

# Travel Pulse

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## Crazy Times: Tour Operators Talk Travel in 2016

TOUR OPERATOR | DAVID COGSWELL | AUGUST 19, 2016



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Markets don't like uncertainty and travel markets are no exception. An upcoming election represents a fork in the road that could lead in either of two widely divergent directions. In some destinations, the fear of Zika is still raging. War in the Middle East, a refugee crisis in Europe, incidences of violence in Europe and in the U.S. and Brexit have all left their mark on the traveler's psyche. And booking patterns observed by tour operators are reflecting the uncertainty.

Violent incidents in Europe have shaken up confidence and taken a toll on the continent's tourism industry, especially in France, causing demand to flow to other areas. But tour

operators are having trouble making sense of the trends they are observing, if the apparently random events can even be sorted into anything like trends.

In the midst of apparently contradictory tendencies, there is one thing that can be agreed upon. This is a year like no other.

“Yes, this is a year of many firsts,” said Ashish Sanghrajka. “The trend is actually a lack of a trend. Any projection models we in the travel business use are being rewritten every week.”

In spite of chaotic messages from the market, one thing is holding steady for now, and that is the demand for travel.

“Our core market is still traveling so the pattern is one of enduring,” said Sanghrajka, “which is what our forward bookings also show.”

The security issue has definitely affected travel to Europe.

“We are seeing shades of 2001,” said John Stachnik, president of Mayflower Tours. “Then people looked for ‘safe, secure and out of the mainstream’ locations, such as national parks, Iceland, and anyplace where a big city was not involved.”

Uncertainty and fears about security usually lead to shorter booking times and travelers holding out until the last minute. But even that trend cannot be relied on in this climate.

“Interestingly, people seem to be booking further in advance of the program they wish to take,” said Stachnik. “We are also seeing more and more ‘cumulative’ bookings, where two people sign up, then start to work on their friends to join them, and we end up with cumulatively higher numbers of travelers per reservation.”

“The last twelve months have offered up a surplus of dramatic events, including the vitriolic campaign we’re all living through here in the States,” said Bob Drumm, president of Alexander + Roberts. “While bookings are more erratic than we usually see, I’m struck by the lack of fear by the majority of our guests as they venture abroad. They may shift the ‘buckets’ on their list based upon events, but there’s always someplace else to explore in our big, wonderful world. We try to reflect that fact in our 19 new additions to our product range for 2017/2018.”

Dan Austin, president of Austin Adventures, is seeing a more predictable picture than most. Domestic travel for Austin Adventures, which is dominated by visits to the National Parks, is up 35 percent. Travel to Europe is down 12 percent. All other international

destinations, including South America, Africa, Central America and Southeast Asia, are up 6 percent.

In addition, “We are seeing interest in higher-end luxury National Park product going through the roof, so much so that we are challenged to keep up with demand. We are also seeing more higher-end clients who would not have even considered domestic travel instead of, say, a safari, showing up on our door step.”

While the average booking window may not have changed much, the extremes have widened. “We are seeing two extremes. Either they are booking really early, such as for 2018, or they are booking last minute, such as for departure next week.”

Pleasant Holidays is reporting strong bookings and seeing no apparent effect from the election or the Zika virus. But fears of terrorism seem to be having an impact.

“Pleasant Holidays is experiencing double-digit sales and passenger growth year-over-year for travel to international destinations such as Europe, Caribbean and Mexico, with strong demand for destinations closer to home including, Hawaii, U.S. cities and Canada,” said Jack E. Richards, president and CEO.

“There appears to be no significant impact from the upcoming presidential election or Zika virus,” said Richards. “Terrorist attacks have negatively impacted travel to France. However, most other Europe destinations are very strong due to favorable currency exchange rates, lower transatlantic airfares and lower hotel room rates. The overall booking window has lengthened as our hotel rates and inventory are now available through December 2017 with some hotels available in 2018.”

In the confusion and chaos, there are inevitably benefits as well as problems.

“The number of inquiries we’ve received from travel agents for UK FIT products and options doubled in the week following the Brexit vote,” said Harry Dalgaard, president of Avanti Destinations, and that’s only one of many items of good news for the Portland, Ore.-based operator.

“We’ve doubled our revenues in the last five years,” said Dalgaard. “We’re seeing a strong trend to close-in bookings (90-120 days prior to departure) for Europe. Advance bookings are up for 2017 for Asia and Latin America. We’ve been seeing growth in multi-generational, family travel over the past several years.”

Travelers to Europe are tending to look for less-touristed destinations, secondary cities/smaller towns. As a wholesaler of independent, custom travel packages, Avanti

probably sees changes in the marketplace sooner than the escorted tour operators. And Avanti is seeing a growing comeback for Paris.

At press time, Avanti is reporting a return in demand for travel to Paris with a 25 percent increase in bookings to France over last year.

And more good news for Avanti, the operator is seeing the long awaited effect of the millennial generation coming to fruition.

"We have seen a 20 percent growth in millennial bookings," said Dalgaard. "Lots of them are going to Thailand, Japan, Patagonia (Argentina and Chile), the Inca Trail and Machu Picchu, Norway and Iceland. Many of these millennial vacations are activity-based."

Globus saw its 2016 bookings get off to a vigorous start about this time last year, according to Steve Born, vice president of marketing for the Globus family of brands. But after the Paris attacks in the fall, demand stalled into the first quarter of 2016. Now, Born said, This year is getting off to a slow start.

"Overall, and with some destinations as exceptions, the sense is that many travelers are taking a wait-and-see approach to their 2017 bookings. "

Our focus is encouraging our travel agent partners not to wait on 2017 or the election, but to make contact with their customer base now to begin the conversation about 2017. We're optimistic that 2017 will gain momentum as the year goes on, but no one wants to go into the year far behind."

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