National Tour Association
Trends Analysis Summary – May 2006

Introduction

In May 2006, surveys were e-mailed to all NTA members. In total, 121 tour operators submitted their survey for an overall response rate of 22 percent; 149 DMOs submitted their survey for a response rate of 24 percent; 228 tour suppliers submitted their survey for a response rate of 16 percent.

For the tour operator portion of this survey, it is designed to gather important information about products, markets, promotion and distribution channels of NTA tour operators. The results from this survey are critical in helping NTA clearly define and target marketing programs and business opportunities for tour operators.

In addition, tour operators, tour suppliers and DMOs were asked trend information regarding the packaged travel industry, NTA and their own company/organization.

Summary of Results

Tour Operators

Product Market Category

Nearly all NTA tour operators (96 percent) offer escorted group tours. Fewer tour operators offer one-day sightseeing tours (51 percent), while slightly less than half (44 percent) of the tour operators surveyed say that their company offers receptive services to other tour operators. More than one in four tour operators (43 percent) offer independent packages – this is a 12 percent decrease from 2004.

While 33 percent offer sightseeing tours as a component of conferences/conventions, 23 percent say that their company involves itself with any/all components of meeting planning – a 28 percent increase over 2005

Response	2005	2006	% Change
My company offers group tours	96%	96%	--
My company offers one-day sightseeing tours	51%	51%	--
My company offers receptive services to other tour operators	51%	44%	-14%
My company offers independent packages (FITs)	49%	43%	-12%
My company offers sightseeing tours as a component of conferences/conventions	35%	33%	--
My company offers an independent charter service (with our own motorcoaches) to groups other than the ones traveling on our regular group tours	15%	15%	--
My company involves itself with any/all of the components of meeting planning	18%	23%	+28%

Customer Types

Tour operators were asked what percent of their company's sales volume result from some common customer types within the travel industry: direct to consumers, group leaders, travel agents and other tour operators. When comparing 2005 results to 2006, there were some noticeable changes. One of the biggest changes was the percentage of their company's sale volume that results from consumers. Nearly one-half (48 percent) of tour operators sales volume can be attributed to consumers, a 33 percent increase over 2005. The percentage of sales volume that is attributed to group leaders has fallen 13 percent from 2005 to 27 percent.

Response	2005	2006	% Change
Consumer (book the product on their own behalf)	36%	48%	+33%
Travel Agent (seats are booked by a travel agent on behalf of the passenger)	15%	12%	-33%
Other Tour Operators (seats are booked by other tour operators on behalf of their clients)	17%	13%	-24%
Group Leader (this person represents the group and books seats on behalf of others, i.e., senior group leaders, etc.)	31%	27%	-13%

We asked those tour operators whose sales volume resulted from group leaders to break down the type of group leaders from whom they get business. When working with group leaders, senior group leaders are still the majority of tour operators' business.

	% Sales Volume
Senior Group Leaders	39%
Other Group Leaders	25%
Teachers/Principals	22%
Bank Travel Directors	14%

Tour operators were asked through which of the following customer types they would like their company to have more business. They were asked to rank each where "1" is the most desirable channel and "7" is the least desirable. Working more directly with consumers is at number one – up from number five in 2003 and number three in 2005. This is followed by senior group leaders at number two (down from number one in 2004) and other tour operators at number three.

Item	2001	2003	2005	2006
Direct to Consumers	4	5	3	1
Senior Group Leaders	1	2	1	2
Other Tour Operators	5	3	2	3
Bank Travel Leaders	3	1	4	4
All Other Group Leaders	2	4	5	5
Travel Agents	6	6	6	6
Students	7	7	7	7

In order to get a better understanding of the types of passengers NTA tour operators work with, respondents were asked to select the types of customers their company serves. Not surprisingly, the majority of tour operators serve future seniors/seniors (85 percent) and leading-edge boomers (75 percent) – however those numbers are down slightly from 2005. Nearly half (48 percent) of NTA tour operators serve students in some capacity.

Item	2005	2006	% Change
Students (under 21)	48%	48%	--
Young Adults/Generation X (21-38)	47%	35%	-26%
Trailing-Edge Boomers (39-50)	65%	55%	-15%
Leading-Edge Boomers (51-59)	84%	75%	-11%
Future Seniors/Seniors (60 and older)	92%	85%	-8%

Since the majority of NTA tour operators serve future seniors/seniors, it is not surprising the that the highest percentage of their overall customer base is future seniors/seniors. Tour operators report that 48 percent of their customers fall into that category. This is followed by leading-edge boomers (21 percent), students (17 percent) and trailing-edge boomers (10 percent).

Item	2005	2006	% Change
Students (under 21)	15%	17%	+13%
Young Adults/Generation X (21-38)	6%	4%	-33%
Trailing-Edge Boomers (39-50)	13%	10%	-23%
Leading-Edge Boomers (51-59)	20%	21%	+5%
Future Seniors/Seniors (60 and older)	46%	48%	+4%

Sales Volume

The percent of the overall sales volume resulting from group tours is 77 percent. While much less is a result of independent packages (17 percent). The percent of the overall sales volume resulting from other forms of packaged travel is six percent.

Response	2005	2005	% Change
Group Tours	79%	77%	-3%
Independent Packages (FIT)	17%	17%	--
Other	4%	6%	+50%

During 2005, NTA tour operators served an average of 5,417 passengers on overnight packages. During 2005 tour operators served an average of 4,873 passengers on day tours.

Average	2004	2005	2006 Projected
Overnight Packages	7,725	5,417	5,581
Day Trips	3,077	4,873	5,566

Nearly one-third (31 percent) of NTA members say their company's annual sales are less than $1 million – the same as 2005. Slightly less than one-third say their company's annual sales is between $1 million and $3 million. However, the biggest gains are in the more than $7 million range (an 18 percent increase).

Response	2005	2006	% Change
Annual sales less than $1 million	31%	31%	--
Annual sales $1 million to $3 million	33%	29%	-12%
Annual sales $3 million to $5 million	14%	16%	+14%
Annual sales $5 million to $7 million	5%	4%	-20%
Annual sales more than $7 million	17%	20%	+18%

Booking Timelines

According to NTA tour operators, consumers continue to rely on shorter booking times. In 2006, 26 percent of tour operators said that their clients booked their trip three to five months in advance. In 2005, that number was slightly larger at 36 percent. However, in 2006, 37 percent of the tour operators surveyed say their customers book their trips between 30 and 60 days in advance – somewhat comparable to 31 percent in 2005.

Response	2000	2005	2006
14 days in advance	1%	1%	3%
30 days in advance	2%	9%	13%
45 days in advance	5%	13%	10%
60 days in advance	10%	9%	14%
3 to 5 months in advance	35%	36%	26%
6 months in advance	28%	23%	19%
1 year in advance	--	4%	5%
Not applicable	1%	4%	5%
Other	13%	1%	5%

Tour/Package Types

Tour operators were asked which of the following packages they currently offer to their customers. In 2005, 60 percent of tour operators offered event packages. In 2006 that number Is 68 percent – an increase of 13 percent. Learning packages continue to be offered by more tour operators during 2006 – 47 percent versus 34 percent in 2003. Spectator sports, hard adventure, agricultural and soft adventure packages also saw significant increases during 2006. The largest decreases in popularity were holiday, alumni, music and participatory sports packages. All of these saw double-digit decreases.

Response	2005	2006	% Change
Historic/Heritage	74%	74%	--
Events	73%	69%	-5%
Cultural	71%	--	--
Fall Foliage	71%	66%	-7%
Museum	69%	64%	-7%
Cruises	68%	64%	-6%

Theaters (general)	65%	63%	-3%
Holiday	64%	50%	-22%
Music	63%	50%	-21%
Dinner Theaters	62%	55%	-11%
National Parks	60%	68%	+13%
Shopping	56%	54%	-4%
Garden (floral)	52%	43%	-17%
Soft Adventure	49%	57%	+16
Wine Tasting	48%	46%	-4%
Family	46%	38%	-17%
Learning	46%	47%	+2%
Mystery	42%	43%	+5%
Gaming (casino, etc.)	41%	41%	--
Religious	36%	29%	-19%
Reunion	33%	31%	-6%
Alumni	32%	25%	-22%
Agricultural	31%	22%	+13%
Sports (spectator)	31%	35%	+29%
Amusement Parks	30%	27%	-10%
Ethnic	27%	25%	-7%
Ecotours	24%	24%	--
Intergenerational	22%	19%	-14%
Science	19%	19%	--
Sports (skiing, golf, etc.)	17%	8%	-53%
Gay/Lesbian	10%	7%	-30%
Hard Adventure	3%	4%	+33%
Voluntourism	--	7%	--

International Packages
For purposes of this survey, international inbound refers to travel to North America and international outbound refers to overseas countries outside North America.

NTA tour operators are less likely to offer domestic-only packages than in the past. Slightly more than one-quarter (25percent) of the tour operators surveyed arrange travel packages that are domestic only. Sixty-eight percent offer international outbound packages, which is a 13 percent increase over 2005 and a 39 percent increase over 2003. Nearly one-quarter (22 percent) offer international inbound packages. There is a definite shift with more NTA tour operators offering some type of international packages – whether it be inbound or outbound.

Response	2005	2006	% Change
Domestic Only (North America)	27%	25%	-7%
International Inbound	32%	22%	-31%
International Outbound	60%	68%	+13%

Tour operators whose companies arrange international travel packages were asked specific questions regarding their international inbound and outbound business.

International Inbound
It should be noted that the number of respondents offering international inbound packages is small therefore the numbers should be used with caution.

When asked to estimate the percentage of their company's international inbound business that is in the form of group tours, independent packages and other, the overwhelming majority of tour operators said that their business is in the form of group tours (89 percent). Independent packages (FIT) follows with 8 percent. Other types of inbound business accounts for only three percent.

Tour operators who offer international inbound packages said that their inbound business has either increased (50 percent) or stayed the same (29 percent) during the past year. Only 21 percent said their international inbound business has decreased.

Of the tour operators who offer international inbound packages, the top countries for which they offer inbound packages during 2006 are:

Response	2006
Germany	#1
Australia	#2
United Kingdom	#3
New Zealand	#4
Netherlands	#5
France	#6
Italy	#6
Japan	#6
Switzerland	#9
Sweden	#10

Of the tour operators who offer international inbound packages, the top five countries for which they offer inbound packages during 2006, compared with 2005, are:

Response	2005	2006
Germany	#2	#1
Australia	#5	#2
United Kingdom	#1	#3
New Zealand	--	#4
Netherlands	--	#5
France	#3	--
Italy	#4	--
Ireland	#5	--

International Outbound
International outbound business that is in the form of group tours is 72 percent. Just 21 percent is in the form of independent packages, with seven percent being other types of outbound business.

More than half (53 percent) of the tour operators who offer international outbound packages said that their outbound business has increased during the past year. Thirty percent said it stayed the same. Only 18 percent said their international outbound business decreased.

Of the tour operators who offer international outbound packages, the top 10 countries for which they offer outbound packages are:

Response	2006
United Kingdom	#1
Italy	#2
Ireland	#3
Germany	#4
Australia	#4
Switzerland	#4
France	#7
New Zealand	#7
Spain	#8
Austria	#10

Of the tour operators who offer international outbound packages, the top five countries for which they offer inbound packages are during 2006 compared with 2005 are:

Response	2005	2006
United Kingdom	#1	#1
Italy	#2	#2
Ireland	#3	#3
France	#4	--
Germany	#5	#4
Australia	#5	#4
Switzerland	--	#4

All NTA Members

All NTA members were asked what they felt were the most important issues/trends in the packaged travel industry today. The most significant response by all three member categories was price instability/fluctuating costs (fuel, insurance, etc.) – 69 percent of tour operators, 64 percent of tour suppliers and 66 percent of DMOs. All three categories felt that reduced group sizes was one of the more important issues/trends in the packaged travel industry.

Response	Tour Operators	Tour Suppliers	DMOs
Consolidation and mergers	11%	8%	15%
Demographic changes	38%	35%	42%
Product diversity	25%	33%	**52%**
Changing distribution channels	30%	31%	35%
Technological advances and changes	26%	30%	42%
Changes in planning/booking patterns	**43%**	**45%**	**52%**
Advocacy - government and industry relations	8%	10%	17%
Security concerns/issues	33%	27%	24%
Crisis management	10%	5%	10%
Liability management	17%	7%	7%
Data mining for customized marketing to consumers	7%	12%	18%
Reduced group sizes	**56%**	**46%**	**56%**
Increase in intergenerational travel	4%	11%	15%
Increase in intermodal travel	6%	3%	11%
Growth in experiential travel	15%	17%	37%
Growth in niche/affinity travel	20%	32%	46%
Growth in FIT market	19%	37%	40%
Increased competition	27%	34%	35%
U.S. image abroad	17%	20%	24%
Price instability/fluctuating costs (fuel, insurance, etc.)	**69%**	**64%**	**66%**
Other	6%	4%	5%

When asked what the most important issues facing NTA in the next year, all member categories said education/research on changing consumers was one of the most important – 51 percent of tour operators, 57 percent of tour suppliers and 58 percent of DMOs. Not surprisingly, DMOs chose tracking/ROI as the most important issue facing NTA. For tour suppliers and tour operators the most important was education/research on changing consumers.

Response	Tour Operators	Tour Suppliers	DMOs
Member growth and diversity	**34%**	**45%**	34%
Member involvement/activity	31%	39%	42%
Improved technology	26%	19%	21%
Consolidation and mergers within the industry	11%	12%	15%
Education/research on changing consumers	**51%**	**57%**	**58%**
Education/research on product diversity/development	**36%**	38%	**45%**
Reformatting/updating of Annual Convention	25%	26%	26%
Reformatting of Spring Meet	16%	**--**	**--**
Tracking/ROI	14%	**44%**	**77%**
Other	4%	4%	6%

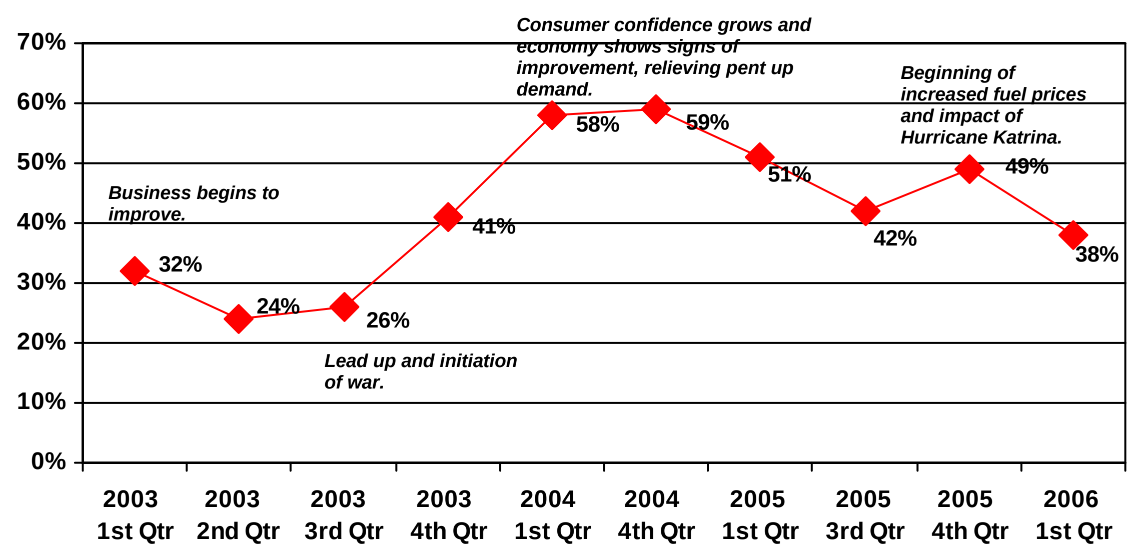
Finally, members were asked about changes they foresee taking place within their company during the next year. More than half of the tour operators surveyed said growth in partnering with other tour operators (55 percent), increased product diversity (54 percent) and shorter booking times (52 percent) were expected changes. Tour suppliers also felt that shorter booking times (55 percent) and growth in partnering with other tour operators (47 percent) would be a change in their company. DMOs felt growth in partnering with other suppliers and DMOs (48 percent) and an increase in FIT travelers (43 percent) would be a change their organization would see.

Response	Tour Operators	Tour Suppliers	DMOs
Increased product diversity	**54%**	37%	36%
Change in consumer demographics	42%	30%	26%
Online booking engine	44%	33%	26%
Increased investment in technology	42%	26%	38%
Increase in group travelers	35%	42%	28%
Increase in FIT travelers	33%	**43%**	**43%**
Decrease in group travelers	12%	21%	30%
Decrease in FIT travelers	0%	6%	7%
New distribution channels	40%	33%	35%
Growth in partnering with tour operators	**55%**	**47%**	**39%**
Growth in partnering with suppliers and DMOs	30%	29%	**48%**
Increase in profits	29%	31%	--
Steady profits	29%	21%	--
Decrease in profits	14%	6%	--
Shorter booking times	**52%**	**55%**	--
Longer booking times	6%	6%	--
Other	3%	4%	7%

NTA tour operator members have worked in the travel industry an average of 21 years. When asked how long they have personally been a member of the association, the average is 11 years. Tour suppliers have worked in the travel industry an average of 16 years and have been a member of NTA nine years. DMOs have worked in the travel industry an average of 15 years and have been a member of NTA 12 years.

Response	Tour Operators	Tour Suppliers	DMOs
Average number of years worked in travel industry	22	16	15
Average number of years been a member of NTA	14	9	12

NTA Tour Operator Business



Note: *This graph illustrates the percentage of operators stating their sales volume increased over the same quarter of the previous year.*