



# **Pulse of the Industry – Survey Results**

March 2017

# Executive Summary

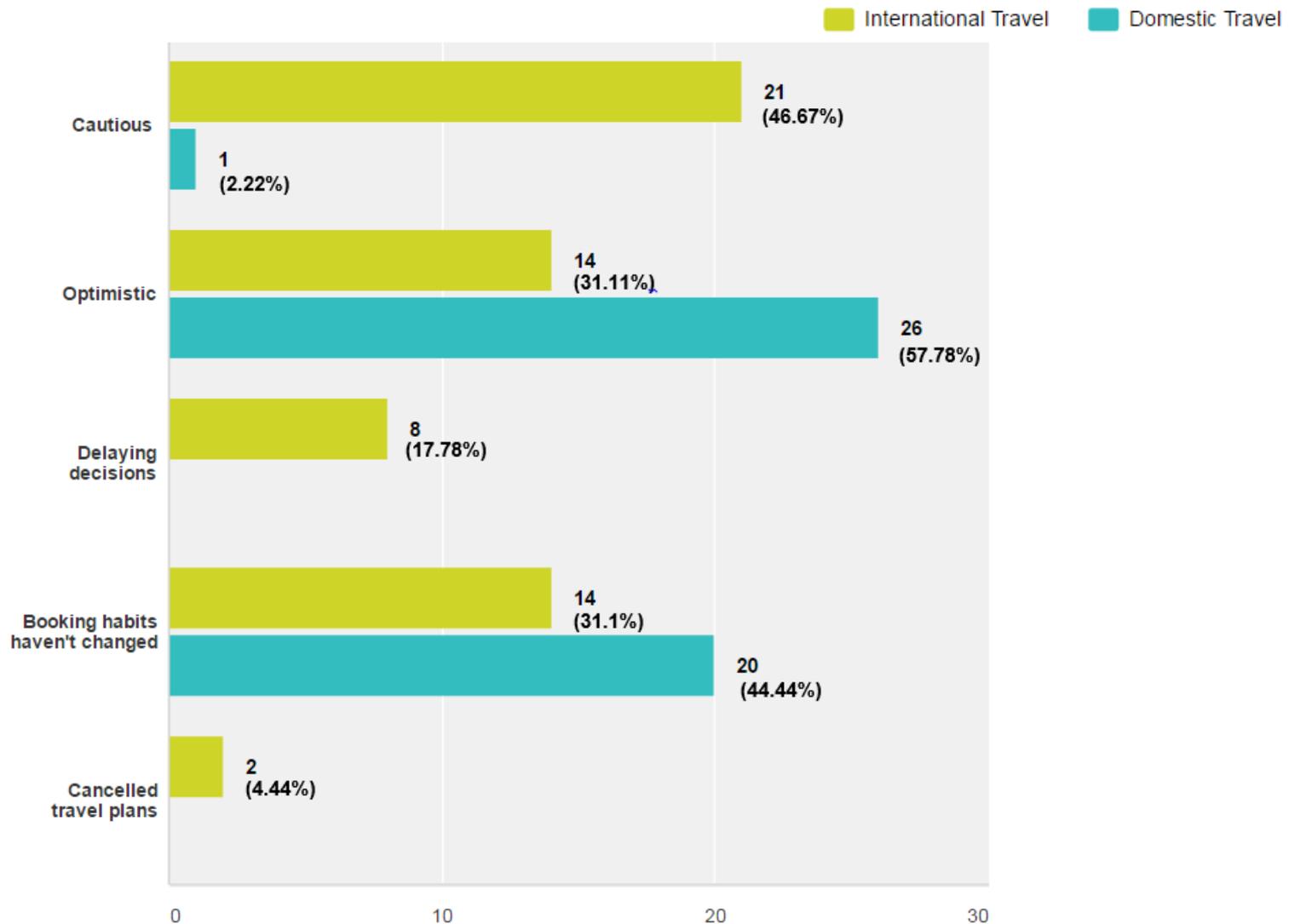
In February 2017, Strategic Vision surveyed its Industry Research Panel, consisting of owners and senior executives from travel management firms bridging the leisure, corporate and meetings and incentives travel sectors, on the current “Pulse of the Industry” and outlook for 2017. A compelling 52% response rate to the survey provided views and perspectives across the following metrics:

- Current client sentiments towards international and domestic travel
- Projected business forecasts for 2017 by the tourism sector
- Anticipated rate of growth of travel advisor head counts
- Impact on travel of the Zika virus
- Tourism demand changes for global destinations and the reasons for those changes
- Key issues impacting their travel businesses

## Key Findings

- Domestic travel optimism outpaces international travel
- A more “cautiously optimistic” viewpoint with regard to international travel, due to concerns on the Zika virus, terrorism and changing political landscape in the United States
- Revenue forecasts surge, with leisure travel leading the way for growth
- Cruise business continues to grow steadily
- North American destinations lead the way in popularity, followed by Australia with significant growth projected
- Central and Latin America, the Caribbean, Europe, and Asia are all on the rise, with healthy forecasted growth
- Hiring qualified advisors is a priority, however, attracting the right talent is the leading business issue

# 1a. At this point in time, which of the following best describes your clients' sentiments towards both international and domestic travel?



## 1b. Please indicate any reasons you believe are behind these trends.

- “We are seeing an increase in bookings worldwide for 2017.”
- “Business in most verticals is booming.”
- “Stock Market up and seniors are enjoying their lives...”
- “Most Canadians are cautious and are booking a little later but we are still getting bookings.”
- “Clients are worried that they are no longer liked overseas.”
- “I would describe as cautiously optimistic. They are not optimistic about geopolitics and the U.S. relationship with the world, but in their own outlook on travel, I find it to be positive and more enthusiastic than last year already in Q1.”
- “General fear from the media. But...it all depends on where. People are fearful of Paris but not Rome for example.”

## 1b. Please indicate any reasons you believe are behind these trends (continued).

- “Our clients are being more cautious on where they are going in the world (especially Europe). They are still traveling, but they have discovered Portugal, Iceland, Scandinavia - and are still not returning to Paris in any numbers. They feel very comfortable in traveling through the U.S. Again, because they perceive of it as safe.”
- “I think the sentiment is tied more towards traveling to specific countries vs. traveling internationally. The hesitation is largely due to Isis/terrorism and concerns around safety.”
- “People are cautious about travel to Mexico in light of the shootings but most are still going.”
- “Experienced travelers aren't skittish, but those who travel less are more concerned about safety abroad – not in North America.”
- “Cautious only to destinations that are considered not as safe as others.”
- “Other than Turkey, Egypt and the Middle East our clients are going places!”

## 1b. Please indicate any reasons you believe are behind these trends (continued).

- “Concern about safety, terrorism.”
- “Terrorism and safety concerns.”
- “The state of terrorism.”
- “Refugees in EU and fear of the possibility of a terror attack.”
- “Concern over where Zika is going and terrorism.”
- “Zika, perceived terrorism, etc. Lots of things happening in the world that make people think twice about leaving the country.”
- “Experienced travelers understand the risks and do not want to forego travel/life experiences; particularly the elder traveler. Risky destinations like the Middle East and other countries with political/safety issues are a challenging sell.”

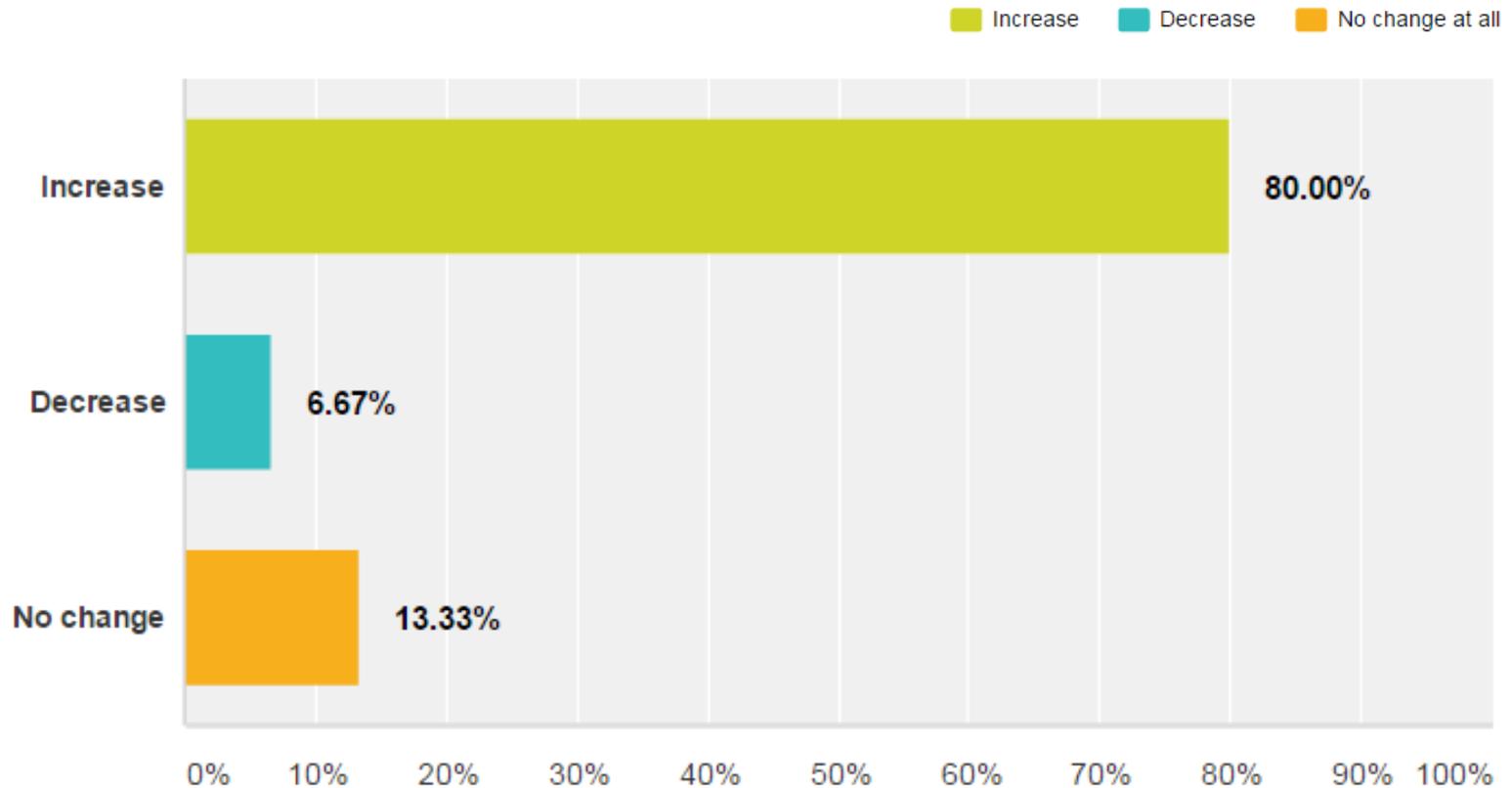
## 1b. Please indicate any reasons you believe are behind these trends (continued).

- “We haven't noticed much change aside from our new political issues/ challenges.”
- “Political/duty of care climate.”
- “Political climate.”
- “Political landscape – Trump.”
- “Concerns about Trump's foreign affairs policies.”
- “The mess in DC.”
- “Everything is great. Disruption and changes in the White House have not hurt us ‘yet.’”
- “Travel booking at this time is even more robust and off the charts at this time. It would be my belief that it is because the election has been settled, the stock market is robust and people have confidence in future government and have become numb to the threat of terrorism. For example, bookings to Russia have increased exponentially since the inauguration.”

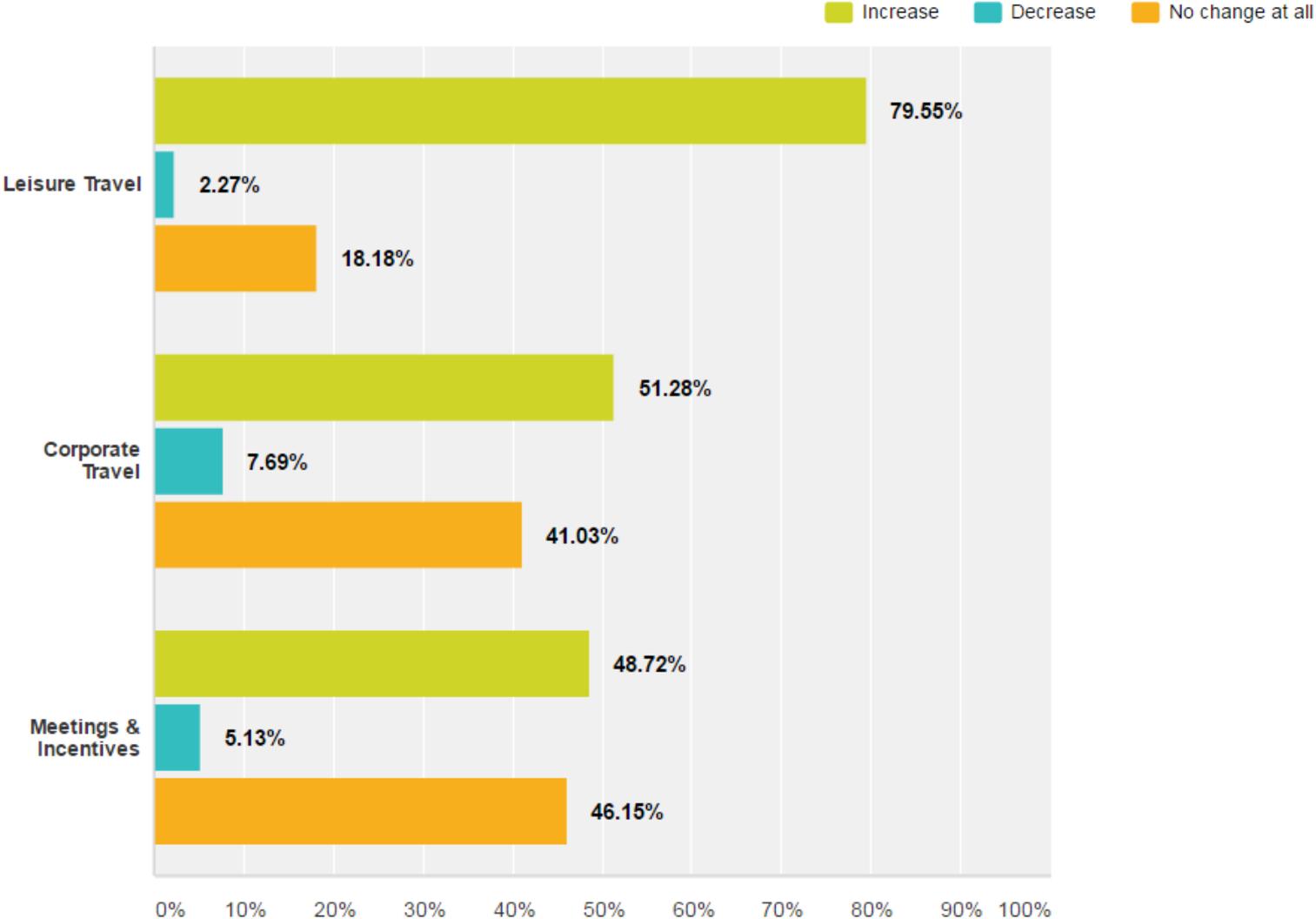
## 1b. Please indicate any reasons you believe are behind these trends (continued).

- “Strong economy, belief in the value of meetings and incentives.”
- “Global geopolitical and economic unrest.”
- “The improving state of the U.S. and global economies combined with a renewed sense of confidence in U.S. security are being given as reasons for optimism.”
- “General economy is helping.”
- “Strong dollar, strong stock market, and no recent terrorism scares. Air fares are flat and down (for international travel).”
- “International: impact uncertain from immigration legislation; questionable global economic market.  
Domestic: costs being low enough then it is a simple decision.”
- “Concerns of international travel is related to risk management strategies.”

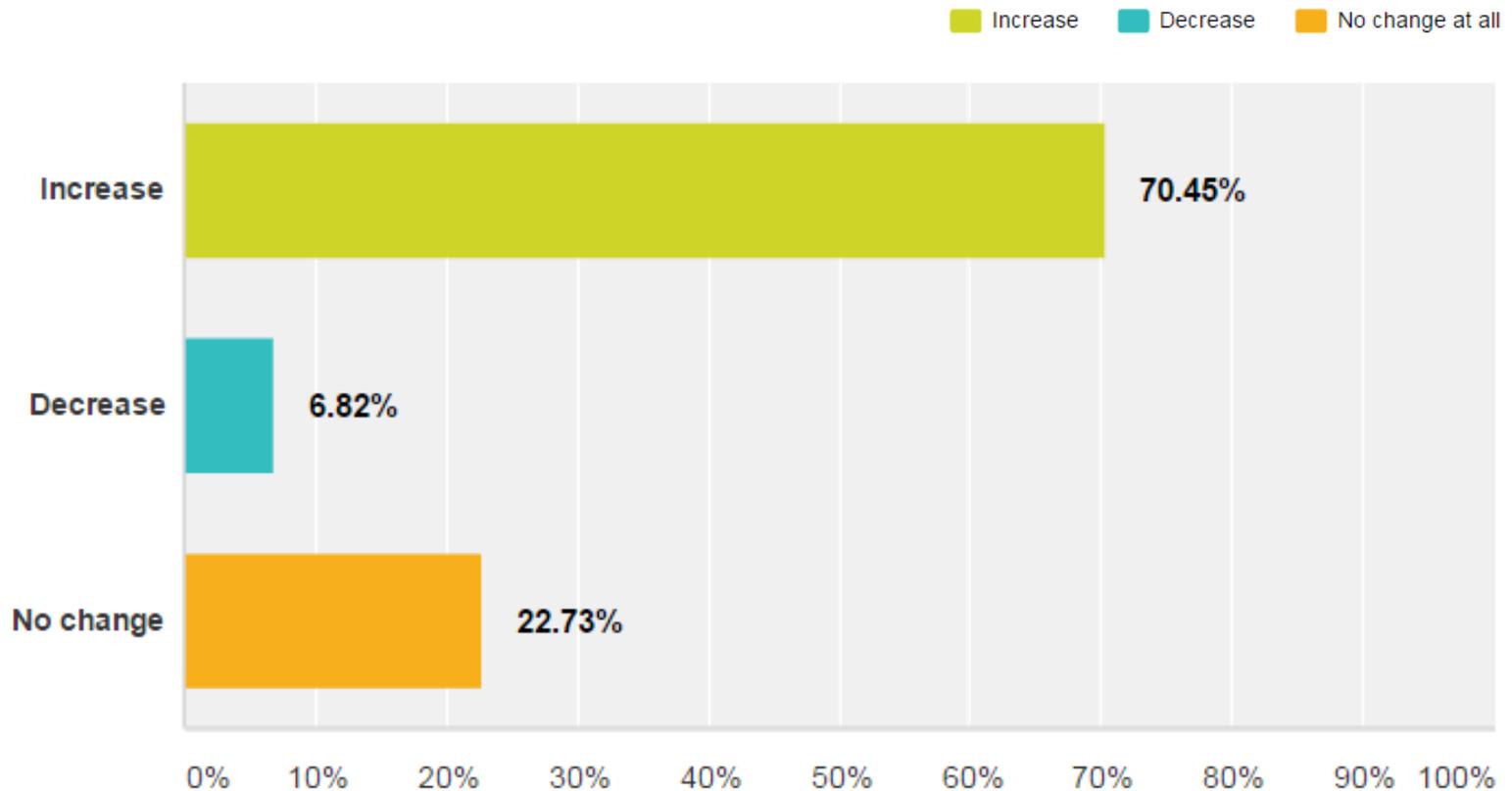
## 2a. In 2017, are you forecasting an increase, decrease, or no change in your company's revenues?



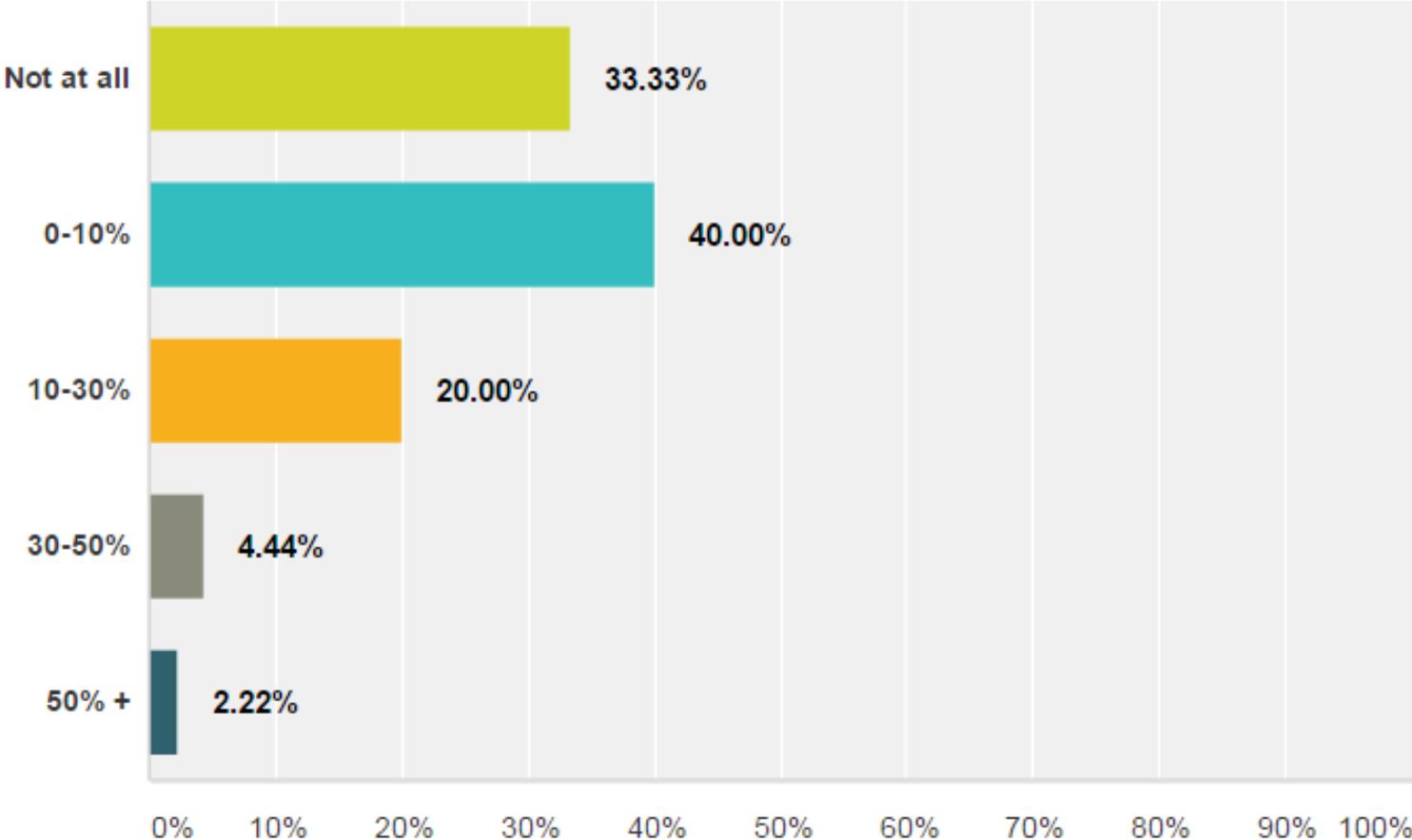
# 2b. Please indicate your company's forecast by type of travel as applicable.



### 3. In 2017, are you anticipating an increase, decrease, or no change in your company's head count of travel advisors?



# 4a. How much is the Zika virus impacting travel decisions?



## 4b. If so, which destinations are being affected?

- “Mexico and Central America”
- “Brazil”
- “Panama Canal cruises, Costa Rica eco-tourism”
- “South America”
- “Caribbean, Brazil, Florida”
- “Caribbean, Puerto Rico”
- “Some Mexico”
- “Mexico”
- “Caribbean”
- “Certain islands in the Caribbean”
- “Hardly mentioned anymore...if someone is pregnant they of course are cautious.”

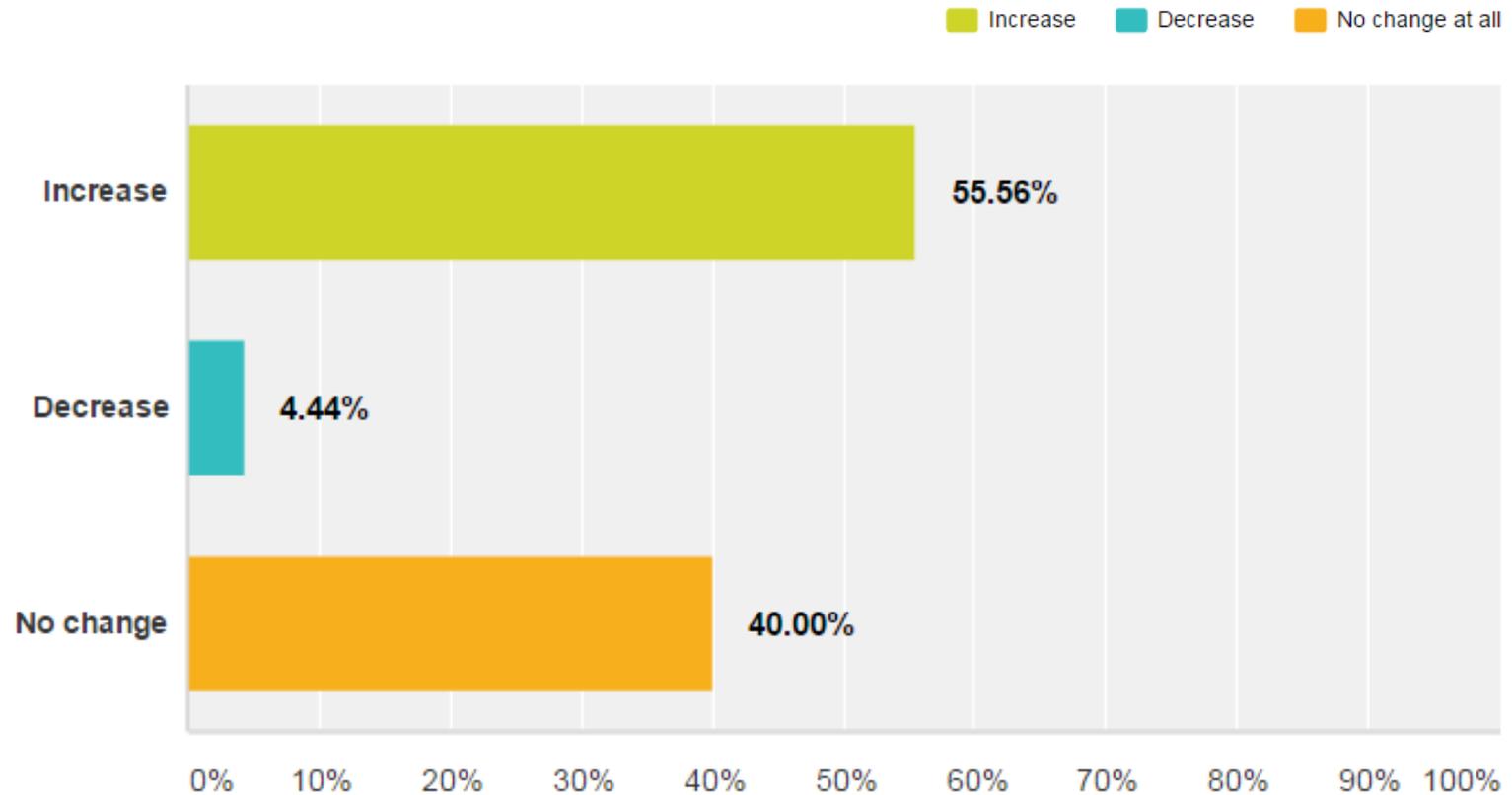
## 4b. If so, which destinations are being affected? (continued)

- “Caribbean weddings were very low last year, but they seem to be starting to be planned for late 2017 and 2018.”
- “Caribbean and Mexico to a lesser extent, Florida”
- “Caribbean and Central America“
- “Caribbean and Mexico”
- “Caribbean and Mexico with family resorts have the greatest impact.”
- “Mexico, Caribbean, Florida, etc.”
- “Some destinations in the Caribbean and Mexico...but decreasing concern in 2017”
- “The Caribbean, Miami, Central America”
- “Caribbean, I think we are only seeing the tip of the iceberg though. People are curious if Zika's impact will grow and worsen – on travel and society.”
- “Caribbean, Mexico“

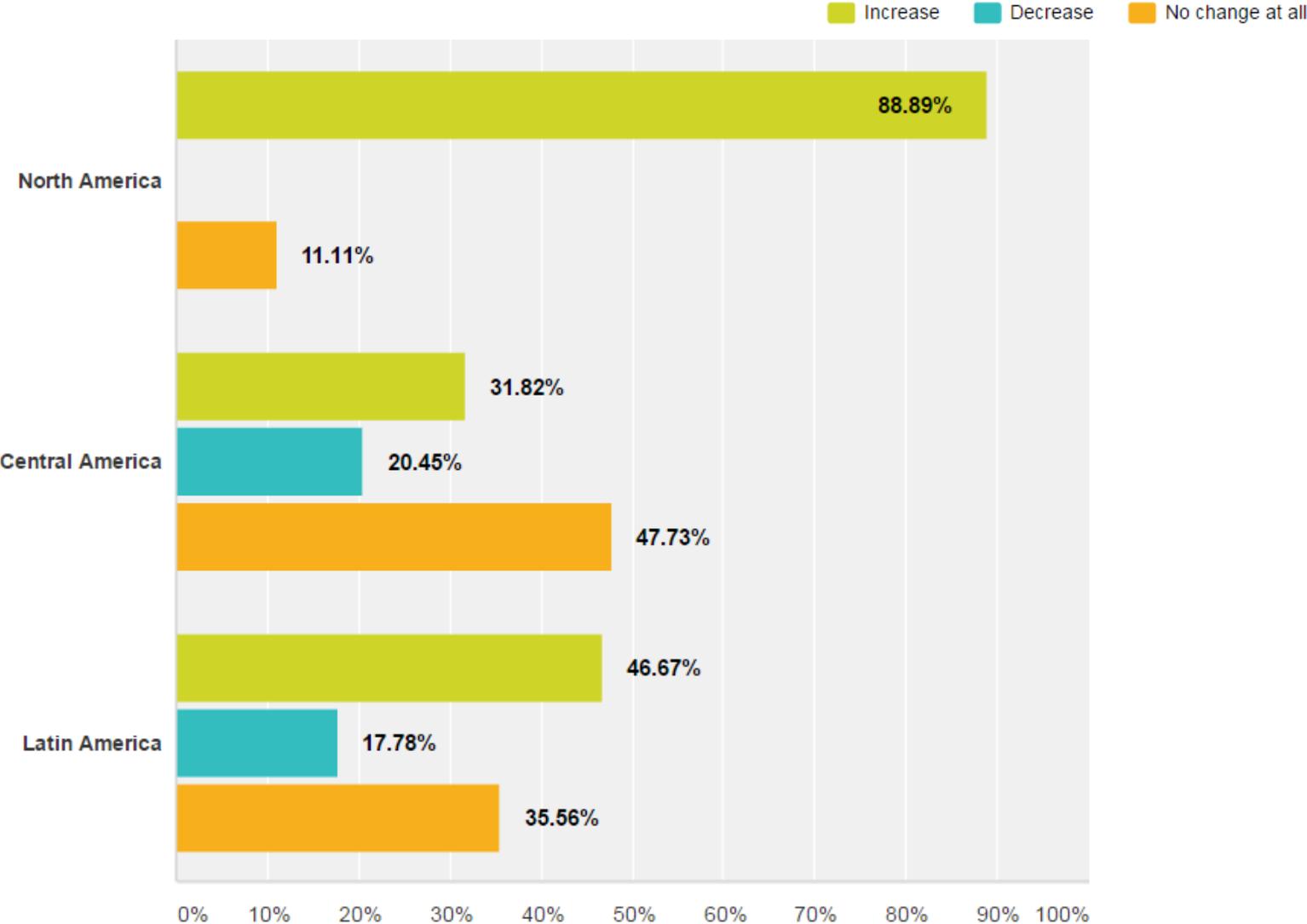
## 4b. If so, which destinations are being affected? (continued)

- “Caribbean, Puerto Rico, Mexico”
- “Brazil, Mexico, Caribbean”
- “Central/South America, Caribbean, Indochina on the radar”
- “Caribbean, Mexico (certain destinations)”
- “Puerto Rico mainly, but a few young married couples are shifting focus away from entire Caribbean and Mexico and Central/South America and in some cases Southern U.S.”
- “Puerto Rico, Central America”
- “Caribbean”
- “The majority of our clients are not in that age group where Zika is a concern.”
- “Caribbean”

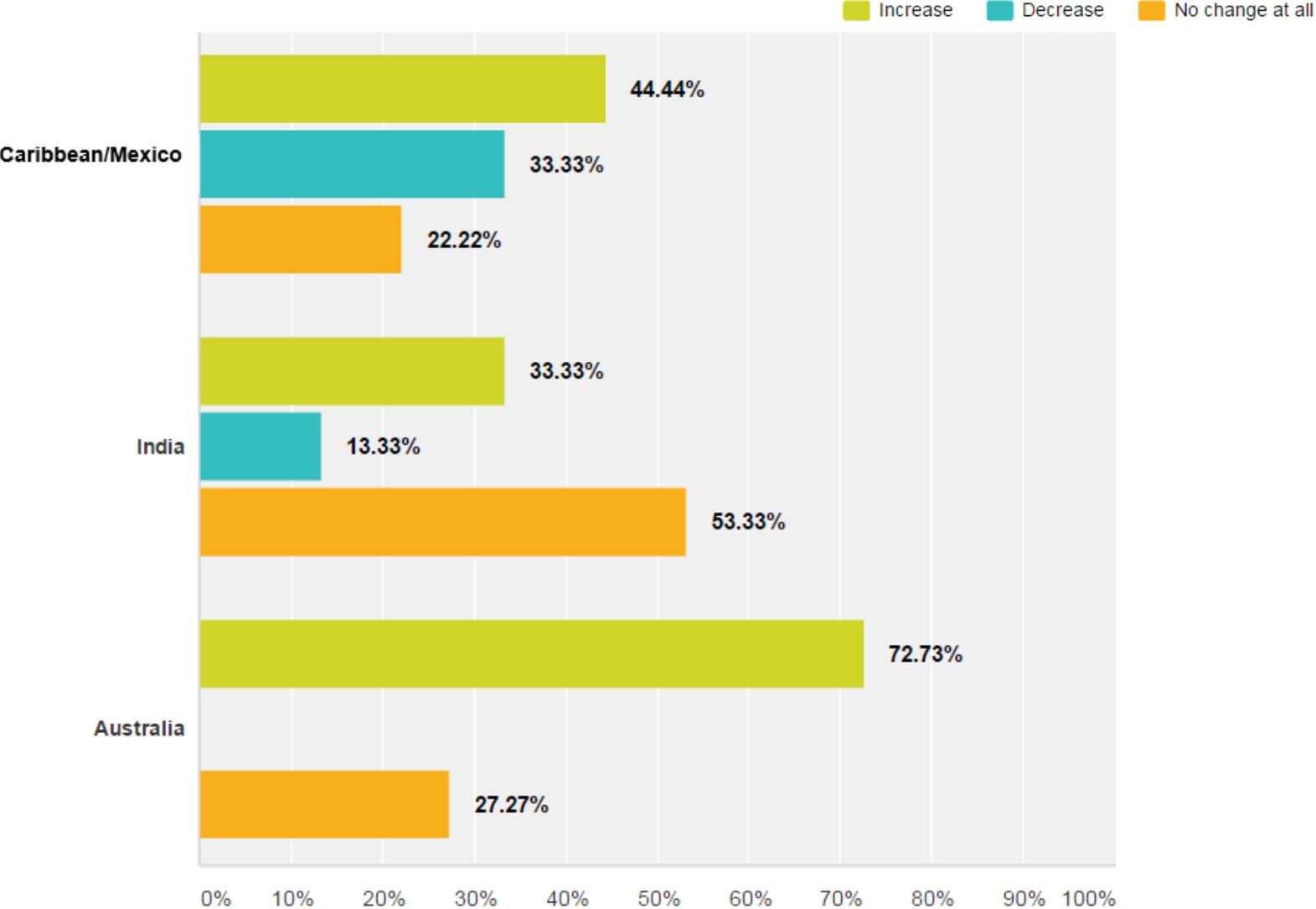
## 5. In 2017, are you forecasting an increase, decrease, or no change in your cruise business?



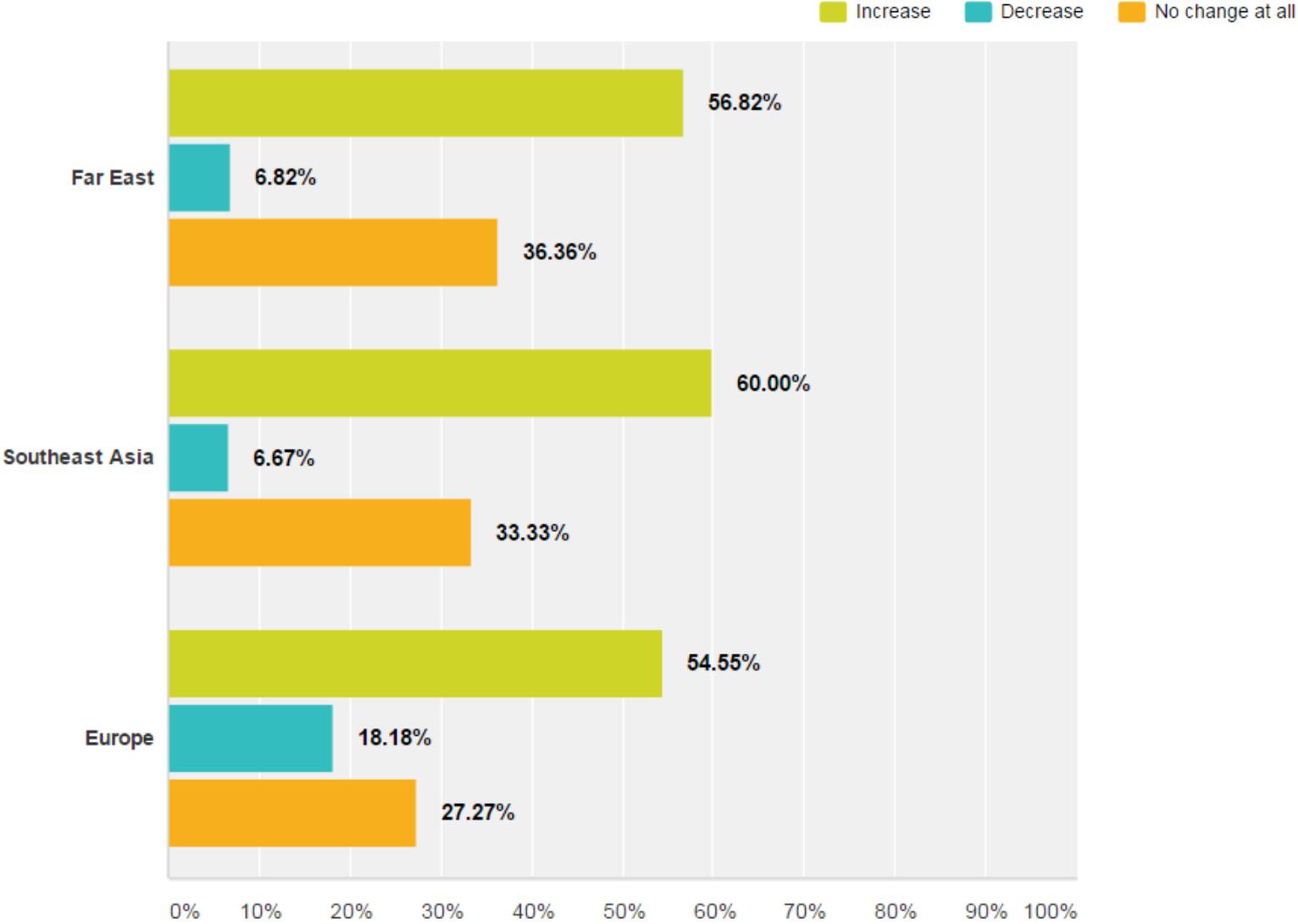
# 6a. Are you seeing an increase, decrease, or no change in interest to the following destinations?



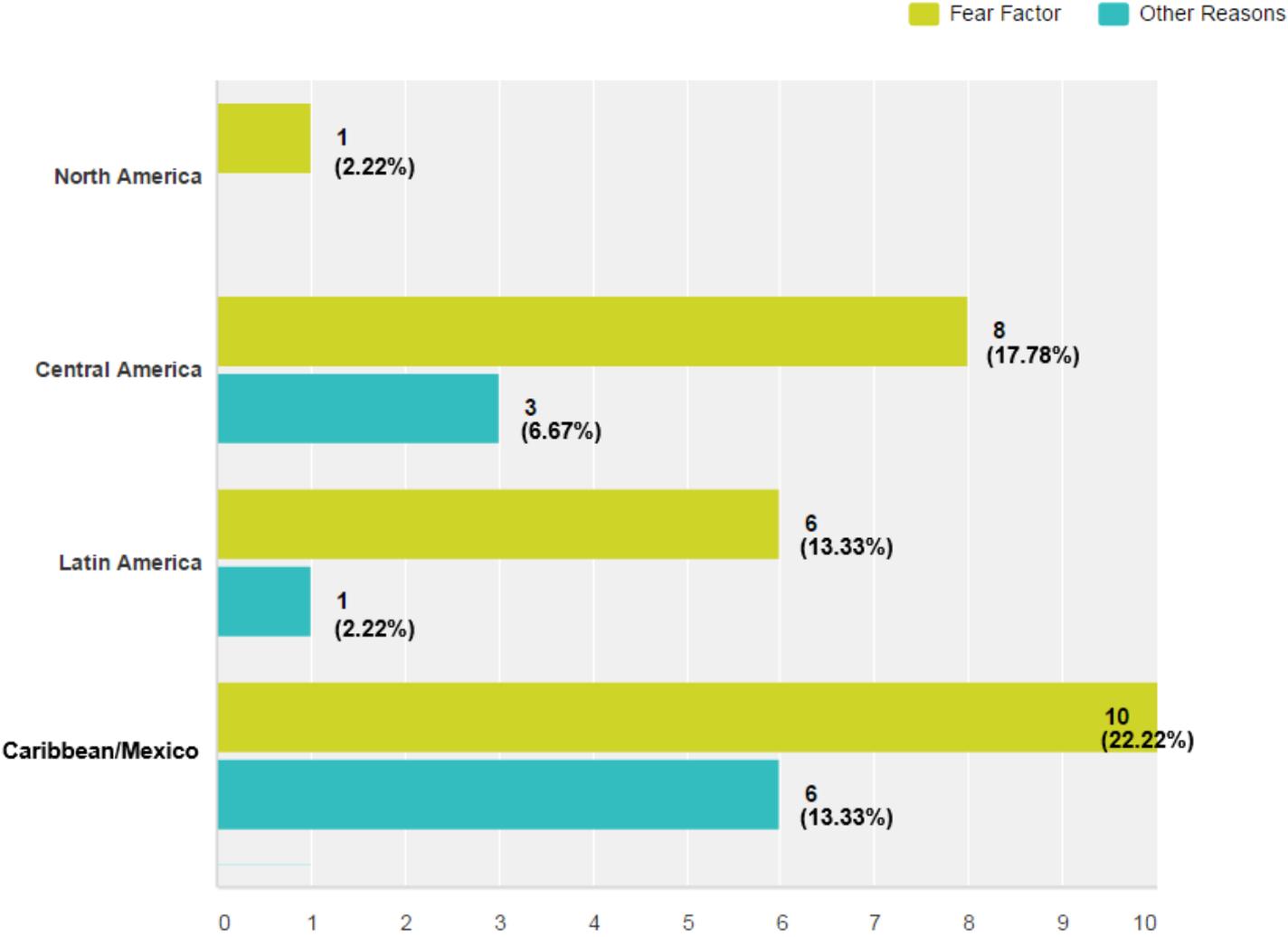
# 6a. Are you seeing an increase, decrease, or no change in interest to the following destinations? (continued)



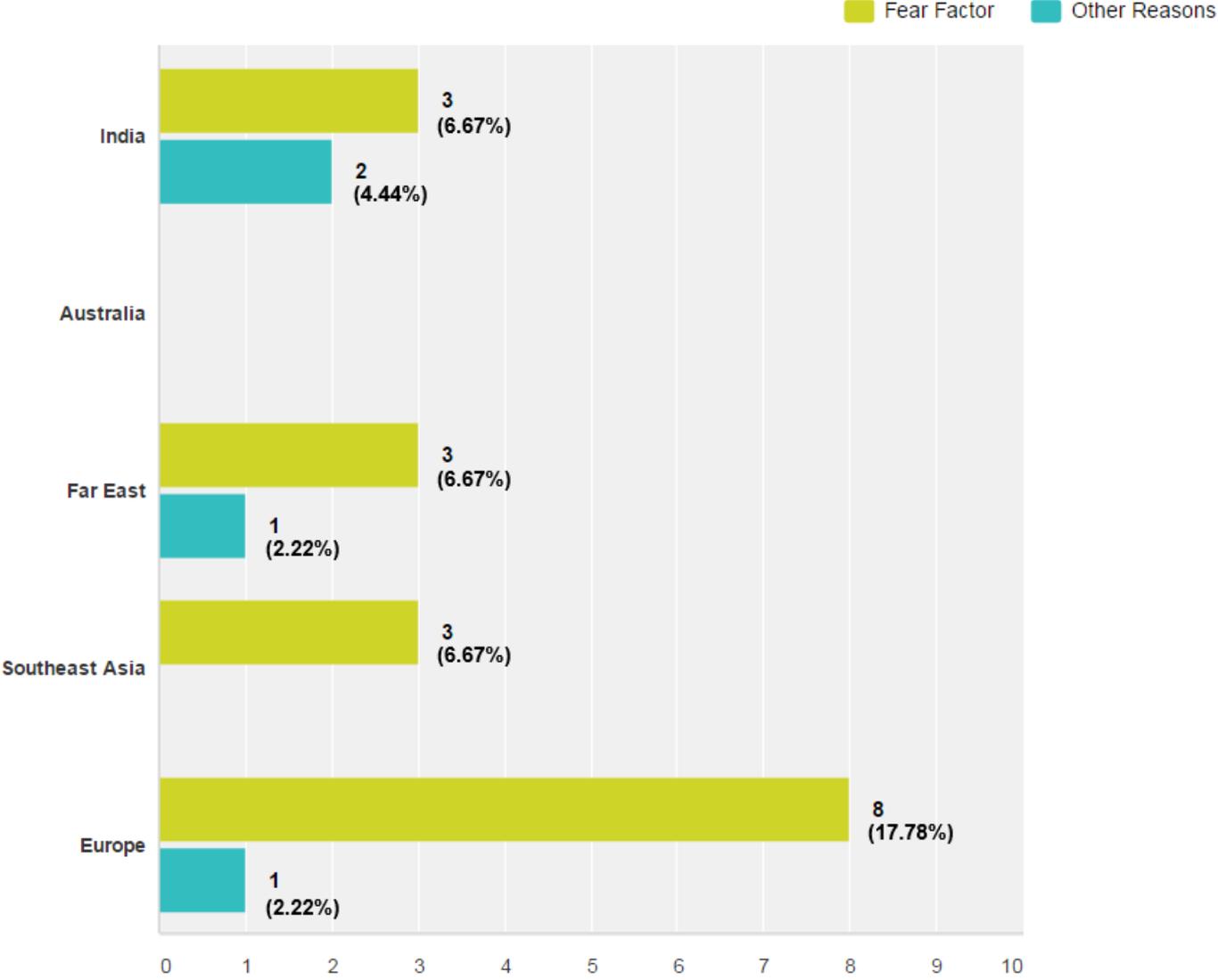
# 6a. Are you seeing an increase, decrease, or no change in interest to the following destinations? (continued)



# 6b. For destinations where you are seeing a decrease, is this being caused by clients' fear factor or other reasons?



# 6b. For destinations where you are seeing a decrease, is this being caused by clients' fear factor or other reasons? (continued)



## 6b. Other Reasons (Explained)

- “Zika”
- “We are not seeing any decreases.”
- “The decrease is tied to Zika, political instability and travel, not deemed to be a great value at the moment, etc. Caribbean is also affected by Zika and the inflated pricing (on both air lift and resorts).”
- “Zika”
- “These are niche markets and travel is sometimes off...the weather issues in Beijing are hurting China.”
- “It is not the fear factor - the issue we have is with the Canadian dollar.”
- “No longer being welcome because of the new administration in Washington.”
- “Zika virus”
- “Economic reasons”
- “Zika”

## 7. What are the key issues you face in running your business today?

- “Two key issues: (1) Supporting and supplying the man hours to execute bookings (2) the time to sort competing offers from different channels and constantly changing prices and direct to consumer offers...more suppliers are being more aggressive in going directly to clients.”
- “Revenue goes down, costs go up. Same story, new year.”
- “The time it takes to ‘finish’ a booking; the constant changes around the world.”
- “\*Adequate pool of qualified travel counselors. \*Flexible insurance products that meet clients needs. \*Efficient booking channels that provide access to truly unbiased information. \*Keeping IC's engaged in a disenfranchised world. \*Disseminating rumor, false media reporting and hyperbole from what's really real.”
- “Keeping up with the speed of technology and the recent issues with Trump on immigration and Visa's.”
- “Better deals by consolidation of agencies....”
- “Continued focus on customer service and staying ahead of all the information available on travel.”

## 7. What are the key issues you face in running your business today? (continued)

- “Talent. We can't get enough great agents.”
- “Finding talent.”
- “Finding qualified Travel Consultants.”
- “Staffing”
- “Staffing and training”
- “Finding new talent, attracting young people into the industry, fear of artificial intelligence's impact in the near future.”
- “Attracting experienced advisors to my business.”
- “Finding qualified help.”
- “Increasing cost of labor and finding qualified people.”
- “Need for innovation; finding talent.”

## 7. What are the key issues you face in running your business today? (continued)

- “Staying relevant; being creative with opening new markets and creating demand for lost opportunities in “fear” markets. Group /Social events suffered the most and getting back up. Trump factor a total wild card!”
- “Always how to remain relevant as a curator/advisor/confidante, how to navigate the world of OTA's and Airbnb and harness and distill information instead of feeling threatened by it.”
- “The main issue that we are currently facing is with regard to managing clients' feelings and perceptions with regard to hotel bookings with certain brands because of the political circumstances today. We are hoping that this will soon be a non-issue.”
- “The biggest challenge is trying to make sure that the hotels do not try and poach our clients to book directly.”
- “Growing younger - consultants and clients”
- “Making the right decision for our clients – it is that doctor/patient relationship – a big trust factor.”

## 7. What are the key issues you face in running your business today? (continued)

- “Constant airline flight number and time changes requiring complete redo of itineraries; cost of business class air to Aus/NZ; concern about safety from inexperienced travelers.”
- “Scaling growth”
- “Content fragmentation”
- “Yield. Staffing. Consolidation. Vendor Support. Productivity. IC Disruptors.”
- “Discounters, lack of parity rates with preferred partners, Canadian dollar volatility.”
- “Keeping up with the incredible demand!”
- “Having enough time during the day to handle everything!”
- “Not enough hours in the day! Good problems to have.”
- “Educating the public on their safety concerns. Americans get easily scared and need to better understand the truth and not just believe what they hear or read in the press.”

## 7. What are the key issues you face in running your business today? (continued)

- “Increasing costs and overhead, the economy staying strong.”
- “Competing against the multitude of online channels.”
- “Personnel marketing – what's the best way to reach the consumer i.e., which media platform to use.”
- “Increased liability due to client's deconstructing itineraries (and only manages pieces of the experience), travel insurance claims, political instability (refunds/redirection requests), etc. It is a very unstable and uncertain time, so forecasting has proved to be a greater challenge than ever before.”
- “Health insurance costs, aging work force.”
- “Pricing pressures, recruiting exceptional travel professionals.”
- “Making sure we are selling preferred suppliers to maintain and grow our yield management.”
- “Declining margins”

## Trends to Watch

- The deconstruction of the trip experience and the operational impacts
- Keeping pace with travel agency technology and changes in booking patterns
- The improvement of hotel brands in regaining the direct booking channel
- Consolidation of agencies for improved competitive strength
- Mergers and acquisitions between the sharing economy companies and OTA's/disruptors

**For further information please contact:**

**Peter Bates**

**President**

**Strategic Vision**

[pjb@strategicvision.org](mailto:pjb@strategicvision.org)

**Martin Thomas**

**Account Director**

**Strategic Vision**

[mthomas@strategicvision.org](mailto:mthomas@strategicvision.org)