Tour Operator Trends for Booking Channels

Australia & New Zealand
Edition - 2018

An Industry Survey
conducted by

rezdy

Introduction

Welcome to the latest Industry Survey Research publication of Rezdy: **Tour Operator Trends for Booking Channels - Australia & New Zealand Edition** for 2018.

Here at Rezdy, we're passionate about data. Knowing how to interpret numbers is crucial for tour and activity providers looking to push their products to the next level. So, we have recently conducted an industry survey which has uncovered the latest data that can help define and solidify important trends, facts and insights within today's dynamic tours and activities industry.

Understanding the latest trends can enrich your overall strategy for your business. This resource can be a valuable tool to help you evaluate where you stand competitively and provide you with insightful tips throughout.

This year, we have divided the results of Tour Operator Trends for Booking Channels for 2018 into three editions: Global, **Australia & New Zealand** and United States & Canada.

Finally, we would also like to thank everyone who've participated in our survey this year - we've received such an amazing response from amazing tour and activity operators around the world!

For more free resources, please visit: https://www.rezdy.com/resources/

CONTENTS

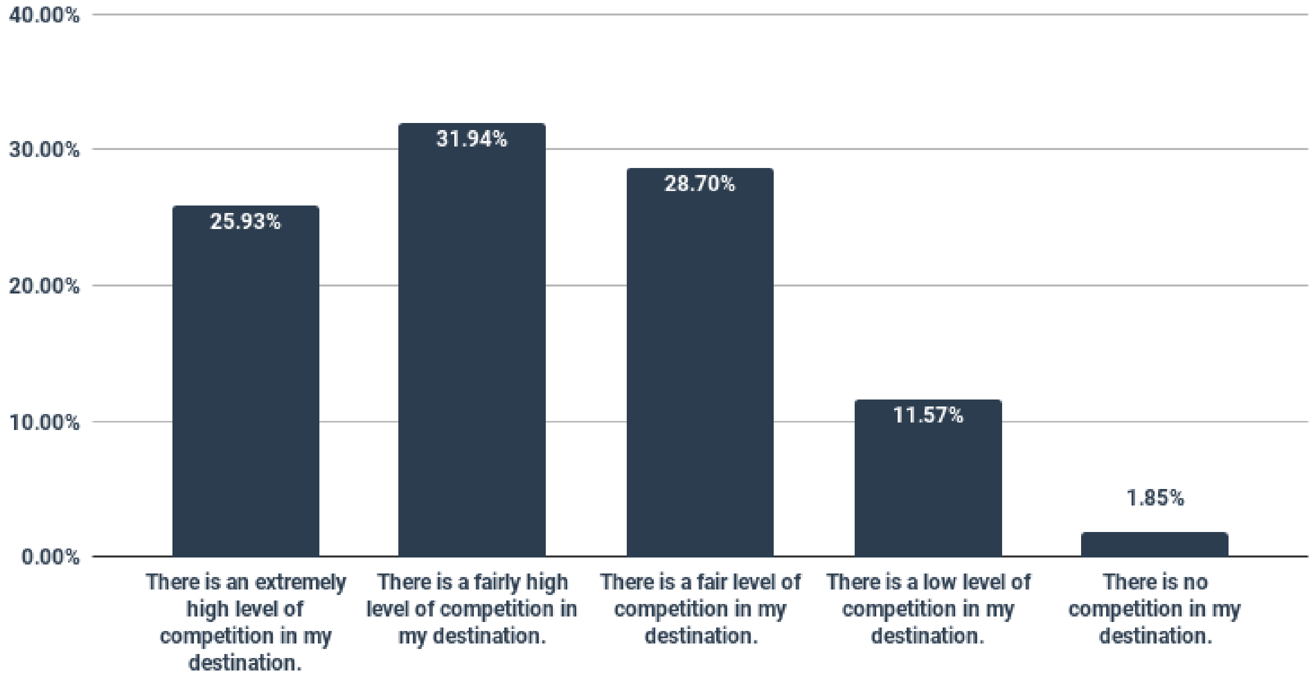
| SHARE THIS EBOOK:

1.1 The Level of Competition within Destination

In Part 1, we asked questions specifically on the respondents' current businesses to help us understand the context of their situation.

Firstly, we asked them how they felt about the level of competition within their destination.

Figure 1.1: How much competition do you feel you have in your destination?



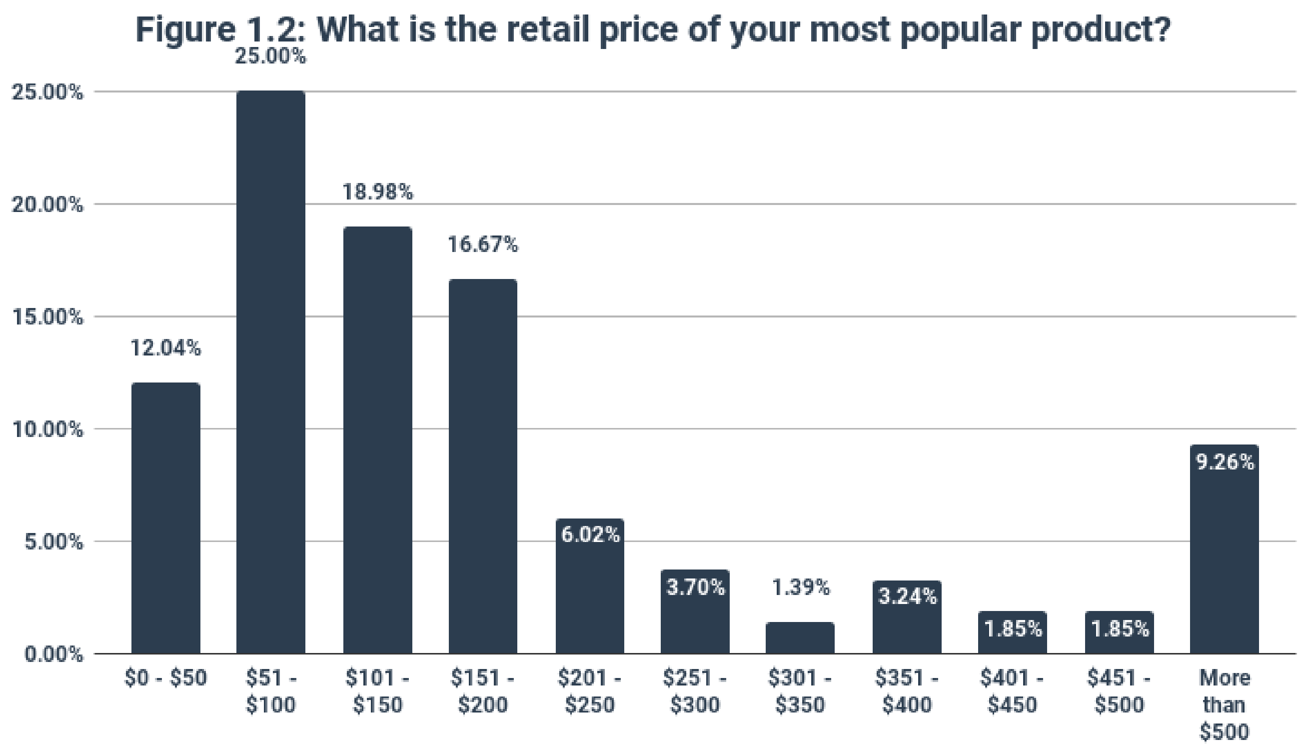
In *Figure 1.1* above, 57.87% of respondents operating within Australia and New Zealand felt that there is a fairly high to extremely high level of competition in their destination.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

Compared to our 2016 survey results, we can see a significant increase in competition. In 2016, only 9.09% of respondents felt that there was an extremely high level of competition within their destination whereas now, it has shifted to 25.93%. A key contributor to this is the influx of global outbound tourists including the Chinese travelers and recently, the emerging segment of Indian travelers.

1.2 The Retail Price of Most Popular Products

Next, we asked respondents the retail price of their most popular product as seen in *Figure 1.2* below.



As highlighted on the graph, 25% of operators in Australia and New Zealand had their most popular products within the retail price range between $51 - $100. Following this, the second most popular retail product price range fell within the $101 - $150 bucket at 18.98%.

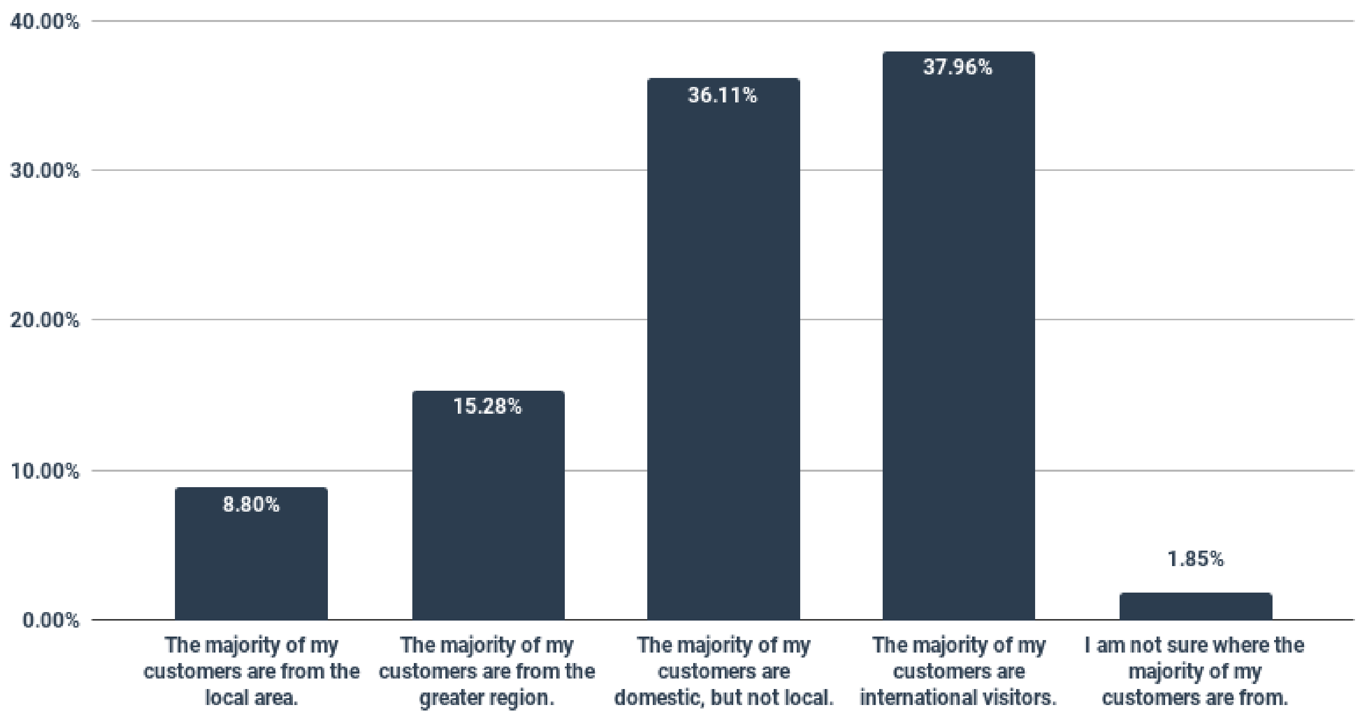
WHAT DOES THIS MEAN FOR TOUR OPERATORS?
Interestingly from what we gathered in our 2016 survey results, the average retail price of most popular products has drastically reduced from $401 - $450 bucket to $51 - $100 bucket today.

Knowing the price of other tour operators' products and most importantly, your competitors', can give you an edge in the market. If you want to resell your products to large agents, keep in mind that they will not only sell your tours but also other tours available through competing companies in your destination. Therefore, evaluating your competitors' prices and offers can help structure your product pricing and commission when reselling your products to third-party agents.

1.3 Where do the Majority of Customers come from?

Here, we asked the respondents where the majority of their customers currently come from as seen in *Figure 1.3* below.

Figure 1.3: Where do the majority of your customers come from?



We can see that 37.96% of respondents said that the majority of their customers are international visitors. Second at 36.11% said that the majority of their customers are domestic, but not local.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

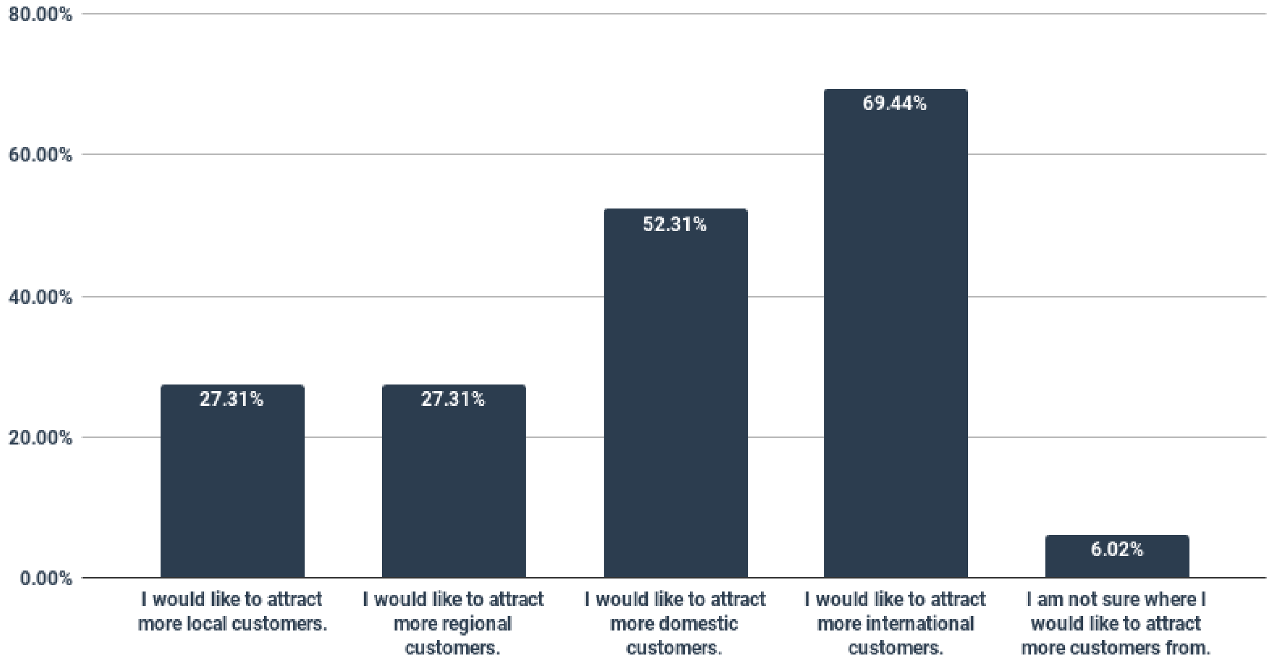
One unique aspect of the travel industry is that tour and activity operators have a global audience. We can see from the findings that the majority of customers from Australian and New Zealand respondents are international, so it is extremely important to consider catering to global audiences.

For example, as many tour and activity operators are aware, the growth of the Chinese market means that offering a Chinese-language version of your website could be a viable option to boost your bookings quite significantly.

1.4 Where do Tour Operators want more Customers from?

Next, we asked respondents where they would like to get MORE customers from as seen in *Figure 1.4* below.

Figure 1.4: Where would you like to get MORE customers from?



As seen in the graph, the majority of tour operators in Australia and New Zealand at 69.44% would like to attract more international customers. Following this, 52.31% want to attract more domestic customers.

Globally, 48.83% of respondents would like to attract MORE customers from **Europe**. This can be seen in the results of Tour Operator Trends for Booking Channels for 2018 - Global Edition.

Here, we break the findings down for Australia and New Zealand:

- The majority of Australian respondents want more customers from Europe, the United States and Asia .
- Similarly, the majority of New Zealand respondents also want more customers from Europe, the United States and Asia.

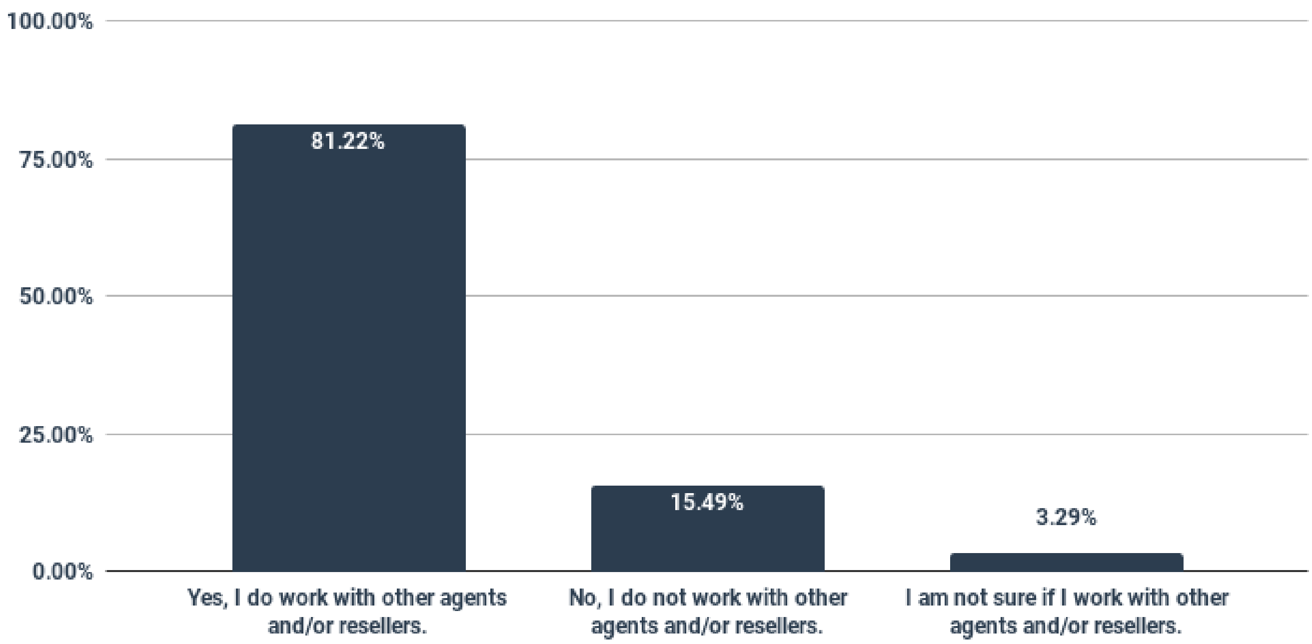
| SHARE THIS EBOOK:

2.1 How many Tour Operators are Working with Agents?

In Part 2, we focus on agents. By definition, agents are vendors/ resellers of your tours and activities. They work to distribute and resell your products to a broader market, ultimately increasing your bookings overall. Examples would be hotels/ concierges, Visitor Information Centers, Visitor Bureaus and Online Travel Agencies such as Expedia and Viator.

We asked respondents if they are currently working with agents or any third party resellers as seen in *Figure 2.1* below.

Figure 2.1: Do you work with agents, or any other third party that resells your tours and activities?

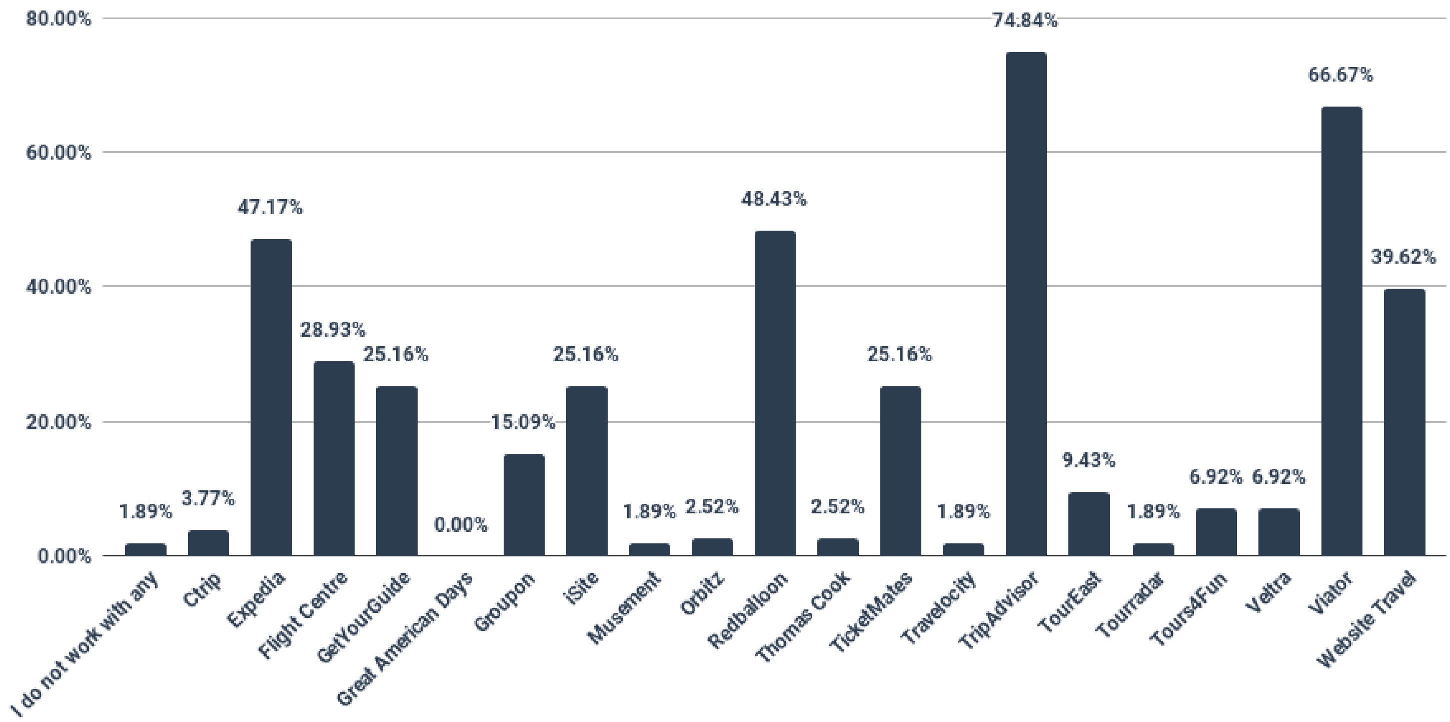


The graph shows a significant number of the sample that are working with other agents and/or resellers at 81.22% . This number has increased from 78.3% in the 2016 survey results. More and more Australian and New Zealand tour and activity operators today are seeing the value of connecting with agents. Working with agents and resellers can help you sell to an audience of millions and reduce your valuable time in marketing your tour products.

2.2 Who are the Agents that Tour Operators are Working with?

For our next question, we asked which agents they are working with, as depicted in *Figure 2.2* below.

Figure 2.2: Do you work with any of the following agents?



As seen in the results, the top three agents that respondents are currently connecting with are: TripAdvisor at 74.84%, Viator at 66.67% and RedBalloon at 48.43%.

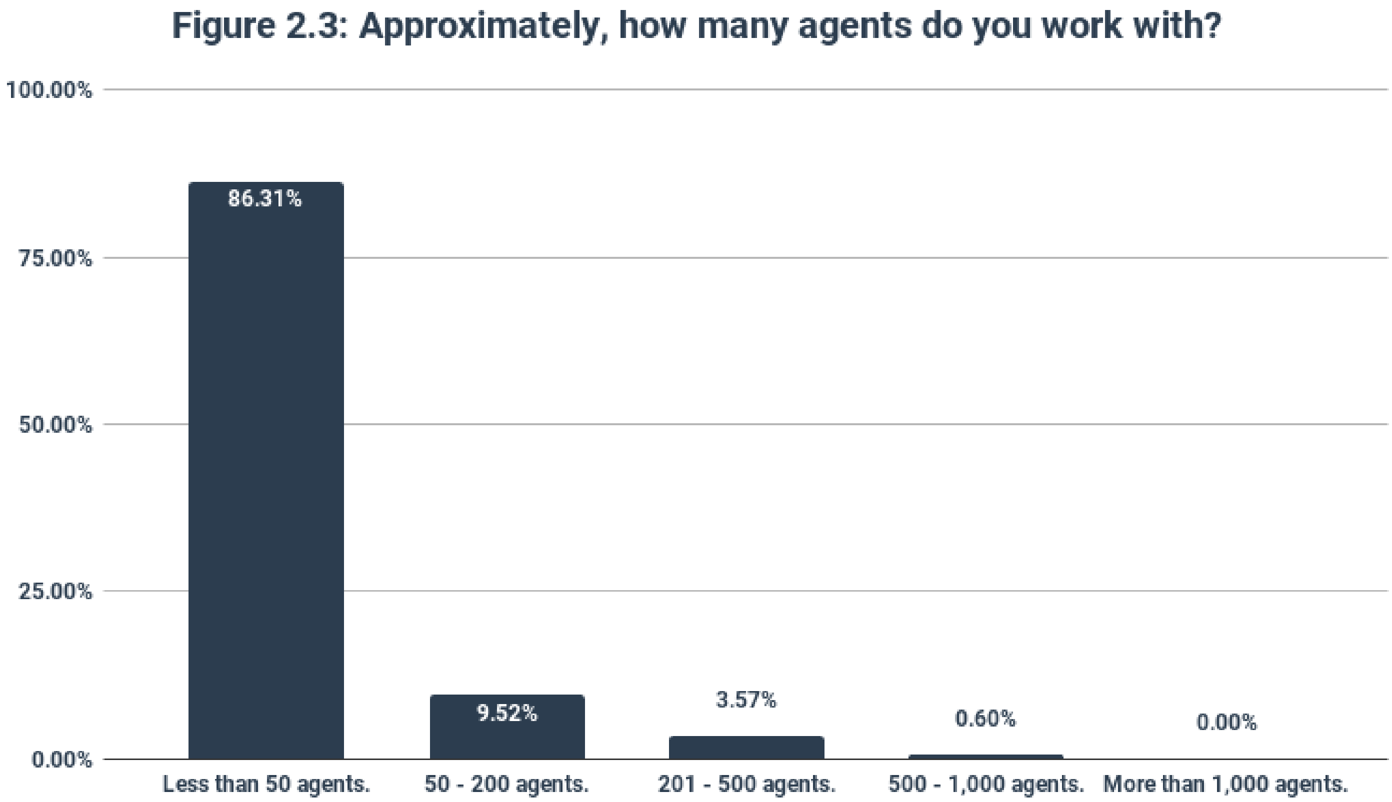
WHAT DOES THIS MEAN FOR TOUR OPERATORS?

In Part 2.1, we saw that 81.22% of participants work with agents. We can compare this to our 2016 survey where it was revealed that only 78.3% of respondents then were working with agents.

Interestingly, as we saw in the 2018 Global Edition survey results, Expedia landed as one of the top three agents. For Australian and New Zealand respondents, RedBalloon was chosen as one of the top three agents. Notably, the experience provider was pioneered in Australia and now offers more than 3,000 unique experiences across both countries. No wonder why the online experience gift retailer is deemed as one of the top agents to connect with!

2.3 The Number of Agents Working with Tour Operators

For those who are working with agents, we asked respondents how many agents they are currently working with. Responses were recorded in *Figure 2.3* below.



86.31% of our respondents noted that they are currently working with less than 50 agents. 0.60% of the sample said they are currently working with 500 to 1,000 agents.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

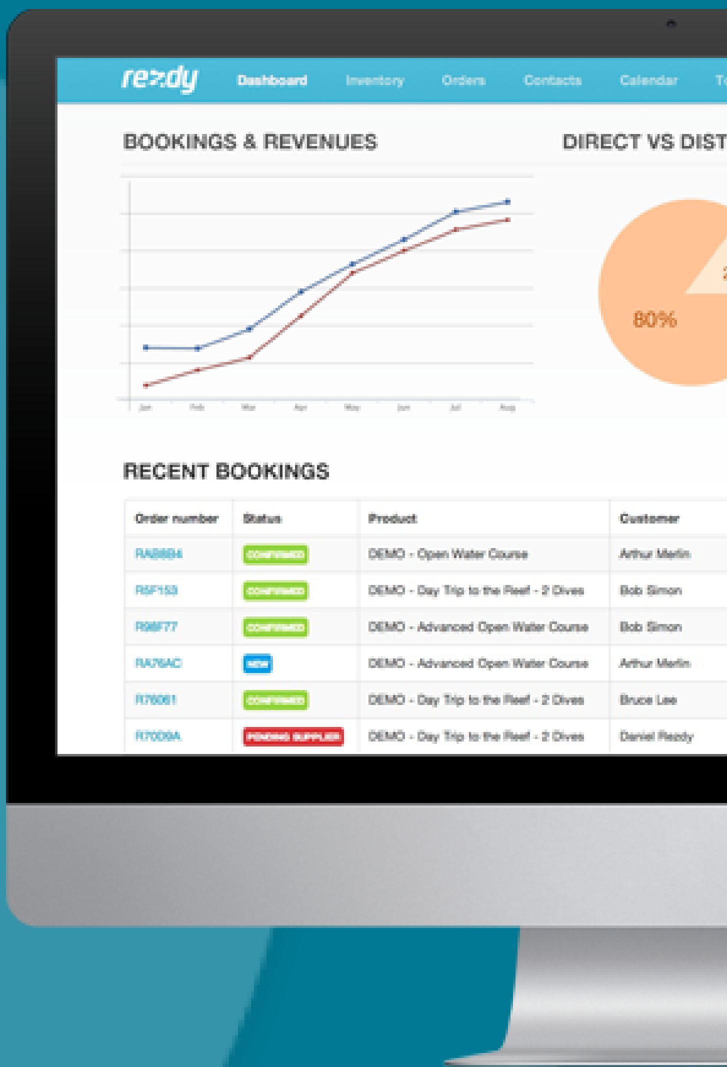
What can be validated from these results is that there is an expansive opportunity for suppliers to connect with more agents. Whilst direct bookings are incredibly valuable to tour and activity operators, many can argue that it is impossible to build a successful business on direct bookings alone. Therefore, partnering with reputable and high-quality agents, such as TripAdvisor, Expedia and RedBalloon, can be an integral part of your tour and activity company's distribution strategy.

SUPERCHARGE YOUR MARKETING AND DISTRIBUTION

Grow your business by tapping into the world's largest B2B agent network

Sell your tours to a worldwide audience of millions

Increase booking volume without increasing the workload



TRY REZDY FOR FREE

3.1 The Average Commission Rate per Agent

For Part 3, we asked respondents who are currently working with agents on how much, on average, they pay in commission.

Figure 3.1: On average, how much commission do you pay per agent?

Types of Agents	% Working with this Type of Agent	Average Commission Rate
Online Travel Agencies (Expedia, Viator etc.)	93.86%	21% - 25%
Visitor Information Centers/ Visitor Bureaus	92.02%	11% - 15%
Hotels/ Concierges	80.37%	6% - 10%
Daily Deal Websites (Groupon etc.)	72.39%	16% - 20%
Traditional Travel Agents	85.28%	16% - 20%

Of the respondents who are working with agents, the majority are working with Online Travel Agencies such as Expedia and Viator at 93.86%. Of these, 39.87% said that they are paying between 21% - 25% in commission.

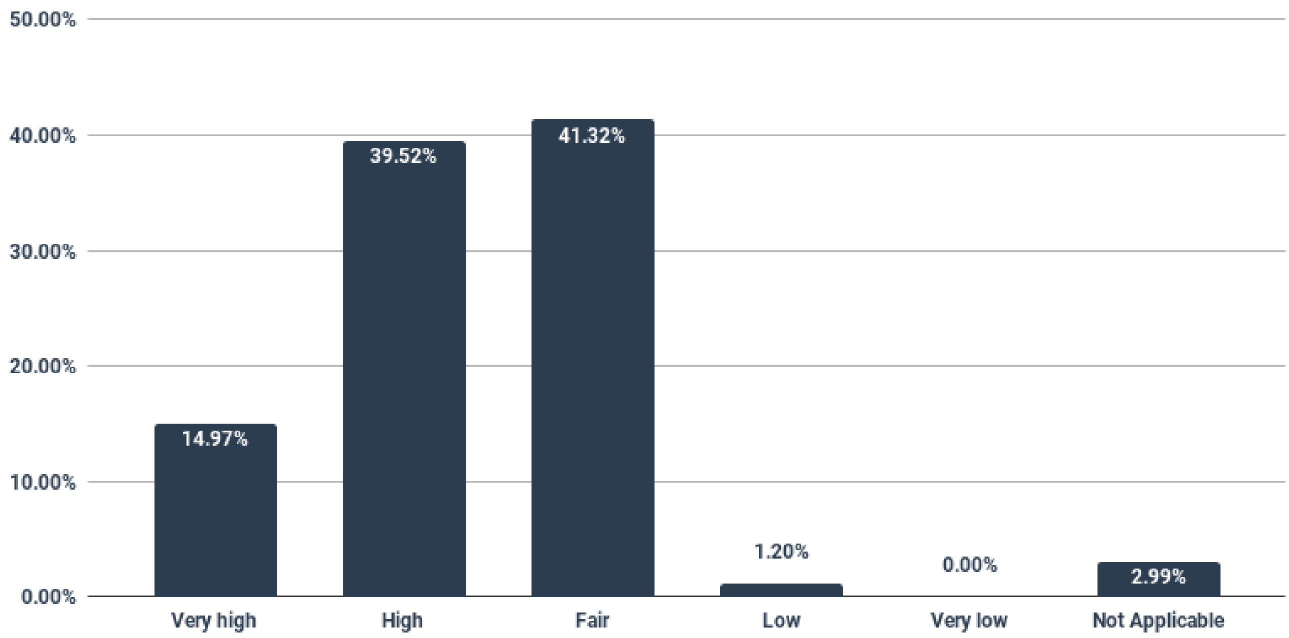
WHAT DOES THIS MEAN TO TOUR OPERATORS?
Compared to 2016 survey results. there is a significant increase of respondents working with Daily Deal Websites (Groupon etc.). In 2016, only 17% of survey respondents said that they were working with this type of agent, whereas now, 72.39% of respondents are working with them. That is approximately 326% increase over the past two years.

Overall, the findings show across all agent types, the majority of respondents have stated that they are generally paying between 16% - 20% in commission.

3.2 Are the Commission Rates Fair?

We asked how respondents felt about the commission rates that they are currently paying to their agents as seen in *Figure 3.2* below.

Figure 3.2: In general, what do you think of the commission rates you currently pay your agents?



41.32% of respondents felt that what they are paying to their agents is fair. Over half (54.49%) of respondents felt that what they are paying is high to very high. These clustered results here indicate that in general, the majority of respondents feel that the commission rate is fairly high.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

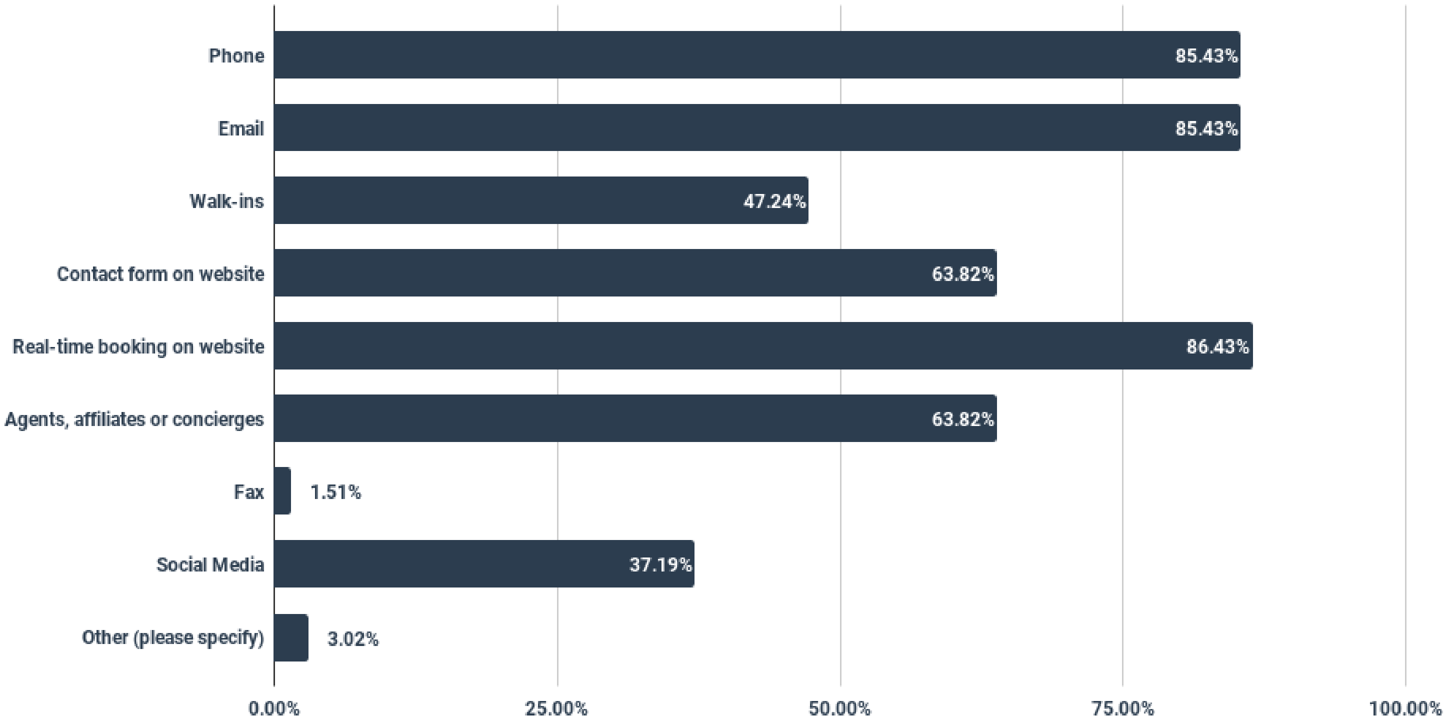
Comparing our 2016 survey results, 58.6% of respondents then felt that what they were paying was high to very high and 40.2% said what they were paying to their agents was fair. In contrast, the slight increase of respondents who said that what they pay to agents is fair (41.32%) indicate that more tour operators today are recognizing the value and worth of agent connections.

As tour operators like yourself expand, you will need to consider the cost of commission to your agents. All of the agents who resell your products will expect a commission, regardless of the type of agent that they are. So, it is critical that you should find agents that are the right fit for your business.

4.1 How do Tour Operators take their Bookings?

In Part 4, we examine what types of booking channels modern tour and activity operators use as seen in *Figure 4.1.*

Figure 4.1: Currently, how do you take your bookings?



Real-time bookings on website is ahead by a fraction as the primary tool to take bookings for tour and activity operators in Australia and New Zealand at 86.43%. Closely and equally following, Email and Phone at 85.43% of respondents.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

According to the results, even though the majority of respondents have noted that they are using real-time booking on website, most are still relying on analog inventory management such as phone and email despite the shift to real-time booking platforms. In today's digital age, consumer behaviors are changing at a rapid pace, for example, being able to book last-minute on mobile devices. Therefore, the future success of tour and activity companies may rely on the technology they have available to facilitate this shift.

Did you know Rezdy is optimized for mobile devices? To find out if Rezdy is the right fit for your business, download our free e-book below.

4.2 The Most Effective Booking Channels for Tour Operators

Following on, we asked respondents how effective their current booking channels are.

N.B.: Results have been simplified below in *Figure 4.2.*

Figure 4.2: How effective are the following booking channels?

% Highly Ineffective	% Ineffective	Types of Booking Channels	% Effective	% Highly Effective
0%	4.08%	Phone	41.33%	36.22%
0%	3.09%	Email	49.48%	26.80%
1.14%	4.57%	Walk-ins	20%	28.57%
1.60%	4.79%	Contact form on website	48.30%	28.19%
0.52%	1.57%	Real-time booking on website	26.18%	61.78%
3.16%	7.89%	Agents, affiliates or concierges	37.37%	19.47%
3.31%	2.65%	Fax	0.66%	0.66%
4.40%	8.24%	Social Media	24.18%	8.24%

As seen in *Figure 4.1* , even though the proportion of respondents using Real-time booking on website is on par with traditional booking methods such as Phone and Email, *Figure 4.2* shows the apparent differences of efficiency per channel. Real-time booking on website scored the highest in effectiveness as a booking channel at 61.78%.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

The primary reason behind this is because the Australian and New Zealand market has matured and has adopted real-time technology much earlier, when compared to the rest of the world.

4.3 The Most Effective Channels for Increasing Visibility

For this section, we asked how respondents rate various channels for increasing the visibility of their business.

Figure 4.3: How effective are the following channels for increasing the visibility of your business?

% Highly Ineffective	% Ineffective	Types of Channels	% Effective	% Highly Effective
6.49%	7.03%	Online Travel Agencies (E.g. Expedia)	30.27%	18.92%
2.20%	5.49%	Google Adwords	35.16%	12.64%
2.12%	3.70%	Social Media	51.32%	20.63%
5.32%	10.11%	Printed Media (E.g. Brochures, Magazines)	40.96%	13.83%
7.03%	12.43%	Traditional Travel Agents	25.41%	9.19%
4.89%	13.59%	Hotels/ Concierges	31.52%	4.89%
2.62%	2.62%	Review Websites (E.g. TripAdvisor)	39.27%	35.60%
7.78%	6.67%	Daily Deal Websites (E.g. Groupon)	8.89%	7.78%
5.82%	6.35%	Visitor Information Centers/ Visitors Bureau	42.86%	13.76%
0%	0.52%	Word of Mouth/ Referrals	34.90%	58.33%
2.75%	4.40%	Outdoor Advertising	18.68%	7.14%

The majority of respondents felt that word-of-mouth/ referrals are most effective at 58.33% and second came review websites (E.g. TripAdvisor) at 35.60%. In contrast, a staggering total of 19.46% of respondents felt traditional travel agents were ineffective to highly ineffective channels for increasing visibility of their businesses.

4.4 The Most Effective Marketing Channels for Increasing Bookings

Here, we asked how respondents rate the same channels as *Figure 4.3* on the criteria of whether they are effective in increasing the bookings for their business.

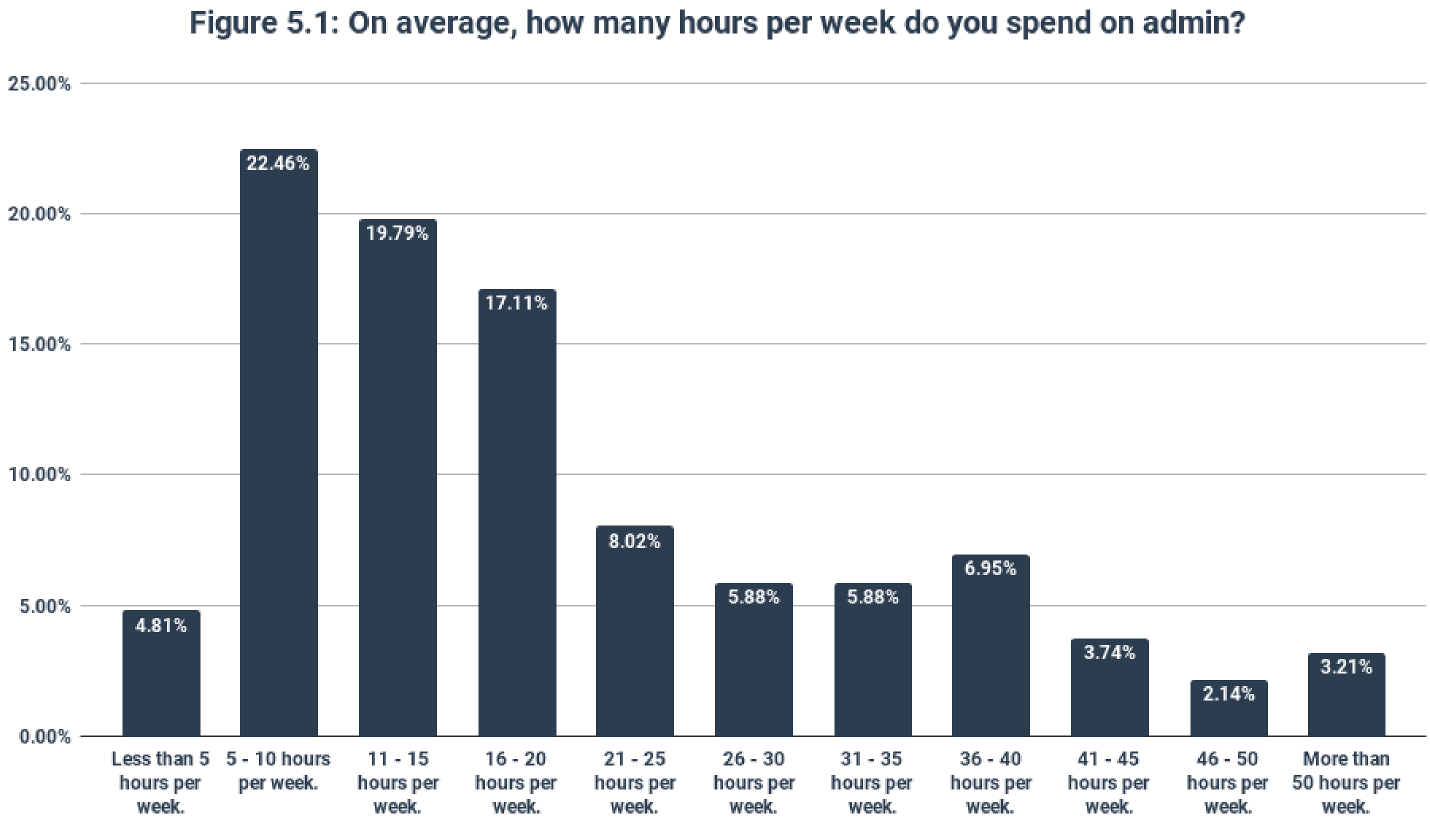
Figure 4.4: How effective are the following marketing channels for increasing the bookings of your business?

% Highly Ineffective	% Ineffective	Types of Channels	% Effective	% Highly Effective
6.15%	7.26%	Online Travel Agencies (E.g. Expedia)	27.93%	18.99%
2.27%	5.68%	Google Adwords	29.55%	15.34%
5.08%	4.52%	Social Media	44.63%	18.64%
3.87%	7.73%	Printed Media (E.g. Brochures, Magazines)	39.23%	14.36%
6.21%	10.73%	Traditional Travel Agents	22.60%	7.91%
2.82%	9.60%	Hotels/ Concierges	27.68%	9.04%
2.73%	3.28%	Review Websites (E.g. TripAdvisor)	38.25%	35.52%
8%	6.86%	Daily Deal Websites (E.g. Groupon)	12.57%	7.43%
4..37%	6.56%	Visitor Information Centers/ Visitors Bureau	38.25%	15.85%
0%	0%	Word of Mouth/ Referrals	40.98%	50.82%
2.84%	3.41%	Outdoor Advertising	19.89%	5.11%

We can see similarities between *Figure 4.3* and *Figure 4.4*. It is interesting to see that no respondents felt word-of-mouth/ referrals were in any way ineffective. Again, the majority of the Australian and New Zealand respondents felt that word-of-mouth/ referrals were the most effective in increasing the bookings at an astounding proportion of 50.82%.

5.1 The Average Hours per Week on Admin for Tour Operators

In Part 5, we looked at the various marketing and operation channels for tour and activity operators as seen in *Figure 5.1*.



On average, the majority of respondents in Australia and New Zealand have indicated that they are currently spending 5 to 20 hours per week on admin at 59.36%.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

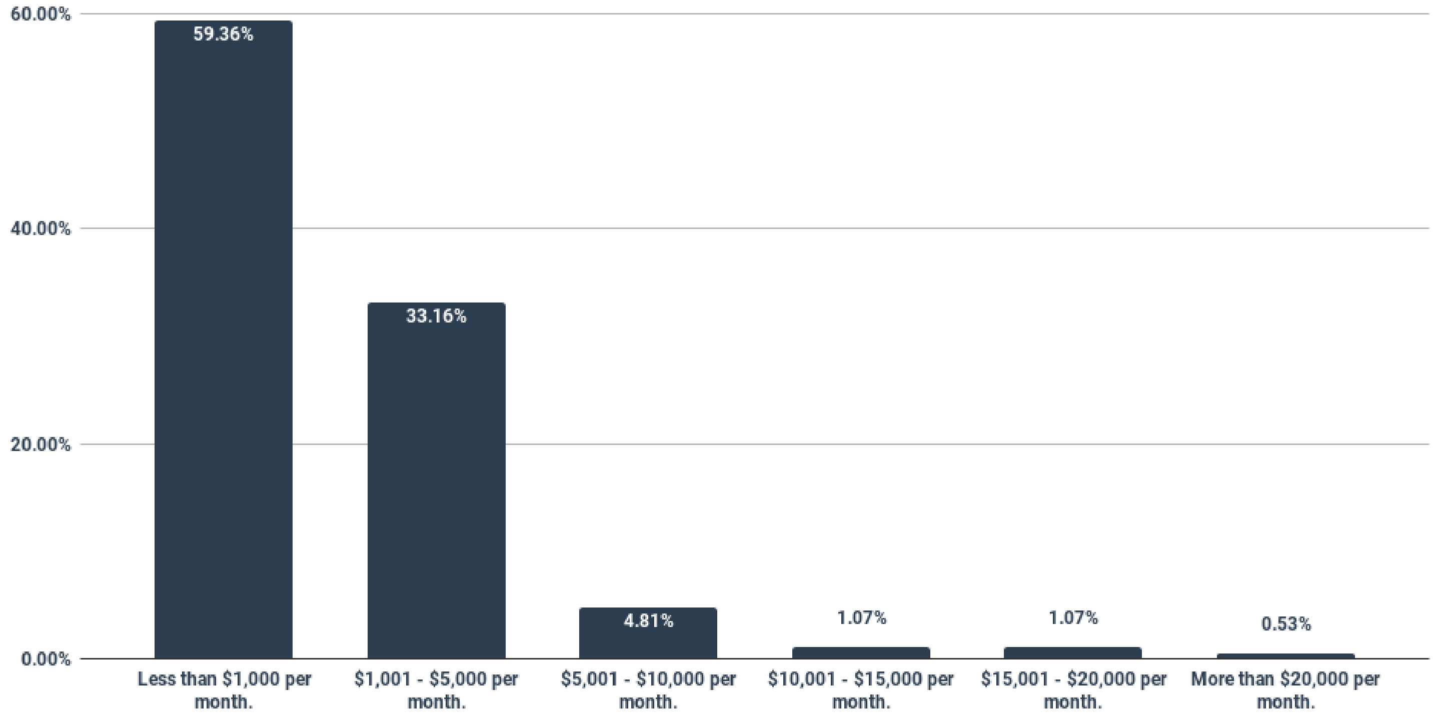
Even though a large proportion here indicated that they are mostly spending less than 20 hours per week on admin, there is still an opportunity for the rest to reduce their admin hours. From this sample, over a third of the respondents are spending more than 21 hours per week on admin (35.82%).

Rezdy's unique Manifest feature can help reduce lengthy admin time and get you organized by managing all your resources in one place and empowering staff with all the information they need in real-time when running your tours.

5.2 The Average Marketing Spend per Month for Tour Operators

Here, we asked on average, how much do respondents typically spend on marketing per month as shown in F*igure 5.2* below.

Figure 5.2: On average, how much do you spend on marketing per month? (Consider all online and offline advertising, marketing staff wages where applicable)



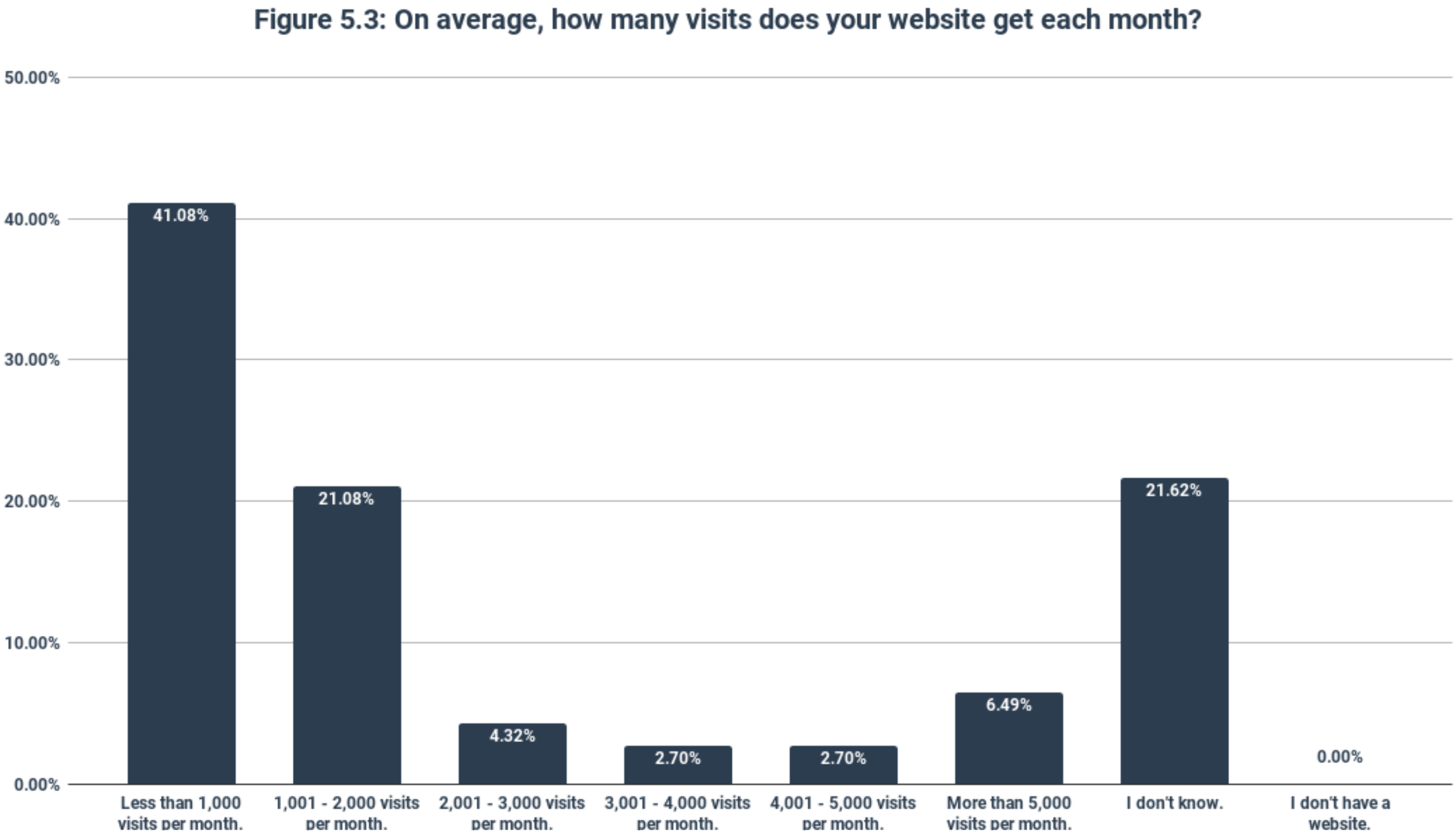
In general, the majority of tour and activity operators are spending less than $1,000 per month on marketing at 59.36%. When compared to the 2016 survey results where the average monthly marketing spend was at ~$1,718, there is an apparent reduction in marketing expenditure over the past two years.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

As we refer back to *Figure 4.3*, we can see word-of-mouth/ referrals and review websites (E.g. TripAdvisor) ranked the highest in being the most effective avenues for increasing the visibility of their tour business at 58.33% and 35.60%, respectively speaking. Thus, this may indicate as to why more and more tour operators are spending less on marketing for their business as they are investing in promoting positive customer experiences, working with review websites and actively advocating feedback on channels such as social media.

Rezdy can help sell more of your tours by equipping your business with tools you need to garner more visibility and in turn, increase your bookings.

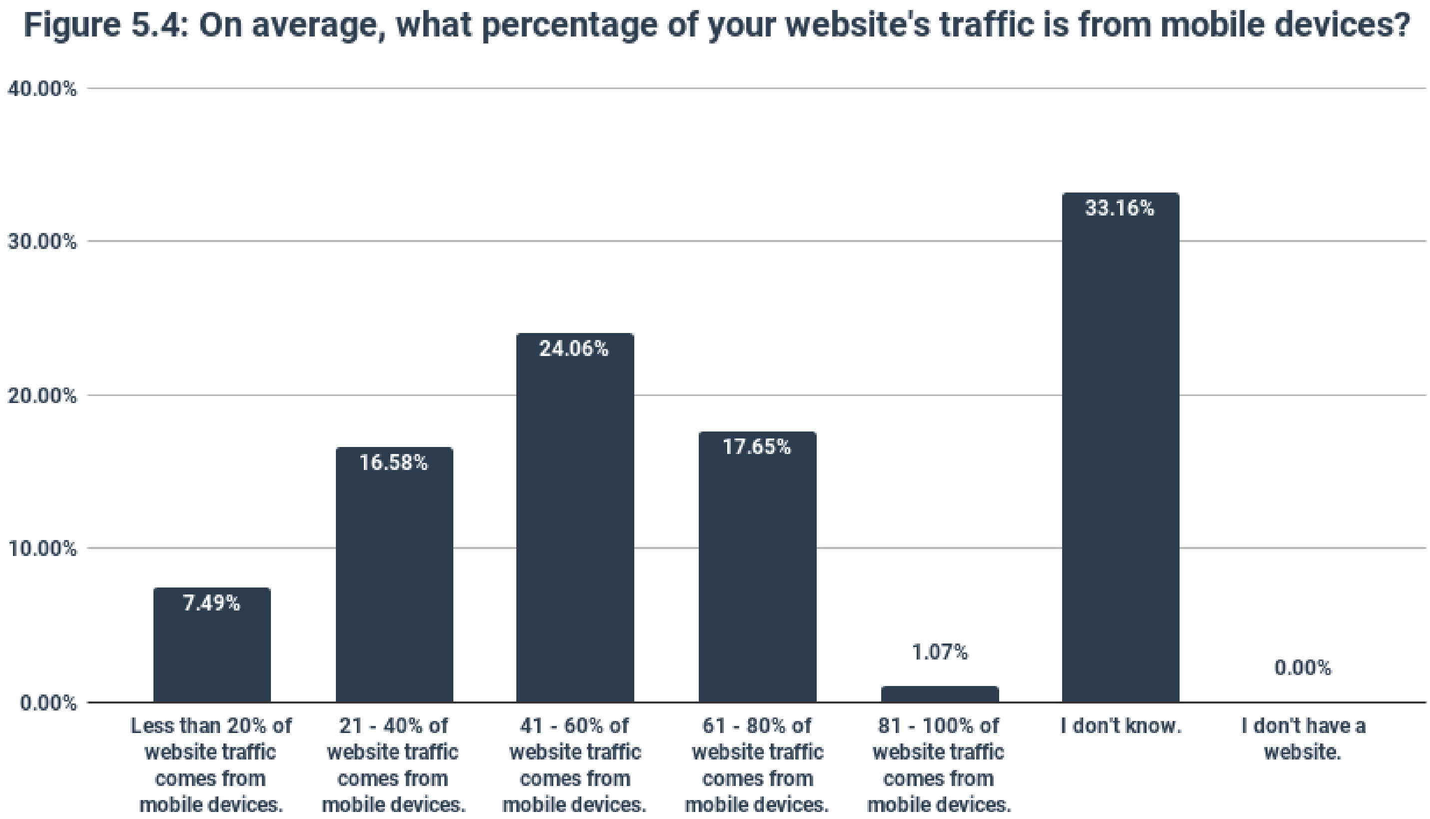
5.3 The Average Monthly Website Visits for Tour Operators



To look further into the tour and activity operators' website activity per month, we asked approximately, how many visits they received on average. According to the results, *Figure 5.3* shows that 41.08% of the respondents have less than 1,000 visits per month, compared to 6.49% who have more than 5,000 visits per month.

Interestingly, 21.62% of the respondents noted that they do not know how many visits they get for their website. No respondents within Australia and New Zealand have mentioned that they do not have a website, whereas when compared to the 2018 Global results, 0.79% of respondents said they do not have a website.

5.4 The Average Mobile Traffic for Tour Operators



Next, we examined the percentage of the website traffic from mobile devices. A staggering 33.16% of respondents do not know their mobile traffic whereas approximately two-thirds of respondents are aware of the role mobile traffic plays in their business.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

Rezdy Founder Simon Lenoir recently noted in his interview with Tnooz that last-minute bookings have been growing continuously - driven by consumers booking via mobile. This means that the mobile browsing and checkout experience matters more and they are becoming a more integral part of everyday life.

Data from Rezdy has also shown that mobile bookings have been growing 1% per quarter consistently for the last 4 years. This means that the overall share of mobile bookings has grown from 30% a few years ago to 45% in December 2017, particularly when making the booking (both transactions and payment).

Rezdy facilitates and optimizes mobile bookings, and has recorded 400% growth in mobile bookings since 2015.

5.5 The Average Rate of Conversions for Tour Operators

Here, we asked respondents in Australia and New Zealand about their website's booking conversion rate. We can define conversion rate as the number of visitors who arrive at your site and book one of your products.

In total, we received an average conversion rate of approximately **35.47%**. This is slightly above the 2018 Global survey results at 29.96%.

WHAT DOES THIS MEAN FOR TOUR OPERATORS?

For many, online shopping has become a way of life. Unfortunately for many online brands including tour and activity businesses, the vast majority of consumers are more likely to abandon their cart than they are to finalize their purchase. In fact recently, research has shown that 67% of online users leave a website without making a purchase (Tnooz).

It is compelling to see that respondents in Australia and New Zealand had a higher conversion rate than the rest of the world, predominantly due to their higher rate of adoption and facilitation of real-time booking technology. As a tour and activity company, you not only want to attract more visitors to your website but you also want to increase your conversions.

Rezdy allows you to track your booking form conversion rate so that you can measure and improve your look-to-book ratio. Easily monitor the number of bookings and the value per booking and calculate the return of investment (ROI) for all your marketing efforts.

6.1 The Biggest Challenge for Tour Operators Today

Finally, we asked respondents, "What is your biggest challenge to date?"

Some answers that we received:

"Finding a consistent and reliable source of sales."

"Bringing customers through the door and converting the number of website look-ins to bookings."

"Increasing visibility with limited marketing budget."

"Learning how to run and get the best out of a small business. Keeping consumers happy with products."

"Brand awareness, identifying best investment for Return-On-Investment (ROI) and professionals who can achieve a positive outcome."

You love your job as you get to do what you're passionate about. Why waste your time on unnecessary admin work?

After all, you didn't start your business to be tied to your desk!

Network, trade and thrive today with Rezdy.

Harness the latest 'Language of Travel' for all modern Tour and Activity Operators.

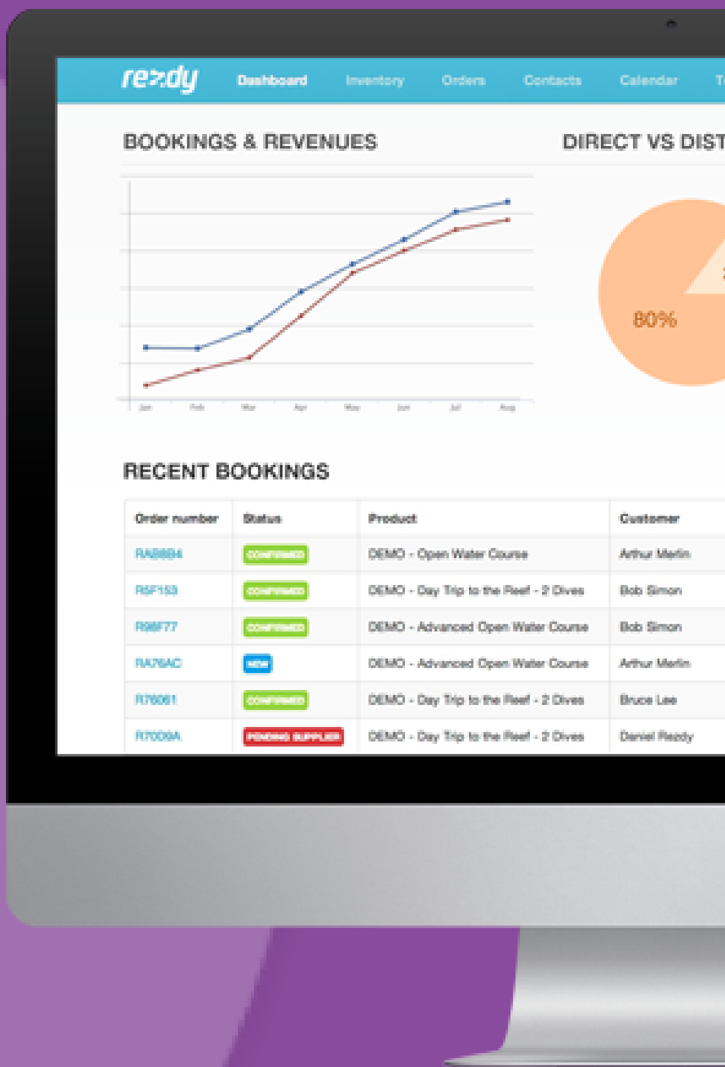
GET YOUR FREE COPY

SUPERCHARGE YOUR MARKETING AND DISTRIBUTION

Grow your business by tapping into the world's largest B2B agent network

Sell your tours to a worldwide audience of millions

Increase booking volume without increasing the workload



TRY REZDY FOR FREE