



# CONFRONTING DISRUPTION



## TRAVEL LEADERS EXAMINE THE PROS AND CONS OF CONFLICT

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TERRY DALE, PRESIDENT AND CEO, UNITED STATES TOUR OPERATORS ASSOCIATION (USTOA)

PAM INMAN, PRESIDENT, NTA

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*A contentious 2016 election has led to an acrimonious 2017 in the United States, with political forces inside and outside the country putting pressure on how Americans see each other, as well as how they see outsiders and how foreigners view America. The Group Travel Leader spoke with the heads of four tourism industry associations to get their perspectives on these and other issues shaping the travel industry today.*

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HE POLITICAL LANDSCAPE — BOTH AND HOME AND BROAD — SEEMS MORE COMPLICATED AND CONTENTIOUS THAN IT HAS BEEN IN A LONG TIME. DOES THIS HAVE IMPLICATIONS FOR THE TRAVEL INDUSTRY, AND IF SO, HOW ARE YOUR MEMBERS AND THEIR CUSTOMERS REACTING AND ADJUSTING TO THOSE IMPLICATIONS?

DALE: It doesn't, and it's probably the most interesting, frustrating, fascinating cycle that I have been in, possibly in my whole career. On one hand, it feels as if we're under attack, when we have a new administration's travel bans, "extreme vetting," rollback of Cuba travel and laptop bans. It feels like so many of our core issues, which can strike at the success of our members' business, are under siege. But the reality is, business is extraordinarily healthy.

We just did a survey of our members, asking them about how business is coming in 2017. Everyone who responded, except for one, indicated that they're having double-digit growth. This is the first time we're seeing growth like that virtually across the board.

It's an extraordinary political landscape that we're operating in, but I cannot say that it's impacting our members. I like to be an optimist. I don't know how long this will last. It could be that Wall Street doesn't continue on this escalation. The dollar or consumer confidence may weaken. But for the moment, we have to enjoy the healthy start of 2017.

INMAN: It's certainly a concern. Every time the travel ban or something negative is mentioned in the press, it's a concern for people wanting to travel. But our members are saying their business has not been affected yet. Arrivals and spending are up.

The first year of the Obama administration, we went through the same thing. People were saying, you don't need to travel, you don't need to go to conferences; and the industry had to work with them to educate them about the value of travel. We're going to work with this administration as well.

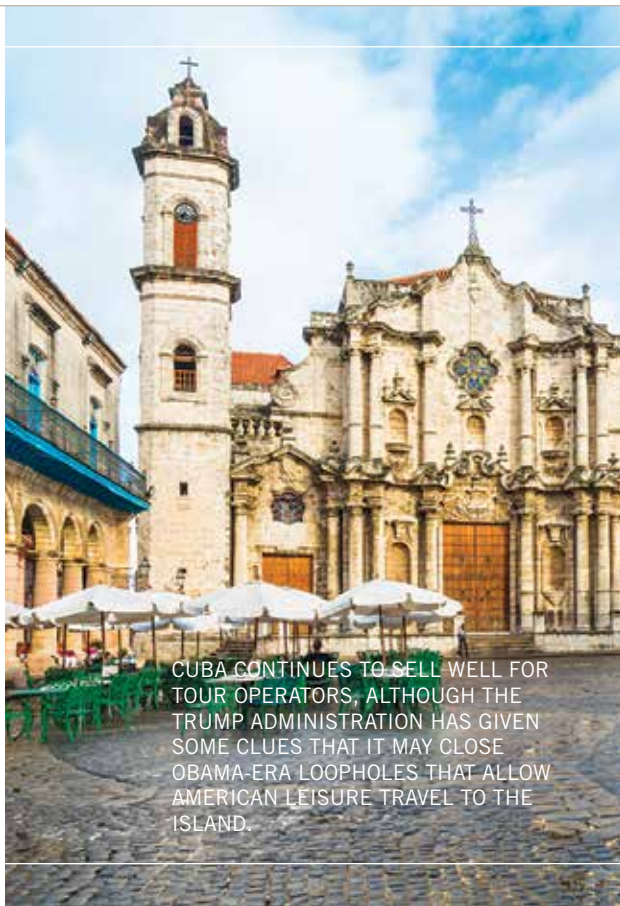
Overall, we feel like we continue to advocate for Brand USA and the national parks and work with them. So our members say that business is up and that they're confident.

ASSANTE: Yes, we do believe it has implications for the student and youth travel industry, and as a result, our board has met to develop a response to this changing landscape. SYTA believes that all students and youth should have the opportunity to experience the world through travel, and therefore, any hindrance to



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DESPITE THE TURBULENT ENVIRONMENTS AT HOME AND ABROAD, TOURISM LEADERS SAY THAT AMERICAN TRAVELERS ARE VENTURING OUT IN RECORD NUMBERS, EVEN TO PLACES AS EXOTIC AS EGYPT.



CUBA CONTINUES TO SELL WELL FOR TOUR OPERATORS, ALTHOUGH THE TRUMP ADMINISTRATION HAS GIVEN SOME CLUES THAT IT MAY CLOSE OBAMA-ERA LOOPHOLES THAT ALLOW AMERICAN LEISURE TRAVEL TO THE ISLAND.

Courtesy Gao Went

that opportunity is a concern for our members. SYTA is gathering information to measure the actual and potential impact of the travel ban and other policies so that we can educate our legislators, members and customers about the issues resulting from the ban.

We want to reassure all travel planners and travelers that SYTA is committed to a culture of safety, with thorough planning, excellent itinerary implementation and the highest quality standards, so that every child who travels the world can do so with confidence. We are actively working with U.S. Travel and other associations both domestically and internationally to have a coordinated response to the current environment.

**PANTUSO:** The political landscape has some positives to it that aren't always evident. We have seen some of the challenges, like the administration's interest in jettisoning Brand USA, which Congress rejected. And the focus on the border and the early presidential order that limited people coming in from certain countries have painted the U.S. as being an unfriendly place to come and do business. When those things happened, we started getting calls from a number of our travel members saying they're getting cancellations from groups. The Toronto school district canceled trips by students to the U.S. So there's no question there's been an impact.

Having said that, the economy is pretty good right now, and the stock market is up there and has been for a month.

The other plus is that this administration came in with the idea that they were going to look at some of the regulations that have impacted industry and have certainly impacted the motorcoach industry. In the prior two



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years, we saw a tremendous amount of regulations come out of the Department of Transportation. This year, we have seen a lot of regulations pulled back. From a motor-coach perspective, we're pretty pleased with where we see the administration going, not withstanding all the other things that people get worked up about.

**WHAT ARE THE BIGGEST CHALLENGES FACING YOUR MEMBERS RIGHT NOW, AND WHAT ARE THE MOST PROMISING SOLUTIONS TO THOSE PROBLEMS?**

**INMAN:** Sensationalized media stories can be a problem if people are afraid to travel. The more we can get the word out about the safety of travel, the better. And if travelers are seasoned, they're not as influenced by sensationalized stories as others.

Our members are having challenges finding qualified applicants to fill jobs in their companies. So we're starting a career center on our NTA website that will hopefully help with that. Our colleges and universities aren't really teaching about the tour operator part of travel and tourism, so the more we can get universities to develop these programs the better.

The fast change of technology is always an issue, especially for small businesses. We continue to look for solutions to help our members with that.



PETER PANTUSO

"The opportunity for all of us in this space is to try to figure out who these new buyers are and enlist them to understand how the group process works."

# The Fireside

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**ASSANTE:** Our challenging situations are safety and risk management for traveling student groups, both domestically and internationally. Our customers — educators, school boards, etc. — are pushing the liability for student safety in all areas onto the tour operator, where in the past it may have been divided between the school and the tour operator. This relates to all areas: transportation, finance, contracts, chaperones and even social issues such as students with disabilities, transgender and health issues.

We are responding by creating and implementing a crisis and safety preparedness plan, educating members about best practices in crisis and safety planning, and developing a crisis safety readiness certification program for members. We are going to require minimum planning and readiness standards for members, establish insurance requirements, and provide members and their customers with tools and resources.

**PANTUSO:** The biggest thing I hear repeatedly from our members is the driver shortage issue: finding good drivers and being able to hire them. That's not unique to us; I hear the same thing from my friends in the trucking industry. Because the economy is doing really well, unemployment is relatively low and puts a lot of pressure on the ability to find replacement employees and new employees. If the economy gets better, you're investing more and have more demand, and you need to staff up. But because unemployment rates are relatively low, you don't have the people to staff up. It's a challenge and an opportunity at the same time.

**DALE:** The overarching challenge is to recognize that your competitor isn't the member seated next to you at events or conferences, but those disrupters in the broader, larger industry. That could be the sharing economy, online travel agencies or the hotel chain I just read about that is now selling air and packaged travel, functioning as a tour operator. Recognize that is the threat. The challenges are much bigger than a single business. It really requires us as an industry to address and determine ways that we can maintain relevance and create successful businesses that can thrive.





**ARE YOU SEEING NEW GROUP TRAVEL BUYERS ENTER THE INDUSTRY? WHERE ARE THEY COMING FROM, AND IN WHAT WAYS ARE THEY DIFFERENT THAN THE CONVENTIONAL GROUP TRAVEL PLANNER?**

**ASSANTE:** In the student and youth market, more teachers are planning educational travel for their students by doing their own research online, searching travel sites like TripAdvisor and Yelp, and then reaching out directly to suppliers. Many of them are starting with a local or regional trip and then moving up to overnight travel. Fortunately, we see that as the trip becomes more complex with airfares, hotels, contracts and airline availability, they are reaching out to professional tour operators and group travel planners like our members.

In addition, we see independent and private high schools developing travel programs for credit and making it part of their curriculum and tuition, whereas before, this was done at the college level.

**PANTUSO:** We are struggling to figure out who and where these new buyers are. All my motorcoach operators are busy right now; every one of them tell me they're having one of the best years they've ever had.

The people who are chartering are different in some cases. You see trips coming from sports teams and PTAs. They're not what we would call group leaders, but they're leaders of groups. They can be meet-ups, professional societies, alumni groups or corporate planners of some kind. The opportunity for all of us in this space is to try to figure out who these new buyers are and enlist them to understand how the group process works.

**INMAN:** For us, it's still China. Our China Inbound program has more than 200 Chinese tour operators. We continue to see interest with our existing



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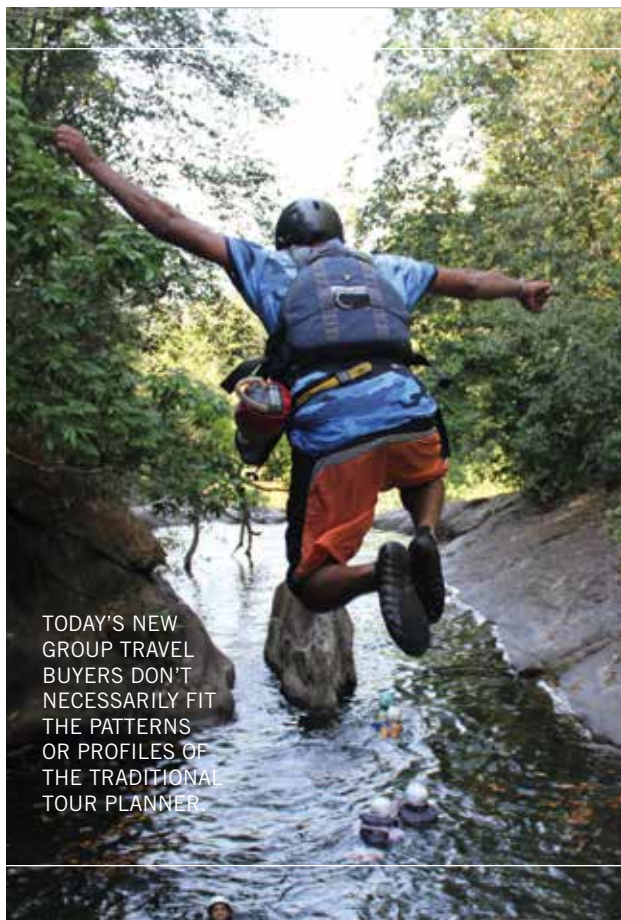
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TODAY'S NEW GROUP TRAVEL BUYERS DON'T NECESSARILY FIT THE PATTERNS OR PROFILES OF THE TRADITIONAL TOUR PLANNER.

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tour operators to work more and more with the existing inbound market. We just recently went to India with the U.S. Department of Commerce and Brand USA and met with their tourism industry. We have signed an agreement with the India Tour Operators Association for a partnership with them.

#### WHAT ARE FORWARD-THINKING TOUR OPERATORS, DMOs AND TRAVEL PLANNERS INVESTING IN NOW TO HELP ENSURE THEIR SUCCESS FOR THE FUTURE?

**PANTUSO:** They're throwing the old tour book away. They're not throwing the baby out with the bathwater, but they're doing things differently for different segments. There may be some products they offer that work well for the traditional traveler, but today's traveler is different. The millennials and baby boomers and the segments in between don't want to travel the way my parents did. They have less time. They may want to take an Uber on their own when they get to a destination.

I think the sharing economy is a huge opportunity going forward. You have to be attuned to it and recognize where it is right now. If you want to attract a new spectrum of people, you have to figure out how to use it right.

**DALE:** Those who are forward thinking are really prioritizing digital strategy. It needs to be a pretty strategic and comprehensive one. We have a responsibility to help drive home that message, so next year, in the first quarter, we're doing our first-ever digital marketing academy for a day and a half. We'll bring in expert speakers and talk about best practices. If you don't have this on your radar screen, your relevance is going to diminish.

**INMAN:** The international market is key. I asked the chairs of six of our leadership teams where they're predicting growth, and half of them referred to international inbound: Asia, China and India, in particular. Other leaders say they need to invest more in the niche tour markets: loyalty programs and partnering with like-minded companies to work together. And technology is on the forefront of their minds, so we're looking for some different types of outreach or companies that could assist our members with these issues.

**ASSANTE:** They're investing in responsive registration and payment platforms to make it easy for customers to work with them. They're using mobile apps for crisis management, with GPS to track students. They're using apps like WhatsApp or text groups to communicate with students and parents. They're using digital marketing to find new customers, and understanding the millennial teacher and traveler, as they will be their future customers.

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