the economic effects of the pandemic will boost online channels as international air travel resumes. When travel began to return from the Great Recession of 2009, global online hotel bookings surged more than twice as fast as the hotel industry overall. OTA growth led the recovery as travelers turned to aggregators in search of deals and comparison shopping. Similar trends are expected as travel climbs out of the Covid-19 lockdown, especially in the largely offline activities sector.

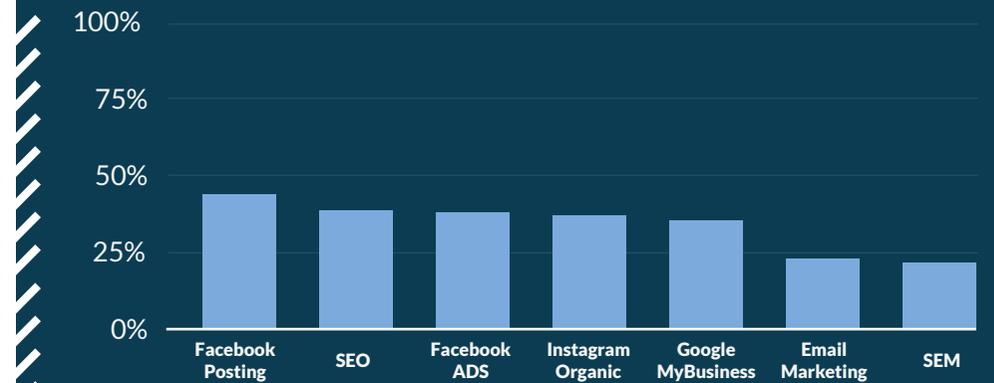


Operators Neglecting Marketing Essentials

With the entire world now facing an indefinite period of historically low tourism visitation, punctuated by tentative, uncertain stretches of slow, staggered reopening under new restrictions, the months and years ahead require effective online marketing and messaging.

Luckily, there is some low-hanging fruit available to operators looking to improve digital execution. Many are neglecting some top-line marketing essentials, including practices that involve no or little expenditure. More than half do not engage in standard, digital marketing activities, have limited or no performance tracking, and remain unsatisfied with their marketing efforts. More than half of operators also do not currently optimize their websites for SEO; post organically (free) on Facebook or Instagram; engage in keyword advertising; buy ads on Facebook; or optimize their Google MyBusiness listing.

Operators Engaging in Direct Marketing



The Experience Revolution: Size & Structure of the Global Operator Landscape

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Operators say they want more direct bookings and to reduce the influence of OTAs. But if they really want more direct sales, they have to act like it. That means getting their digital marketing house in order. Only when operators take control of their digital presence will they begin to control their sales and marketing destiny.





Operator Takeaway

While the immediate opportunity to attract visitors may be limited, there is new opportunity to lay the foundation for an extraordinary future of sightseeing and experiencing. Operators should be doing more than simply preparing for the return of travel. They should be working now to create the future as they envision it, with experiences that delight, and business processes that ensure long-term viability.



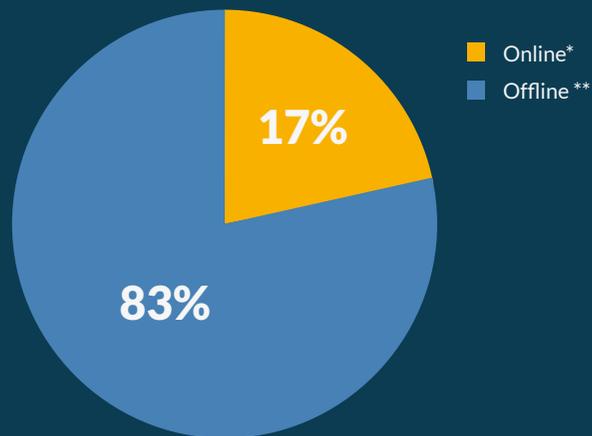


Pandemic Makes Online Booking Critical for Operators

Compared to air and hotel, where roughly half of global bookings are online, the in-destination sector remains stuck in the offline past.

More than four out of five sales move through channels that include in-person ticket windows, offices, phone calls, email, and third-party channels such as hotels and hotel concierges, cruise lines, travel agencies, package tour operators and DMCs, local destination ticket offices and other offline resellers.

Share of Experiences Sales by Channel



* Online includes sales through operator websites, mobile apps and online travel agencies (OTAs) and other online resellers

** Offline includes all sales through in-person ticket windows, offices, phone calls, email, and third-party channels such as hotels and hotel concierges, cruise lines, travel agencies, package tour operators and DMCs, local destination ticket offices and other offline resellers

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The most important reason for this has been traveler behavior. Most travelers would not plan or book their in-destination activities until they have arrived at the destination. They also want flexibility on their trips, and do not want to be tied down to specific departure times and dates for many of their activities. Another factor has been operators themselves, which have lagged in providing great online booking experiences and incentives for travelers to book online.

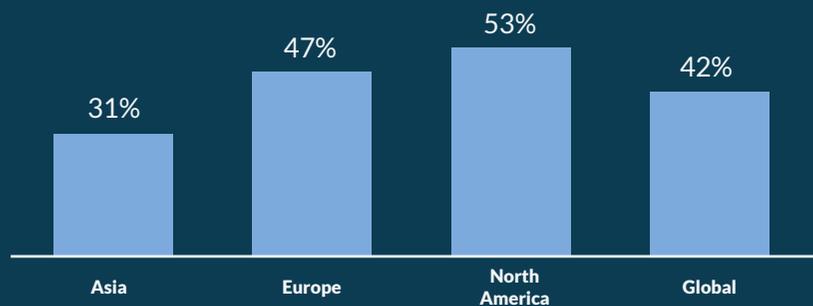
However, a shift from offline to online booking has been well underway in tours and activities. Online sales may trail offline channels, but it is by far the fastest growing. In 2019, online channels grew more than twice as fast as offline. This shift has been driven by consumer behavior shifting to online and mobile booking, as well as by operators' increasing adoption of online booking technology and OTAs' efforts to grow their product offerings.

Distribution, and in particular online booking, is going through ever greater change during the Covid-19 era. As it is in many other areas of tech, commerce and society, the pandemic is accelerating the in-destination sector's move toward advance planning and online booking.

Operator websites and OTAs had already been fastest growing channels, but both are expected to surge as the sector emerges from the travel industry's near shutdown. Travelers have greater incentive than ever to try to lock in their activities ahead of time, to avoid standing in lines with other visitors.

Many attractions and operators are implementing new procedures for safety reasons, such as managing capacity by requiring timed entry and advance booking, as well as eliminating paper tickets for a contactless experience. More than two in five of the top 700+ attractions around the world now require advanced booking online (see Figure). This rapid shift due to the pandemic will result in lasting change in how travelers purchase their tickets.

Attractions Requiring Online Advance Booking



Based on 724 open attractions
Arival & Headout Attraction Tracker, August 2020

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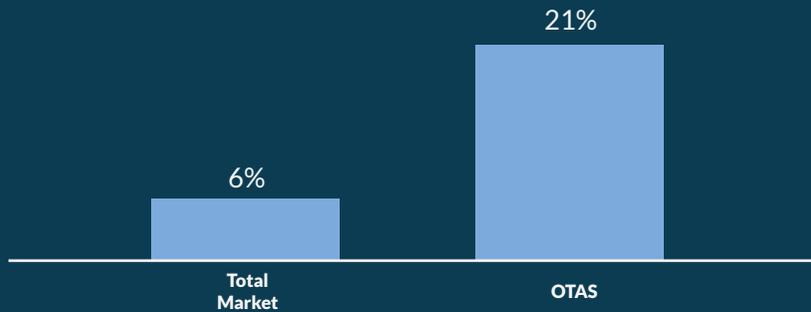
Operator Takeaway

Operators must seize this downturn as the opportunity it is to improve their online experience, booking flow and digital marketing practices. Their very businesses could depend on it.

Distribution & the State of OTAs

OTAs were responsible for less than 5% of the total global market for tours, activities and attractions in 2019, according to [Arival's Experience Revolution: Size & Structure of the Global Operator Landscape](#). Despite the relatively small share of the market they represent, they have been the fastest growing channel.

Growth of Total Market and OTAs in 2019 for Tours, Activities, Attractions



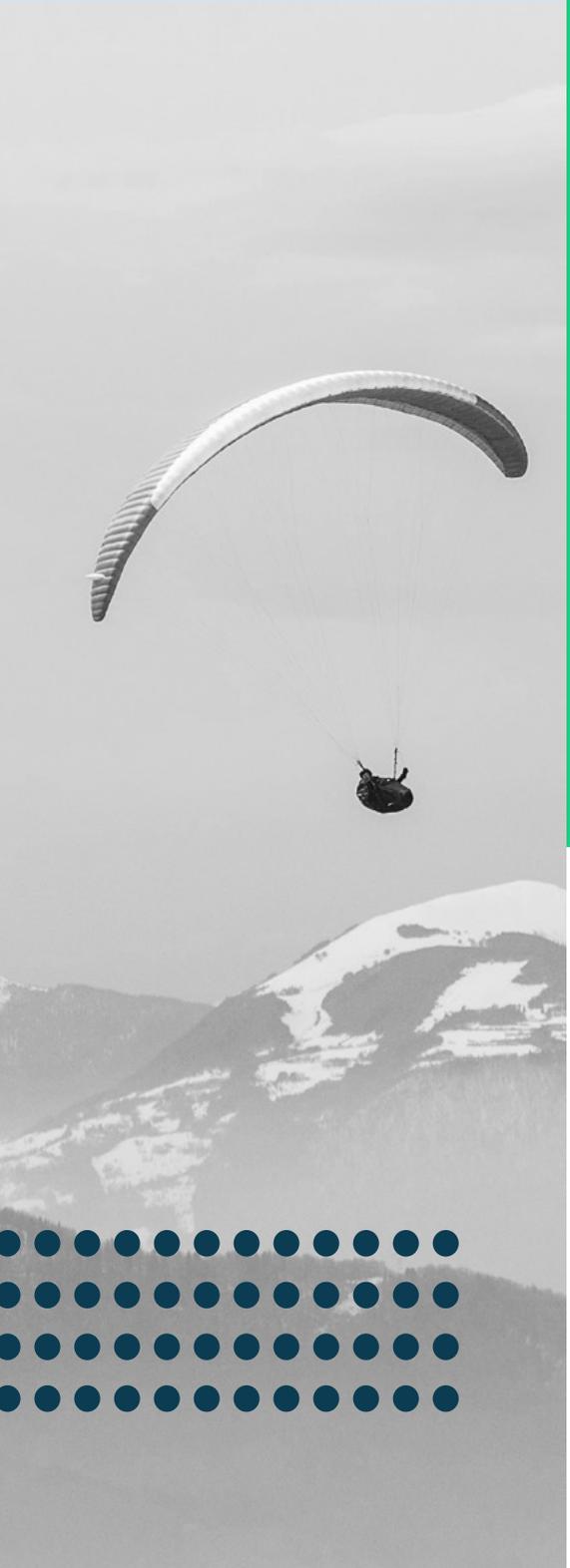
Arival's Experience Revolution

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Furthermore, in many key touristic markets and for many operators who are focused on leisure tourism (as opposed to local and group markets), OTAs play a much bigger role. For many operators, OTAs may comprise a significant percentage of total sales. TrekkSoft's O'Sullivan noted that for their network of operators, OTA sales reached its peak, making up one-third of all bookings in 2019.

The key question is what will the role of OTAs be going forward? OTAs have been upended by the pandemic as much as operators.





“A lot are severely hampered by the current conditions, OTA share of bookings is lower than usual. It’s gone from being about one-third of bookings at the peak in 2019 down to 10%... However, you’ll still have the need for well funded OTAs that will be reaching the customer.” ”

Olan Sullivan, CEO of TrekkSoft,
an activity **booking software provider**
based in Interlaken, Switzerland.

Post-Covid, expect OTAs to play a bigger role in sales. OTAs have been the fastest growing channel, expanding at more than three times the rate of the market overall in 2019. They are likely to be more important than ever in the recovery as travelers leave less to the last minute and do more online planning and booking. OTAs outperformed the travel industry overall during the last recession, and they are likely to do so as travel recovers from the pandemic.

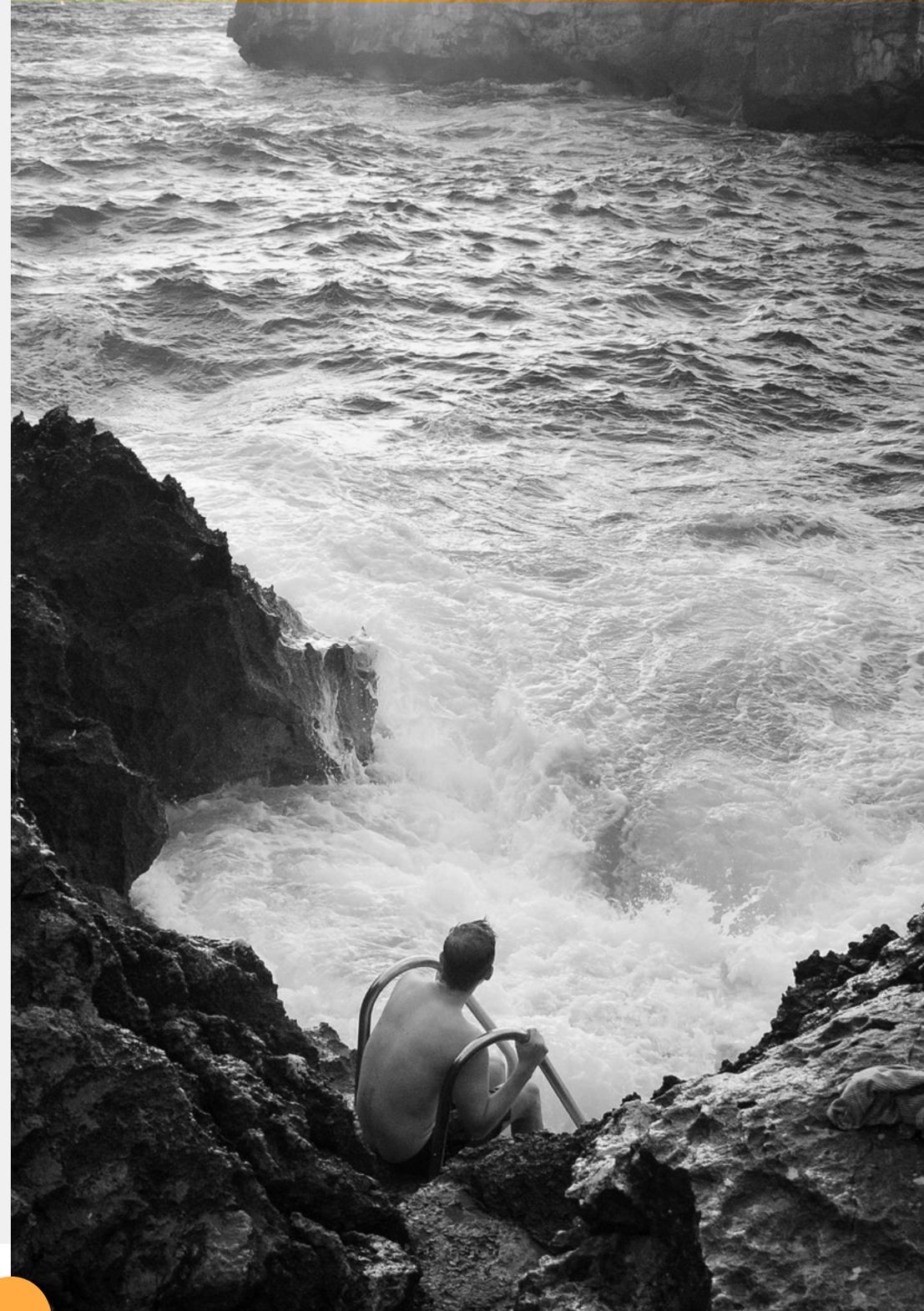
Key Distribution Trends and Developments in 2020

Despite the global travel lockdown and enormous strain on the industry, a number of important developments point to clear distribution trends for tours, activities and attractions.

1) No more marketplace: OTAs are focusing on fewer, better products

In late 2019, [TripAdvisor announced](#) that it would separate Viator to operate independently. CEO Steve Kaufer said the division, which had grown rapidly but struggled with profitability, had focused for several years on growing its product inventory, and building out its payment and reservation capabilities (largely through the acquisition of Bokun).

The newly independent Viator, Kaufer said, would now focus on helping connect the right traveler to the right options and offers. Market observers as well as operators on the platform have speculated that the recent growth of newer entrants including GetYourGuide and Klook have hampered TripAdvisor Experiences' growth.



Then in June of 2020, [Viator announced](#) a new set of standards that would designate products as “Excellent” or “Good,” elevating the visibility of “Excellent” experiences, and possibly removing those that do not meet the requirements for “Good.” Viator also planned to implement a \$29 fee to operators to list new products.

Although initially received with confusion and consternation from operators concerned that some of the requirements would be untenable for certain operators, the strategic intent is clear: after years of trying to make as much product online bookable as possible, Viator is now prioritizing profitability over growth, and deprioritizing products that do not perform well on the platform.

GetYourGuide Becomes a Tour Operator?

Berlin-based activity and tour booking platform GetYourGuide, seeing a need for clear product standards for tours and activities, had been investing heavily in its branded tours, Originals. GetYourGuide has indicated that Originals have performed very well on the platform, and they expect the product line to grow significantly. The company announced a branded hop-on-hop-off bus experience in London in 2020.

These two developments from Viator and GetYourGuide point to a clear trend: the OTA model in tours and activities will focus on fewer, higher-selling products. The cost of maintaining the wide variety of product types, and supporting the needs of such a diverse universe of suppliers, the “marketplace model,” which has been so dominant in accommodation (whereby the OTA with the most supply wins), does not necessarily apply in tours and activities. This reflects the less commodified nature of the market: An OTA’s product listing page can’t reflect the vast unique landscape of the tours, activities and attractions market.



Operator Takeaway

For smaller operators with a lot of competition in their markets, it may be tougher to get prominent visibility on OTAs, or to even get listed at all. It may be easier to develop a cost-effective local marketing strategy first to understand the types of customers a particular product attracts, and then apply those learnings to develop a broader distribution strategy. Operators shouldn't consider OTAs as an easy outsourced marketing department.



2) OTAs to smaller operators: “Don’t call us. We won’t call you (except via API)”

OTAs were already under pressure to increase profitability prior to 2020 when the pandemic forced them to dramatically reduce costs and do more with less. Operators should expect far less personal account management and more automated interaction and support from OTAs. For several OTAs, including Viator, GetYourGuide and Airbnb, the application and setup process, as well as customer support, is already highly automated.

This can be very difficult for operators, most of whom are small businesses and place a lot of value in personal interaction. However, to expand distribution across the OTA landscape, operators will have to learn to navigate an increasingly automated world of interaction.

This trend will also apply to technology connectivity. Viator announced a quality standards initiative in July 2020 to incentivize some reservation system providers to make improvements to their [APIs](#) (application programming interfaces, which enable the reservation systems used by operators to connect directly with OTAs and other distributors).

A deal announced by Flight Centre, a large travel agency group based in Australia, to sell tours and activities through LIVN, a B2B distribution platform, also included a less well publicized message to operators: if they don’t connect to our new platform via a reservation system, they will no longer be able to sell through Flight Centre.

Operator Takeaway

The need for lower costs and greater efficiency means OTAs will increasingly require operators to connect via API and work in a more automated manner. Those operators that have been dependent on OTA distribution but do not adopt modern reservations technology and connectivity could be at risk of losing access to important distribution channels.

When comparing technology providers, operators should also inquire about that provider’s connectivity with the OTAs they work with, and, if applicable, the level of quality score for connectivity they have with each OTA. For example, some technology providers with lower quality scores may cause an operator’s products to receive a lower ranking.

3) The rise of multi-distribution channel management

The rapid increase in the number of distribution channels has created a new problem for the industry: how to manage all of that connectivity. A new group of intermediary technology providers have stepped in to address this issue: companies such as LIVN and Redeam provide channel management services, enabling operators and reservation systems to connect once to their system. Those companies provide a single point of connectivity to multiple channels.

Some reservation system companies already have multiple APIs to OTAs or have launched their own channel management divisions or platforms. Rezdy has introduced Rezdy Marketplace and TrekkSoft has launched TrekkConnect. Two attraction ticketing system providers, Accesso and Gateway, have launched their own distribution channel management layers too.

Another growing problem for multi-channel distribution is content management. While most of the discussion around connectivity has focused on bookings, operators still face the challenge of maintaining all of their content, such as product descriptions and photos, across the various channels. Magpie Travel is one startup seeking to address this challenge.

Operator Takeaway

Although channel management and connectivity are well established in flights and hotels, this is still a very early stage for tours and attractions. While the need for channel management was sparked by entirely different technology challenges in those sectors, in tours and attractions, revenue management is likely to become a key driver for adoption of these tools. Operators that work with multiple distribution channels should continue to watch this space closely.

4) Booking.com pulls out, then steps back in with Musement

The biggest general travel OTAs that sell all types of travel have struggled to find the right strategy for selling in-destination products, and Booking Holdings' recent moves are one such example. The company's first big foray was its acquisition of FareHarbor in 2018, which sparked concern among operators that Booking would favor users of FareHarbor's booking software. But just over a year later Booking began scaling back its Experiences account management team.

In June 2020, Booking announced that it would source all of its in-destination content via Musement. FareHarbor will not connect directly into Booking, as the parent company distances itself from the resource-heavy work of building and maintaining its supply of activities and attractions directly for distribution.





5) Groupon's big shift to experiences

Groupon, one of the pioneers of the last-minute deals model in 2008, built its business on local offers for small businesses from gyms to pizza parlors. But as Tiffany Hadish [reminded](#) us in 2017, Groupon also offers more travel-oriented options like swamp tours.

The company has recently announced plans to pivot to experiences fully (although it appears to still offer non-experience-related goods and services), and intends to onboard more products and connect to reservation systems. The company [announced](#) its first Groupon Connect API in August 2020 with Rezdy, the Australia-based SaaS booking and distribution for tour, attraction and activity providers.

Operator Takeaway

Groupon, with its heavy historical focus on deep discounting, has a mixed reputation among tour and activity operators, many of whom are wary of working with the company. However, the OTA is planning to offer more flexible pricing options to operators, and its brand positioning as a channel for local deals could help operators reach nearby audiences at a time when most international travel remains off limits.

6) Airbnb's pending IPO and its role in experiences

Airbnb IPO speculation and rumors have swirled for years, and the company moved a step closer to going public when it [filed](#) with the Securities and Exchange Commission in August 2020.

As the company prepares to go public, its CEO has [said](#) that its Experiences division has a big role to play. Brian Chesky said in a May interview with Kara Swisher that he hopes Airbnb's Online Experiences become wildly popular and create demand for live Airbnb Experiences when travel returns. The question remains whether the company's choice to elevate more offbeat experiences can scale, or whether Airbnb will need to integrate in-destination options with mass appeal.



Operator Takeaway

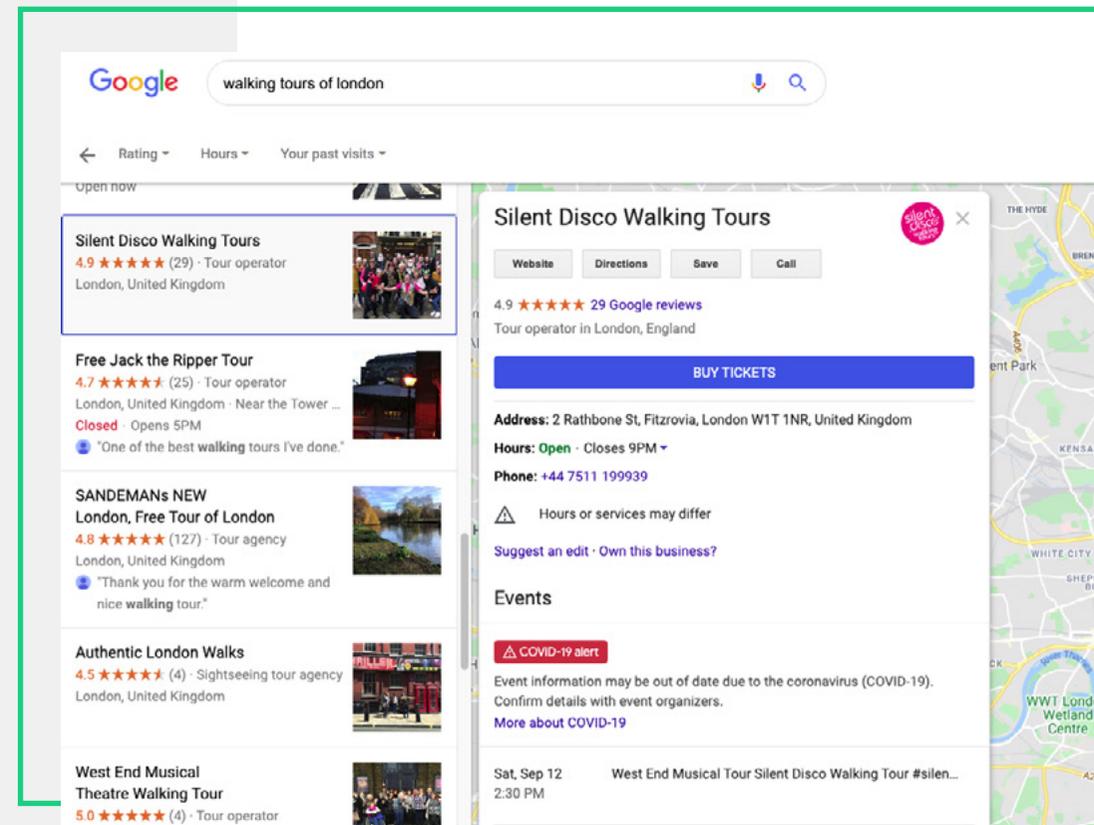
It's unclear if and when they will consider onboarding more classic travel experiences, such as attraction tickets and traditional tours and activities, or how their investment in attractions-focused OTA Tickets will play out as the business develops. But the rapid return of Airbnb and the vacation home market overall amid the pandemic suggests that operators should look closely at the vacation rental market in the near term to reach travelers.

7) Google's roll-up of its tours and activities assets into Google Travel signals the search engine is getting serious

The world's largest search engine has been working away in tours and activities. Late last year, Google's Travel group absorbed the tours and activities startup Touring Bird, which had been a part of the company's secretive technology incubator called Area 120. Although some media coverage focused on the closure of the initiative and framed it as a failure, Arival's sources at the time indicated just the opposite: Google Travel recognized the potential in the sector and was plotting their plan of attack.

In April 2020, Google brought Reserve with Google into the Google Travel group, a move that signaled the company might give Reserve a larger role in the Google shopping funnel. Reserve is the booking button in the Google MyBusiness listing as well as in Google Maps (a product with hundreds of millions of daily users) that connects directly to an OTA or an operator's reservation system, enabling travelers to make the booking without leaving the Google environment.

Then, in August 2020, Google began testing a [new approach](#) to advertising for tours and attractions, that displays prominent positioning of Google ads for tours and activities featuring OTAs. At the time it was only working with online travel agencies (OTAs), following the same approach as Touring Bird.



Example of bookable tour listing via Reserve with Google



Industry Takeaway

For OTAs, if they participate in this new advertising model, they risk elevating Google's own search products, which over the long term could increase their dependency and marketing costs. But if OTAs don't, they risk losing valuable traffic to competitors who will pay. This is this issue that has dogged OTAs in flights and hotels. It was only a matter of time before it would happen in tours and activities.

01

For operators, Reserve with Google is the more important product to watch. It presents an opportunity for operators to capture bookings directly and bypass OTAs. However, if Google begins charging a fee for those bookings, OTAs will be better positioned than cash-strapped operators to compete for those transactions.

02

Separately, operators should also put emphasis on understanding and leveraging the various Google self-service tools available to them. From Google's Webmaster Tools Console to AdWords to Google My Business, there is an entire ecosystem of tools available to increase an operator's presence on Google. Whether the industry likes it or not, Google is where many travelers begin their search for experiences, and it's vital to leverage the tools Google provides to put an operator's products and services in the best light online.

03

8) Virtual experiences may be a business – for a select few

In the face of a global pandemic that brought travel to a near standstill, operators and OTAs quickly rolled out virtual tours and experiences to connect with customers and raise much needed cash. The results have been mixed, to say the least. Many operators have been experimenting, but relatively few see significant commercial results.

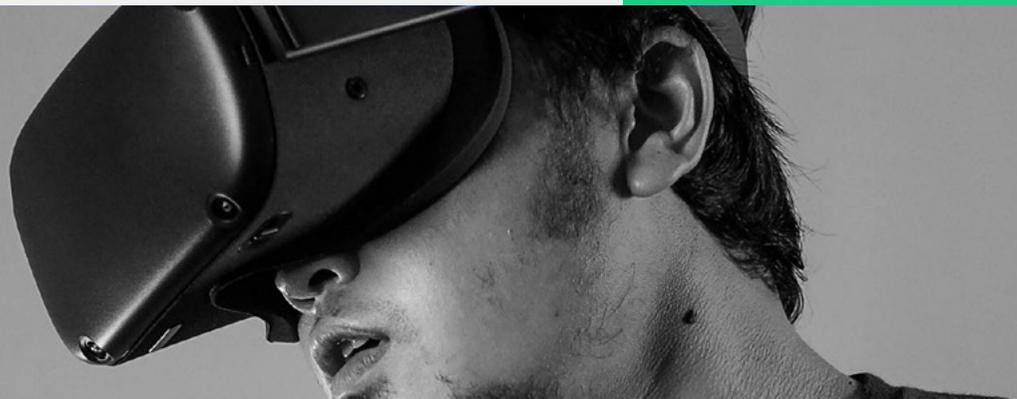
Airbnb is all in with their Online Experiences initiative. As head of Airbnb Experiences for Asia Pacific, Parin Mehta explained, “We wouldn’t undertake it if this couldn’t be a real business.”

But he also noted that their virtual roster includes some authentic, very special hosts, including Broadway performers, star athletes, and other celebrities that would be out of reach for small tour and activity operators or other platforms without the scale and resources such as Airbnb has.

Operator Takeaway

We’ve seen many great virtual initiatives from operators large and small, from virtual tours and cooking classes to online school field trips. If you can make a virtual experience that’s truly distinctive, if it helps keep you connected to your customers, if it helps support your guides or staff and helps market your business, consider exploring them.

But don’t bank on much financial impact for your business, and some operators are effectively pricing them at zero by crediting the purchase to a future in-person tour. Over the long term, however, virtual experiences could become a standard part of an operator’s marketing arsenal, giving travelers a chance to connect with a guide and get a feel for the experience before making the booking. Designing these experiences as lead-generation and marketing for in-person products is likely to pay off well past the pandemic.



Experiences Post-Pandemic

With so many around the globe suddenly cooped up and unable to travel, some operators have experimented with bringing their experiences online. Airbnb reports that hosts have made \$2 million hosting Online Experiences. However, their report also highlights that only one host made \$350,000, 18% of that total, leaving little for other hosts. It also indicates that online experiences have yet to evolve into a popular alternative to more tangible out-of-home experiences.

Health and Safety Expectations Post-Covid

While travelers may not be flocking to virtual experiences, many have embraced more local activities and excursions. This summer, we saw many activity providers in drive-friendly destinations with a lot of vacation rentals perform well. Attractions were not as fortunate, but small group activities with proper distancing and other health measures are faring relatively well.

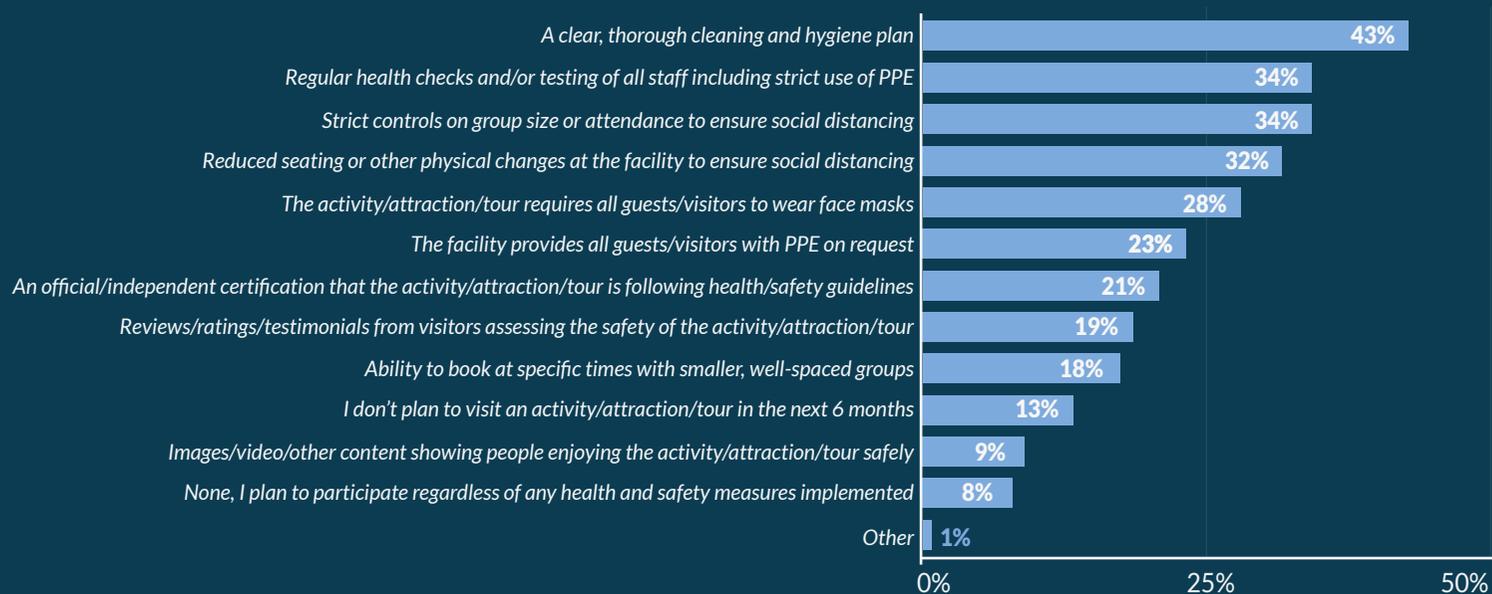
Intent to seek out experiences remains high even while the ability to travel far is limited. Fewer than one in seven travelers say they do not plan to do any kind of travel activity in the next six months, according to Longwoods' Traveler Sentiment Study Wave 14. An even smaller share, 8%, say they plan to participate in travel activities irrespective of any health plans.

For travelers that are considering activities, attractions and tours, their top health and safety priority is a clear and thorough hygiene and cleaning plan. About a third say they want to see strict capacity controls, staff health checks and other physical changes at the facility to ensure distancing.





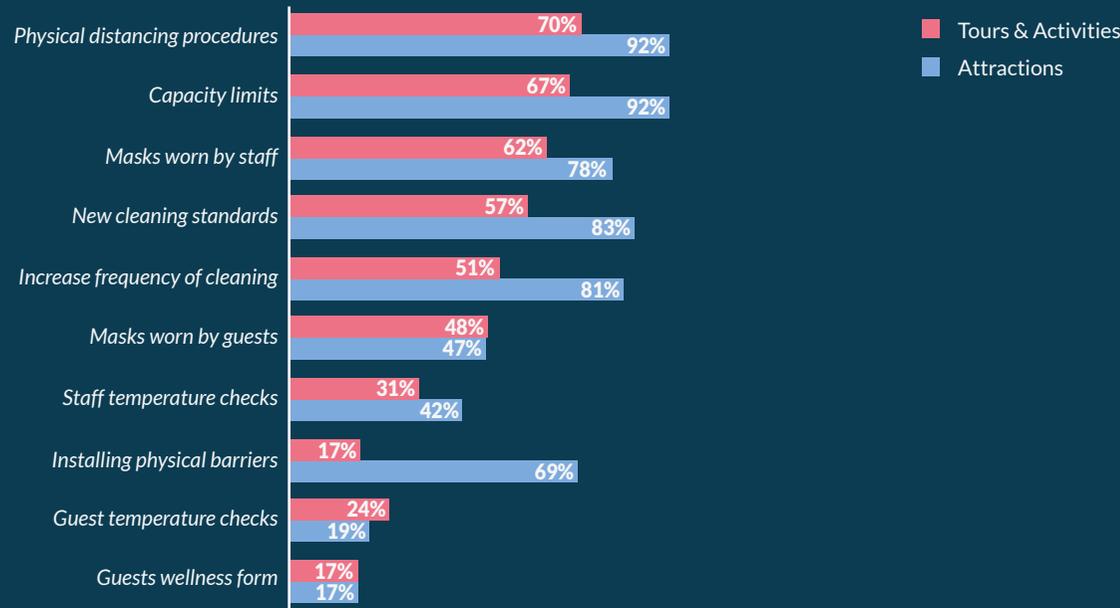
Health and Safety Factors Important to Travelers When Considering Activities, Attractions, or Tours



Travel Sentiment Study Wave 14 - Longwoods International | Miles Partnership | Impact on Travel Plans

More than nine in 10 operators are implementing new procedures to meet health and safety guidelines. Local authorities have stricter policies for the more uniform attractions segment than for diverse tours and activities. Physical distancing and capacity limits are the most common policy mandates. These new limits on visitor volume challenge the business models of most operators, and necessitate the adoption of new practices such as timed entry.

Operator Policies Mandated by Local Authorities

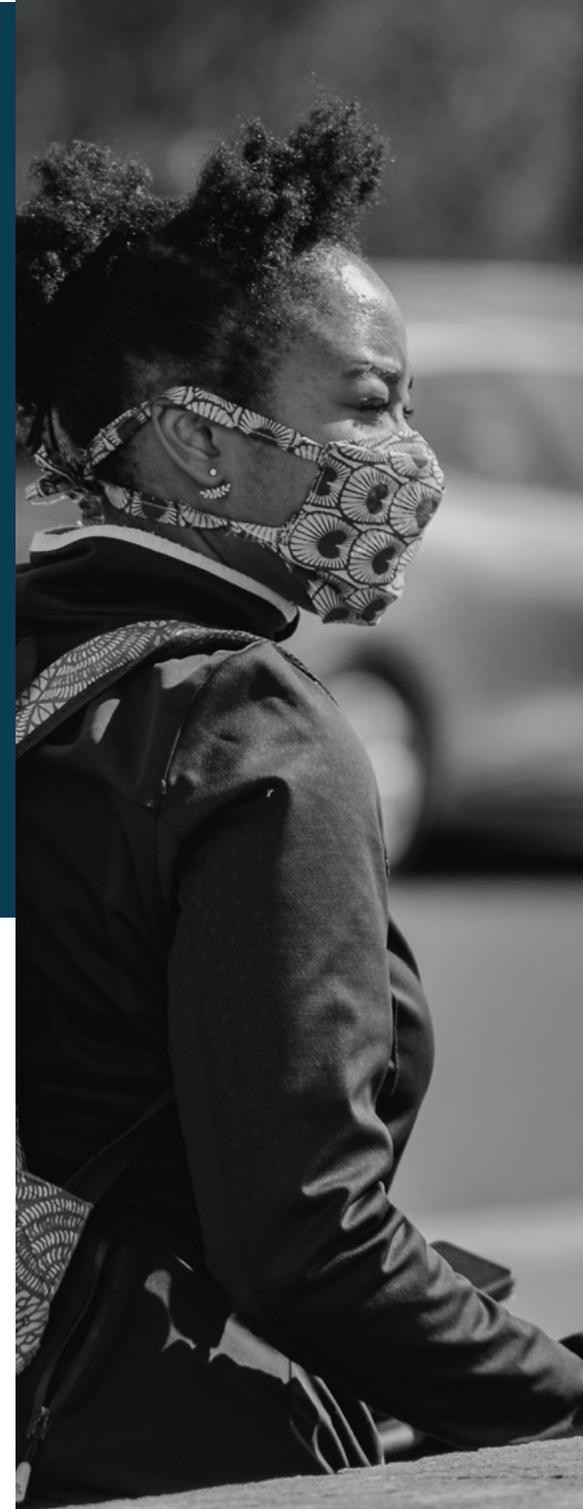


Arival Reopening Survey: 287 Respondents, June 2020

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At the time of publishing this report, the public health crisis’s impact on travel remains unclear, as much depends on the relative success of efforts to mitigate spread and improve treatment. When the danger of illness eventually subsides, economic recovery will take years, not months, as lingering trepidation will likely make it harder for some travel activities to return. Many operators, technology companies, distributors and startups may struggle to survive this period of deeply depressed demand.

The good news is that the fundamentals required for the sector to reemerge strong are already visible. Travelers have continued to seek experiences even during the crisis, often availing options a lot closer to home. If there is one post-recovery certainty, it is that consumers will continue to crave experiences.



Operator Takeaway

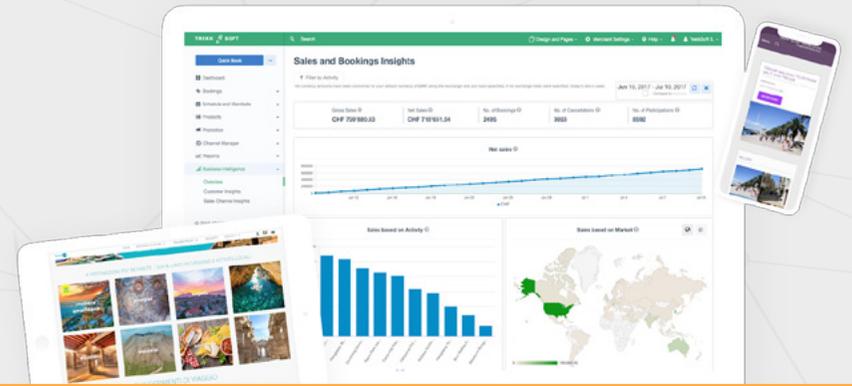
Providers of activities, tours and attractions should be using the present crisis to plan for the future of travel. Those that can weather the initial business hardships already have a head start. To thrive, operators need to communicate adequate safety measures, market to travelers in a manner that embraces the massive acceleration of digital channels, and most importantly, continue to deliver amazing travel experiences as travelers are able to move more and more freely.



About TrekkSoft

Founded in 2010, TrekkSoft is the leading booking software provider for tours, activities, rentals and attractions in Europe. We're making the world's activities bookable by helping operators improve their online sales, expand their distribution and grow their bottom-line.

Operators use our seamless online booking and payment solution, and our industry leading channel manager, to take bookings and scale their businesses, while simplifying back-end management.



[Schedule a demo to learn more](#)



Drive direct online bookings and optimise conversion.



Simplify how you manage your tours, team and resources.



Integrate with the top marketplaces and manage them with one seamless solution.



About Arival

Arival, the global research authority for tours, activities and attractions, advances the business of creating amazing in-destination experiences. We provide events, insights and community for creators and sellers of tours, activities and attractions. Get in-destination insights and sign up for our industry-defining newsletter at arival.travel.

Learn more at arival.travel.

