CLOSING THE DIGITAL GAP

Tour & Activity Booking in Europe

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FEBRUARY 2019

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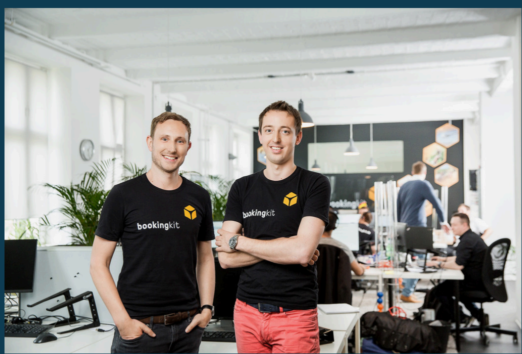
LET'S CLOSE THE GAP!

What a great time for the tours and activity industry! Never has there been so much attention on what Arival calls the "Best Part of Travel" – from online travel agencies (OTAs), digital marketers, operators and also investors and the financial sector. Everything is becoming more digital, more online, more connected: Google is stepping into the market, most of the major OTAs are already there and new startups are stepping in. Mobile shopping and booking is growing rapidly, the behavior of travelers booking activities has changed. We're just at the beginning of a serious shift of the market.

A lot of the focus and buzz during the last years was about the more mature markets like the U.S., but together with Arival we at bookingkit believe it's time to focus on key European markets even more. They are growing rapidly and becoming more digital and mature – and at a pace unimaginable just a few years ago. So we are thrilled to work with Arival to develop this guide on the shopping and booking habits of European travelers. The insights in this paper provide creators and sellers of tours, activities and attractions a great overview of what's happening in the digital era as well as practical tips to grow your tour and activity business. So together let's learn, and let's close that digital gap!

Lukas C. C. Hempel & Christoph Kruse,
Founders of bookingkit



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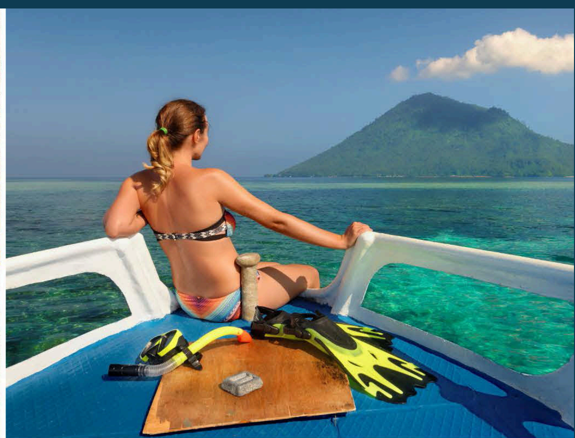
ABOUT ARIVAL

Arival advances the business of creating amazing in-destination experiences through events, insights and community for creators and sellers of Tours, Activities & Attractions.

Our mission: establish the Best Part of Travel as the major sector of the global travel, tourism and hospitality industry that it deserves to be.

www.arival.travel






ABOUT BOOKINGKIT

bookingkit is Europe’s leading booking and marketing suite for tour and activity providers. The software company provides digitalization solutions for tours and activities — the third largest tourism sector. bookingkit's software-as-a-service solution offers a standardized and scalable technology for managing, selling and marketing bookings to tour and activity providers. With its integrated distribution system, bookingkit is able to connect this data to destinations, travel agencies and sales channels.

The company has received several awards, including Phocuswright Europe's "EMEA Travel Innovator" award and Travel Industry Club's "Startup of the Year” award. Forbes Magazine wrote about bookingkit as one of the 100 most innovative startups in Germany featured by The Hundert. bookingkit is headquartered in Berlin, Germany and employs around 100 people.

Learn more at www.bookingkit.net

Tours & Activities: Online Travel's Last Big Gap

It's a widely held belief among the global travel and tourism industry: tours and activities will never go online like hotels and airlines. Go to any travel industry conference or read some news media, and it's the same reasons stated over and over: tours and activities is too fragmented with too many small businesses lacking the technical savvy. Most travelers, so the conventional wisdom goes, don't think about the activities or tours until later in trip planning, and they prefer to book in destination and offline.

To be sure, online booking in this sector is well below that of flights and hotels. According to travel industry research firm Phocuswright, online channels account for less than one quarter of sales, compared to almost two-thirds of total leisure travel sales for airlines and accommodation. But this marketplace is not going to stay that way.

There are rapid changes underway in tours and activities. Most travelers are already researching and shopping online, which indicates the demand for online booking. Many operators of tours and activities may not be ready – but change is happening, and they must be ready:

1) There has been a rapid expansion of technology startups providing accessible, modern reservations and booking systems for small tour and activity operators, enabling them to offer online booking.

2) Large travel brands such as TUI, Expedia, Booking.com, TripAdvisor, GetYourGuide, Airbnb and others are making a big push to drive online booking.

3) More and more travelers are shopping and booking tours and activities online – and on their phones.

WHY YOU SHOULD READ THIS

This *Arival Guide to Tour & Activity Booking in Europe* delves into the European traveler’s path to purchase for the things they do in their destination. Here are three key things you will learn in this report about the activity and tour habits of European travelers:

- The role of activities and tours in trip planning
- How, where and when travelers research and book, and how it's changing
- Key insights operators must incorporate into their strategy to win Europe's new digital traveler

OUR METHODOLOGY

Arival undertook a comprehensive consumer study in June-August 2018 to provide insights on the in-destination experience. The objective was to help creators and sellers of attractions, activities, events and tours understand the key trends and drivers around traveler behavior. Arival fielded an online survey to 1,000 adult travelers (18+) from each of the following European Markets: France, Germany and the United Kingdom. The respondents from each market took a trip at least 150km from home, included an overnight stay and engaged in a qualifying in-destination experience.

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TOURS & ACTIVITIES ARE A BIG DEAL

Flights and hotels may get most of the attention from the travel industry, but tours and activities are very popular and important to European travelers. More than 70% of travelers from France, Germany and the U.K. include an outdoor adventure or recreational activity on their trip. Almost 60% of these travelers took a day tour on their recent trip, with French travelers being more predisposed to do a day tour than German or British travelers.

These travelers are not content to simply go on one activity or tour on their trip. They are booking multiple experiences. On average, travelers book three activities for their trip and just over one tour. This provides our industry with several opportunities to capture their activity and tour business.

Figure 1: Engagement & Activity Level of European In-Destination Travelers

Percentage Travelers Who Engage in In-Destination Activities

	France	Germany	U.K.
Outdoor Adventure	76%	73%	66%
Recreational	73%	75%	70%
Tours	68%	55%	54%

Average Number of In-Destination Activities per Trip

	France	Germany	U.K.
Activities	3.1	3.0	2.8
Tours	1.3	1.1	0.8

Arival Traveler Insights 2018: 1,000 French, 1,000 German, 1,000 U.K. active travelers, August 2018

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European travelers place significant value on both their activity and tour experiences. It's what they remember most about their holiday. Four in five travelers had a very memorable activity experience and over 70% had a very memorable tour experience on their last trip. Activities and tours are more memorable than the meals travelers ate, the accommodation in which they stayed, the people they met and the transportation they took to get to their destination.

It is not surprising then that both activities and tours figure heavily into the trip planning process for European travelers. Travelers value their activity and tour experience and want to ensure that they get the most memorable experience possible. Over 60% of travelers say that these two sectors of the in-destination experience are very or extremely important when planning a trip.

Why This Matters to Operators: With travelers placing such a high level of importance on activities and tours in their trip planning, this means they are actively planning the things they do in advance. Operators must understand when and how their potential customers are researching so that they can reach them when it matters most.

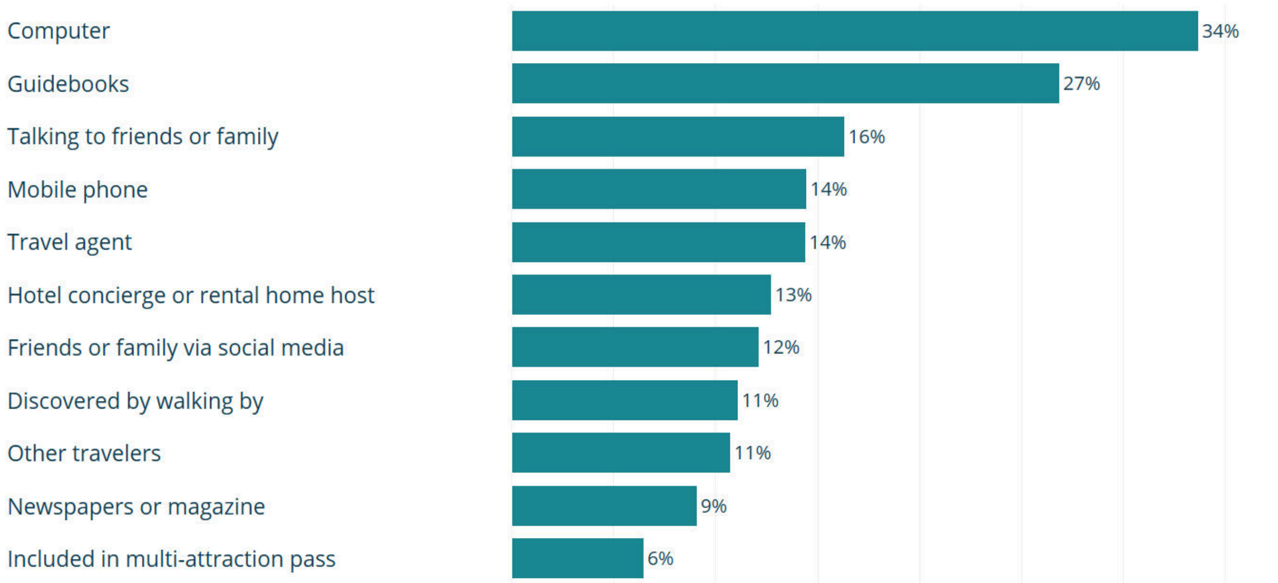
ONLINE CHANNELS LEAD ACTIVITY RESEARCH

Given the importance of activities and tours to the trip plans of Europeans, it is not surprising that well over nine in 10 travelers conduct significant research in advance of their holiday.

Travelers use a range of online and offline sources of information, however digital plays a leading role.

European travelers learn about their activity and tour options beginning with computers (34%), mobile devices (14%) and through family and friend's social media recommendations (12%), but word of mouth with family and friends, and guidebooks, especially for older travelers and for longer trips, are also important.

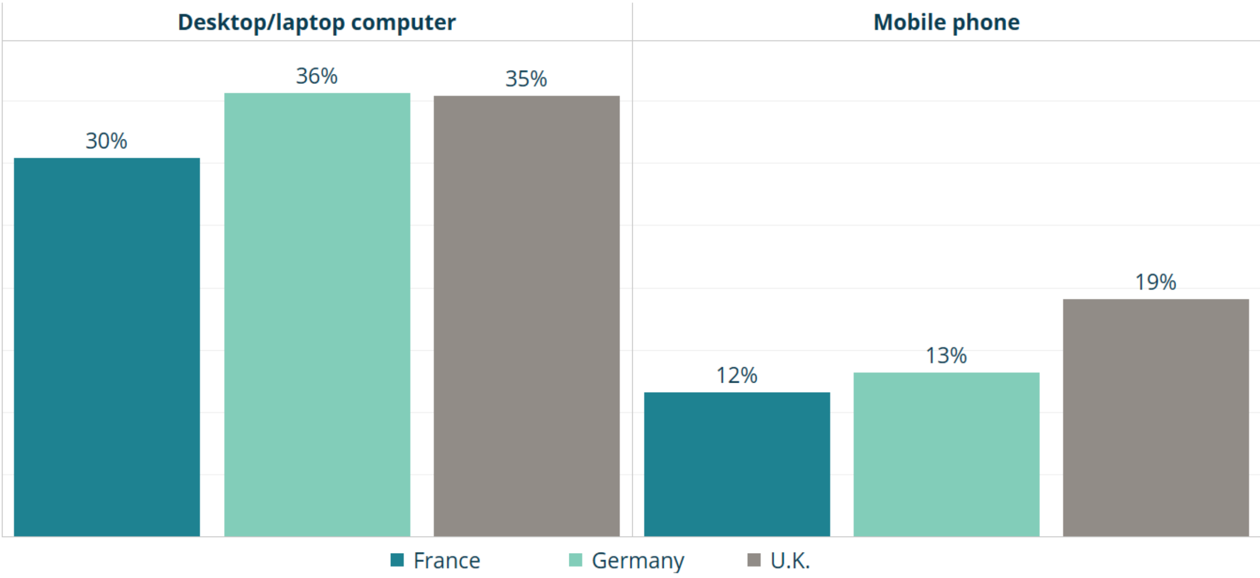
Figure 2: How Travelers Reseach Activities & Tours



Arival Traveler Insights 2018: 1,000 French, 1,000 German, 1,000 U.K. active travelers, August 2018

Among the three major European markets, the degree of online activity and tour research varies by market. British travelers have a stronger penchant for going online compared to their French and German counterparts. Over half of British travelers are using their computer or mobile devices for activity or tour research (55%). In comparison, 48% of Germans and 42% of French travelers do the same.

Figure 3: Online Research is More Popular Among German & British Travelers



Arival Traveler Insights 2018: 1,000 French, 1,000 German, 1,000 U.K. active travelers, August 2018

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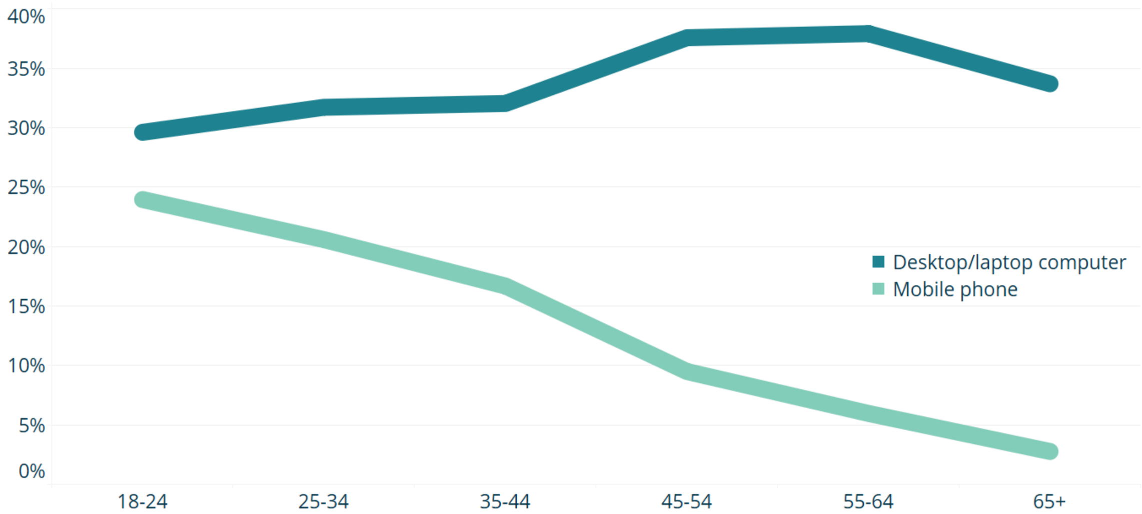
Future Purchase Path Will Be Mobile First

Travel research on mobile devices continues to grow. While it currently accounts for 14% of all activity and tour research, this channel is surging, mainly spurred by the higher adoption rates among younger travelers.

Travelers from the U.K are more likely to use their mobile phone than either Germans or the French. One in five British travelers use their mobile devices for activity or tour research. Mobile usage is also higher among younger travelers (<35) across all three markets. This strong adoption among younger travelers signals a future purchase path that will be mobile first.

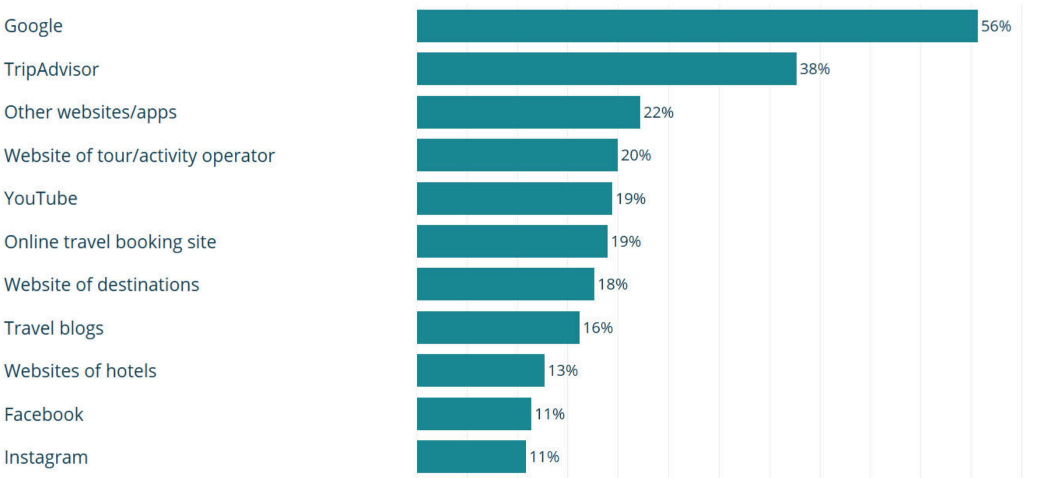
Figure 4: Researching on Mobile is More Popular Among Younger Travelers



Arival Traveler Insights 2018: 1,000 French, 1,000 German, 1,000 U.K. active travelers, August 2018

With the majority of European travelers going online to research their activity and tour options it is important to know where they are going. Two sites – Google and TripAdvisor – stand out. Over half of European travelers used Google when planning their activities and tours. The next most mentioned site is TripAdvisor (38%).

Figure 5: How Travelers Reseach Activities & Tours Online



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Why This Matters to Operators: As European travelers continue to go online to research their activity and tour options, operators need to have a digital marketing strategy to reach those potential customers through the channels where they browse and contemplate their trip. But operators must also invest in a compelling online presence that is mobile friendly as more travelers – and especially younger travelers – browse and expect to book via their phones.

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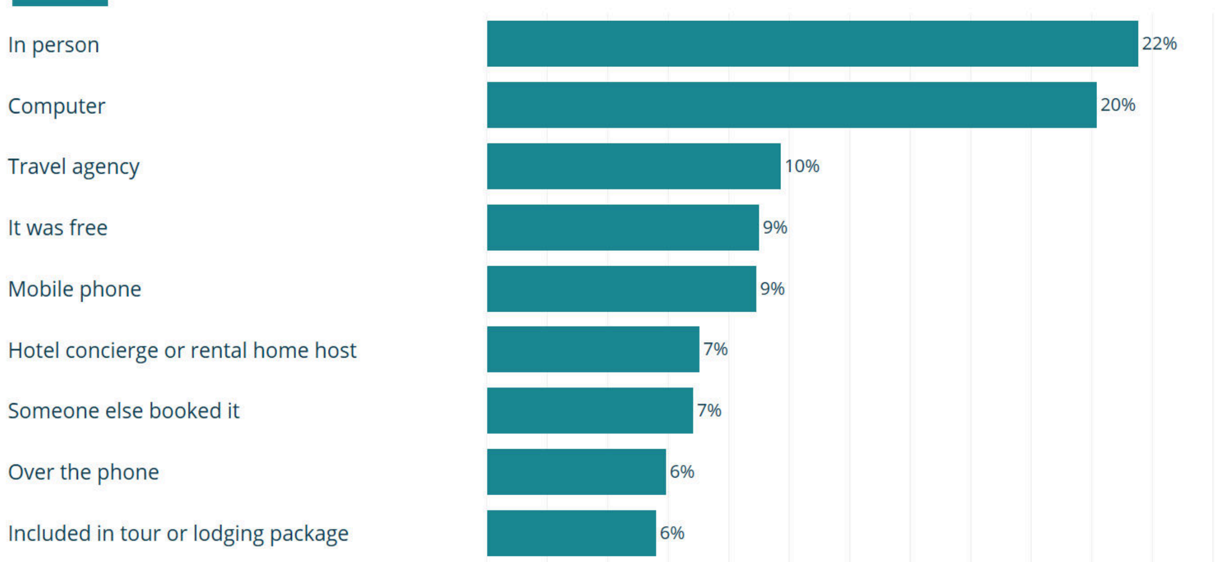
BOOKING: ONLINE IS BEHIND, BUT NOT FOR LONG

Most travelers may research tours and activities online, but less that 30% report any online booking. Purchasing a ticket in person at a ticket window, gate or tourist information office is the most common method, followed by computer, travel agency, mobile phone and hotel concierge. This gap between online shopping and booking is significant, and indicates that tour and activity operators are not converting a significant portion of online planners. Online booking rates for tours and activities are also well below flights or hotels, where the majority of bookings occur online.

Figure 6: How Travelers Book Activities & Tours



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Meet Travelers Where They Are – Online!

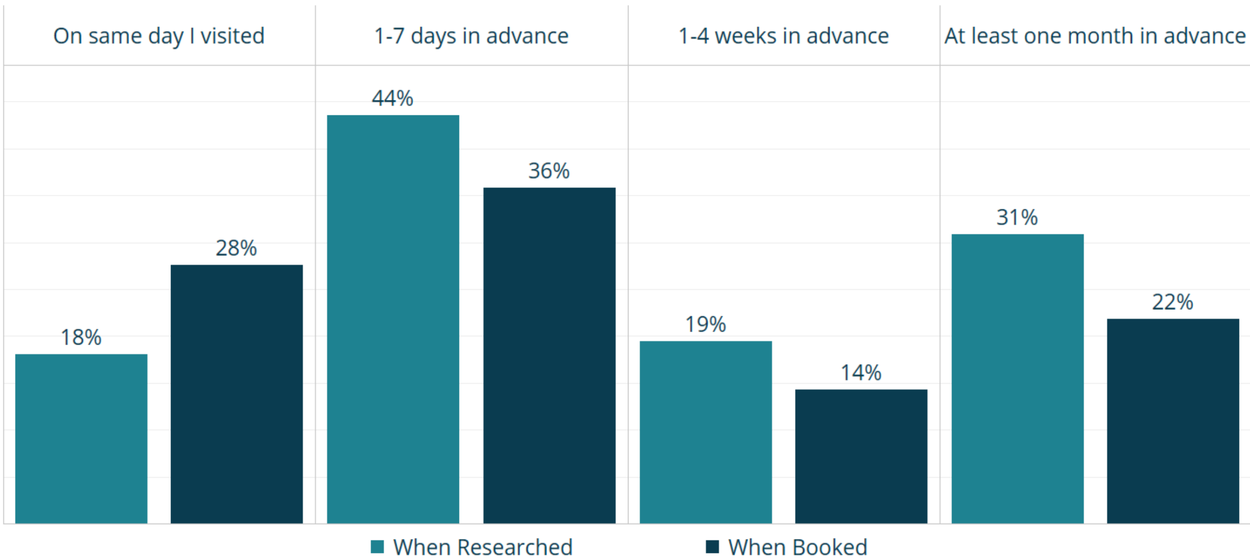
Today's travelers are well accustomed to booking flights and hotels (and movie tickets, dinner reservations, etc.) online. With most already researching online, the expectation to reserve and book tours and activities is there. But there is still a gap, as tour and activity operators remain well behind other sectors of travel when it comes to providing online and mobile booking options. Easy mobile booking is especially important for younger travelers (18-34 years old). Operators serving this traveler segment should prioritize mobile marketing and booking above desktop.

Why This Matters to Operators: Europe's travelers are already online, shopping for tours and activities. Operators must prioritize the development of high-quality online and mobile booking experiences that clearly display their options and streamline booking and payment

THE BOOKING WINDOW GETS SHORTER

Europeans plan their activities and tours in advance – they just don't always book in advance. Half of travelers are researching or planning their activities and tours at least a week before they experience the activity. However, almost 30% book their activity or tour on the same day they visited.

Figure 7: When Travelers Book & Research Activities & Tours



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The high rate of last-minute bookings does account for the higher rate of bookings made in person. For many travelers who book last minute, they do not want to decide until they arrive and prefer the flexibility on their vacation. Others simply don't make up their mind, or didn't learn about the activity until they were in the destination. This means that many operators are not reaching travelers during their pre-trip planning phase, and if they are, they may not be providing a sufficient incentive to book online and in advance, such as a better price or perk (such as skip the line).

Booking Window Shorter for Younger Travelers

Younger travelers are more impulsive – they start planning the trip last minute. More than 40% of travelers book between one and seven days in advance, and especially so for younger travelers. Last minute for these travelers means within a week of arrival. They are also more likely to book online, and via their phones.

The tour and activity operator must be ready to market to and capture that traveler via mobile within a week of the experience.

Why This Matters to Operators: This means operators have a much shorter window to attract younger travelers, but when they do, they have to be able to reach them their mobile marketing, and have a compelling mobile booking experience to convince them to book.

3 KEY TAKEAWAYS

Arival has identified three key opportunities for activity and tour operators

1. **Online presence is key:** European travelers are going online to plan and research their trips. Operators need to have a web presence that allows them to be found. Online presence extends to booking as well – have a way to book activities or tours directly on your website. Operators need to improve the conversion of trip planning into bookings. Travelers are already on your website – provide them an easy way to book while they are there.

2. **Be mobile friendly:** Both the website and online booking options need to be mobile friendly. Younger travelers are using mobile at a much higher rate than older traveler. British travelers are also relying more heavily on mobile. Ignoring your mobile experience means ignoring an enormous and growing segment of the traveler population.

3. **Reassess advance purchase booking windows:** While Europeans start researching their options well in advance of their trip – they tend to book closer in. Providing an incentive to book in advance could help change this trend. Being more flexible about the the booking window could also help reduce pressure on in person sales and allow for better scaling of resources. It also is important in attracting younger travelers who are planning and booking their holidays within a week of arrival.

