

# 2002 Forward Together Study



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## INTRODUCTION

Partnering. This word has come to mean a great deal in the post-Sept. 11 world of travel. The National Tour Association has always brought its three categories of members – tour operators, tour suppliers and destination marketing organizations (DMOs) – together to conduct business, network, develop relationships and form partnerships. In the wake of the events of September 2001, NTA realized that now, unlike ever before, forming partnerships that work for all parties will be the key to survival.

Launching the “Forward Together” theme at the 2001 Annual Convention in Houston, NTA announced that not only would the travel industry survive, it would do so together. In keeping with the spirit of that theme, the Research and Development Council developed the Forward Together Surveys, a follow-up to the “Working Together” survey of 1994.

The Forward Together project has taken each individual segment of NTA’s membership and gathered information on how they currently do business. From deposit and cancellation policies to booking timelines, the data presented in this report will assist NTA members in understanding how their colleagues’ businesses work and identify better ways in which to work together.

The following report includes tour operator and DMO specific information as well as information on how each individual tour supplier category, as well as DMOs, conduct their business and work with tour operators. Finally, the report will contain appendices detailing tiered pricing information, NTA member demographics and responses to the two Sept. 11-related questions asked on each survey.

## Forward Together – DMOs

Destination marketing organizations or DMOs are an integral part of the packaged travel industry. The following is some DMO-specific information that will help to provide insight into these organizations, their objectives and the way they operate. For demographics on the DMO, as well as all other categories, please refer to Appendix B.

### *General Information:*

The majority of NTA member DMOs report having two to five full-time employees in their organization (40 percent) while 18 percent have six to 10. However, 31 percent of DMOs report 21 to 50 full-time employees in their tourism department with 77 percent reporting one employee dedicated to packaged travel and working with tour operators. Twenty-one percent of DMOs state that they have from two to five employees dedicated to packaged travel. Finally, 94 percent of responding DMOs have included a section dedicated to packaged travel in their organizational marketing plan.

Thirty-five percent of DMOs surveyed reported that the executive director is the person within their organization who makes marketing decisions for the packaged travel market with 24 percent stating that person would be the tourism department director. Twenty percent of DMOs stated the tourism department director and 19 percent stated the executive director serve as the organization's NTA Annual Convention attendee. However, more frequently than that, 21 percent of DMOs reported that the group sales director serves as the NTA Annual Convention attendee.

More than half – 56 percent – of the DMOs surveyed stated that they conduct training on the packaged travel market in their community. Almost half of this training, 44 percent, is done with hotels.

### *DMOs Working with Tour Operators:*

Furthering their relationships with tour operators and the packaged travel industry, a whopping 89 percent of DMOs surveyed provide FAM tours for tour operators, with 73 percent of these tours being free of charge. For those who do charge a fee for FAMs, it appears to be nominal as almost half (46 percent) of the DMOs report the cost to be between \$21 and \$50. The average fee for FAM tours is \$55. However, 57 percent of the DMOs who charge for FAMS report the fee to be non-refundable. Other statistics on FAMs are listed in the following charts.

### Who DMOs Target for FAM Tours

Organizations	
Tour company owners	88%
Motorcoach charter operators	60%
Tour planners	87%
Travel agents	36%
Group leaders unaffiliated with a tour operator	27%
Group leaders affiliated with a tour operator	54%
International visitors	31%
Other	19%

### Responsibility of Planning Components of FAM Tours

	Itinerary	Attractions/Activities	Meal Locations	Accommodations
State/Provincial DMO	34%	25%	17%	18%
Local DMO	85%	88%	88%	88%
Members/Local Suppliers	12%	17%	19%	19%
Receptive Operator	9%	7%	4%	2%
Other	7%	6%	5%	6%

### Responsibility of Paying for Components of FAM Tours

	Meals	Lodging	Step-On Guides	Attractions	Transportation
State/Provincial DMO	15%	10%	9%	7%	30%
Local DMO	67%	41%	49%	37%	57%
Members/Local Suppliers	39%	33%	18%	30%	20%
Receptive Operator	2%	3%	6%	3%	6%
Complimentary	59%	67%	53%	69%	28%
Other	8%	5%	4%	4%	8%

### FAM Tour Services Provided to Tour Operators on a Complimentary Basis

Services	
Lodging	95%
Admissions	95%
Meals	92%
Staff Guide	91%
Ground Transportation	58%
Other	11%
Airfare	6%

DMOs were asked to rate the methods of distributing supplier information to tour operators, where **five** is **extremely important** and **one** is **not at all important**. The results, in order of importance, are:

#### Methods of Distributing Supplier Information to Tour Operators

Method	Average Rating
Group tour manual	4.4
Itineraries	4.4
Web site	4.4
NTA Annual Convention	4.2
Individual brochures	3.8
Sales calls	3.8
E-mail	3.6
Newsletter/Fliers	3.2

Finally, DMOs rated the value of various marketing tools in reaching tour operators, where **five** is **extremely important** and **one** is **not at all important**. The results, in order of importance, are:

#### Ratings of Marketing Tools

Marketing Tool	Average Rating
NTA Annual Convention	4.4
Group tour manual	4.3
Domestic trade shows	4.2
The DMO's own Web site	4.2
Brochures	4.1
FAM tours	4.1
In-person sales calls	3.9
Direct mail	3.8
Co-op advertising	3.7
E-mail	3.4
International trade shows	3.4
Videos	3.3
Other association publications	3.2
Courier	3.1
Slides	3.1
NTA Online	3.0
Sponsorships	3.0
Web site banner advertising	2.7
Telemarketing	2.6
NTA Convention Daily Newsletter	2.4

In the opinion of the DMO, the best marketing tools for reaching tour operators are NTA Annual Convention, group tour manuals, domestic trade shows and the DMO's own Web site. This is very much in tune with what tour operators desire. As noted in the tour operator portion of the report, the items most frequently used by operators are group tour manuals and the *NTA Tour Supplier/DMO Directory*. However, FAMs, DMO Web sites and the NTA Annual Convention were rated very high as well.

*DMOs Working with Tour Suppliers:*

In working with tour suppliers, DMOs often act as lead generators. An overwhelming majority – 92 percent – provide these leads to suppliers free of charge. In addition, 62 percent of DMOs maintain these leads in a computerized database and distribute them via mail (73 percent) and e-mail (64 percent). Just under half (45 percent) fax leads to suppliers. However, while many (44 percent) have the ability to pull consumer leads for specific states or provinces, the majority of DMOs do not make consumer leads available to tour operators (61 percent). Six percent of DMOs did state that they would charge a fee to tour operators for supplying consumer leads.

As stated by tour operators, one of their main uses of DMOs is to obtain information about area tour suppliers. Therefore, DMOs must keep their tour supplier data up to date. The majority of DMOs request updated tour supplier information on an annual basis (38 percent) while 18 percent request this information semi-annually.

The majority of DMOs report that they receive requested tour supplier information annually (32 percent) with only 14 percent receiving it semi-annually and 19 percent in some other timeframe, such as at the NTA Annual Convention or as needed.

DMOs were also asked to rate the importance of various marketing opportunities offered to tour suppliers, where **five is extremely important** and **one is not at all important**. The results are:

Cooperative advertising opportunities	4.1
Sales missions/Promotional Tours	4.0
Joint booths at travel shows	3.7
Joint direct mail opportunities	3.3

As noted, the top two marketing opportunities DMOs feel they can provide tour suppliers are cooperative advertising and sales missions/promotional tours. Another reason for tour suppliers to work very closely with their area, state or provincial DMO is to keep them informed and updated on any changes with their company.

## Forward Together – Tour Operators

The following tour operator-specific information will provide a better understanding of the tour operators' business practices, how they plan their itineraries, etc.

Tour operators were asked to rank the frequency of using input from various outlets in developing a new itinerary. Where **five is frequently use** and **one is never use**, the following are the results:

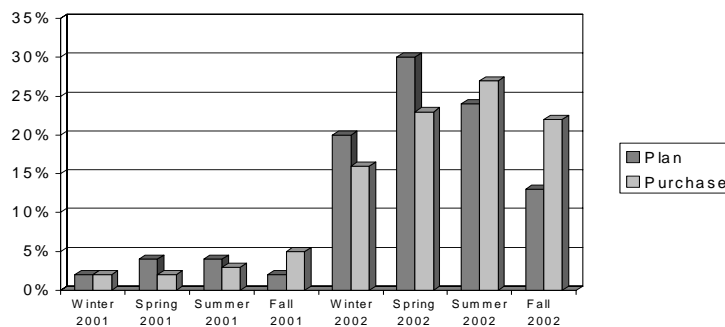
**Tools Used for Itinerary Development**

Itinerary Development Tools	Average
DMO group tour manuals	4.1
<i>NTA Tour Supplier/DMO Member Directory</i>	4.0
Customer input	3.9
NTA Annual Convention	3.9
Recommendations from other tour operators	3.8
DMO Web sites	3.6
FAM tours	3.4
NTA publications	3.3
Other trade association publications	3.3
NTA Online	2.7

As you can see, the top two sources relied upon to develop and plan new itineraries are DMO group tour manuals and the *NTA Tour Supplier/DMO Member Directory*.

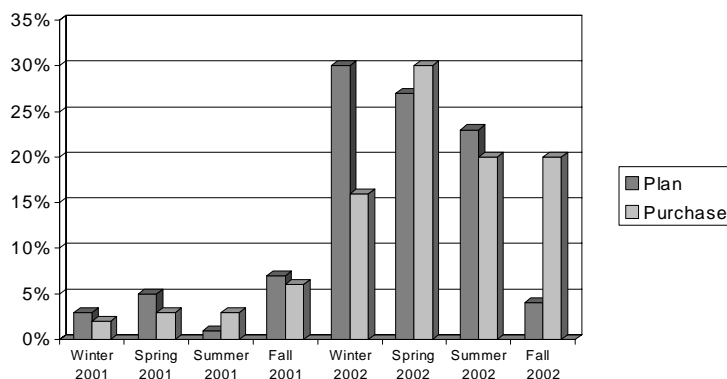
Tour operators also were asked when they would be planning both their 2003 domestic and international packages.

**When Tour Operators Plan and Purchase Their 2003 Domestic Packages**



As the graph above illustrates, 30 percent of tour operators stated they would be planning their 2003 domestic packages in the spring of 2002 with 24 percent stating the summer of 2002.

When Tour Operators Plan and Purchase Their 2003 *International* Packages



As for international packages, 30 percent of tour operators will be planning in the winter of 2002 with 27 percent planning in the spring of 2002 and 23 percent in the summer 2002.

As for purchasing 2003 domestic packages, 27 percent of tour operators will purchase domestic packages in the summer 2002 with 23 percent purchasing in the spring and 22 percent in the fall. The majority of international packages are purchased in the spring 2002 (30 percent) followed by summer 2002 and fall 2002 with 20 percent each.

Tour operators were also asked to rank the importance of offering services in languages other than English. Almost half (47 percent) ranked this as extremely important. An additional 24 percent ranked it as very important for a total of 71 percent of tour operators who consider this element to be of high importance.

Finally, in response to changes in the industry since Sept. 11, tour operators were asked about group booking timelines before and after that day. Tour operators reported that prior to Sept. 11, 35 percent of groups were booking three to five months in advance, followed next by six months in advance at 28 percent.

After Sept. 11, only 15 percent of operators were seeing group bookings three to five months in advance with 14 percent showing 60-day advance bookings and 11 percent at 30 days. However, a large percentage stated that it was not applicable to them.

### Average Consumer Booking Timeline

