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[TOUR OPERATORS CUT HOTEL COSTS]

Luxury leaders try downscaling two new brands

By Michelle Baran

Two icons of the ultra-high-end tour market are out to prove that luxury travel does not necessarily mean expensive travel.

Abercrombie & Kent and Butterfield & Robinson, two operators that have built their businesses and reputations on ultra-deluxe travel product — with price tags to match — have recently launched lower-priced lines for customers who don't necessarily need or want accommodations in the world's most opulent hotels while engaging in immersive, experiential vacations.

Rather than signaling a decline in the luxury market, the companies and the travel agents who sell them say that the launch of lower-priced lines is about reaching a new pool of travelers who place greater value on

GROUP THINK



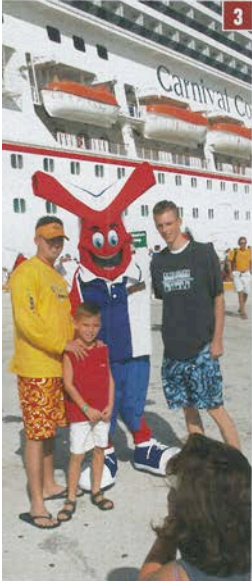
Huge rewards await agents with expertise in family getaways, destination weddings and other group travel bookings.

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'Our top-end product is very solid; we see this really as a growth opportunity.'

Norman Howe, Butterfield & Robinson



GROUP THINK

Huge rewards await agents who demonstrate their expertise in family getaways, destination weddings and other group travel bookings.



Whatever sparks the urge or need for people to vacation together, group travel is a simple matter of "the more merrier" for client and agent alike.

For the client, "merrier" is a result of travel that brings together family or friends or reinforces a community bound by common interests. For the agent, a big part of "merrier" is the money.

Whether the group in question is inspired by romance, a spiritual quest, family bonding, cultural exposure, exploration, education, a hobby or just a shared appetite for fun and escape, group bookings represent multiples in revenue and overrides that are hard to match when booking singles or couples.

What's more, it's clearly a growth category in terms of demand.

A June survey of 216 agents who had booked groups in the previous 12 months, undertaken jointly by Travel Weekly and TravelAge West, revealed that 46% of the respondents expected their group business to continue to grow through the end of 2012.

Yet it is also clearly a category that many travel retailers have been slow to embrace fully. Among respondents to the Group Travel Survey, 72% of whom reported sales of more than \$500,000 in 2011, 80% said they had booked 10 or fewer groups last year. Another 12% had booked between 11 and 20 groups. On the high end, 8.3% had booked more than 21 groups, including eight respondents who reported booking more than 40 groups.

Still, despite the relatively low absolute numbers of group bookings, groups represented a disproportionately large chunk of business — better than a third of all sales for 27% of respondents. What's more, almost half said they expected that group bookings would represent a growing share of their sales in the future.

The notion that agent expertise earns a premium within the group market was indicated by the fact that only 9% said escorted group tours represented more than half their business, while 23% reported that FIT group travel, which typically requires a higher level of expertise, represented more than half of sales. In fact, almost 40% of agents who sold group travel said that FIT was their fastest-growing type of booking.

As for past growth, 38% of those polled reported that cruise led the way, followed in order by multigenerational travel, social/cultural groups and weddings. Religious travel came in last, at 1.9%, although much of that business tends to go to operators that specialize in organizing groups at the local level, rather than to agents.

When asked to rank group travel by destination, proximity seemed to be the defining element. Domestic travel came in first, followed by Mexico, Europe, South America, Asia and the Middle East, including Israel.

Alaska led in domestic group bookings, followed closely by Hawaii, Orlando/Disney World, Las Vegas and New York.

As might be expected, Cancun led among Mexico destinations, followed by the Riviera Maya, Puerto Vallarta and Los Cabos.

Among Caribbean destinations, Jamaica drew the most group travel, followed by the Dominican Republic and the Bahamas. As for which suppliers are attracting the most group bookings, those surveyed ranked the top six, in order of ranking, as the Globus Family of Brands, Royal Caribbean Cruises Ltd., Apple Vacations, Funjet, Travel Impressions and Gogo Vacations.

GROUP CRUISING

"A cruise is a great way for like-minded people to do things as both a group and independently," said Dondra Ritzenthaler, senior vice president of sales for Celebrity Cruises. "Cruising offers a great value proposition when planning a group because of all of the things included in the base fare. Land-based options are offered at a la carte pricing, while cruising includes your room, food and entertainment. Guests also get to see multiple countries while packing only once."

Among cruise lines, agents polled for the survey ranked Royal Caribbean International, Carnival Cruise Lines, Celebrity and Princess Cruises as their top go-to suppliers.

Pieter Hahn, manager and vice president of Fantasy Travel in Bradenton, Fla., agreed that cruising "is a nice, easy package." In the past year, Hahn has seen his group business double; it now comprises 30% of his total bookings.

Choice of destination and itinerary vary by group based on many factors. In Hahn's case, he cites his Florida location as his strongest selling point. For one thing, he targets "snowbirds" living in condo/villa complexes and mobile home parks. For another, his location is near embarkation ports accessible by motorcoaches, which he arranges for transfer.

Jon Harper, vice president of group and incentive markets for East Town Travel, a member of the Ensemble Group, doesn't have that kind of location advantage in Mil-

waukee. He has grown his group business by matching destinations with itineraries based on an affinity group's interests. For example, for his art and history museum groups he creates private activities with museums and exclusive interactions with artists and curators in after-hours events.

Vicki Freed, senior vice president for sale and trade support and services at Royal Caribbean International, said groups that have never traveled together before may initially choose the Caribbean or other close-to-home itineraries but often evolve over time and graduate to other destinations.

But the social element is often just as important in group travel as the destination. Peg Haskins, president of Viking Travel/The Cruise Shop in Westmont, Ill., said the "ability to mix with the people of similar interests and lifestyles is sometimes more important than the ports of call."

Choosing the right ship for the group is crucial. Some groups might require meeting or conference rooms for days at sea. Others will want to commandeer an entire specialty restaurant for a celebratory meal. On Royal Caribbean's ships, groups can purchase an hour to surf the FlowRiders or request a private ice skating session.

Nexion President Jackie Friedman stressed that agents need to ensure there is adequate space to meet the group's needs. For example, in the case of craft-based groups, she said, you need to "understand what the activities are going to be for the group and if they need to spread out materials. Some ships won't have room for something like that."

As for how to find target groups, Joni Rein, vice president of worldwide sales for Carnival Cruise Lines, said the beauty of group travel is that your market "can be found everywhere, from church groups and social groups to special interest and fan groups." Rein advises agents to start by approaching the group leader: "This often gives [agents] an immediate point of contact and insider knowledge that will help from the get-go. Qualifying individuals within the group comes easy," she said, since the primary qualifier is: "Do they have an affinity to the affinity?"

Freed suggested that beginning agents who lack a client list should develop groups from their own passions and interests, such as craft stores. She recalled that one agent found great success working with Michaels arts and crafts stores and even had a representative from the company come onboard to demonstrate skills in various crafts.

Harper said he has had success working with fundraising groups because on a ship "they have a captive audience." He has also had success organizing groups with local radio stations, which then promote the cruises on-air and often put a station celebrity onboard.

"Folks can buy any cruise," Harper said. "But when they have the opportunity to join others with similar interests and experience unique opportunities that would not normally be available, they want to join the fun."

It's important to keep in mind that booking cruise groups is not just a matter of selling more cabins; it also takes advantage of a cruise line's amenity points program, which Harper said enable agents to "be very creative, providing perceived added-values, including unique 'exclusive' components," that often end up costing the agent nothing. A cruise line's amenity points can be applied to such things as offering cocktail parties, upgrades, logo items, a reduction in the number of clients needed to get a complimentary cabin and even a discounted price. Or, amenity points can simply earn bonus commission for the agent.

FAMILY AND MULTIGENERATIONAL TRAVEL

"Because of their numbers, frequency of travel and use of traditional travel agents, the multigenerational traveler presents a powerful opportunity," said Lindsey Ueberroth, See **GROUP TRAVEL** on Page 18



1) A sea lion encounter. 2) A multigenerational group in Mexico. 3) A Carnival cruise with Fun Ship Freddy. 4) A group at the Spanish Steps in Rome. 5) A grandmother and grandson explore Alaska. 6) A family near Mount McKinley in Alaska. 7) An encounter with a baby sea lion. 8) A family beach excursion. 9) A multigenerational river-rafting expedition.



GROUP TRAVEL

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Ueberroth's company recently completed a study of leisure travel trends, which found that:

- A growing number of multigenerational travelers are planning "milestone vacations," with 77% planning a vacation around a life event such as a birthday or anniversary.

- Multigenerational groups travel more often (4.4 trips a year) than other groups (3.6 trips).

- Most importantly, they use and trust the advice of travel professionals: Almost 20% of multigenerational travelers use agents, and 71% said they value agent recommendations on vacations and packages or tours, an attitude shared by just 58% of other travelers.

Ueberroth said she believed that multigenerational travelers lean toward travel agents because of the complexity of coordinating schedules, multiple departure points and booking additional and adjoining rooms.

The study revealed that reasons for the growth in the market include families living farther apart; a faster pace of life that leaves less family time; and the growing numbers of retired baby boomers.

Jennifer Tombaugh, president of Tauck, was hired in 2001 specifically to form Tauck Bridges, a division devoted to multigenerational travel. Since its official launch in 2003, it has evolved to cater to a three-part market: parents and children; grandparents and grandchildren; and three generations traveling together, sometimes with other family members such as aunts and uncles.

"The sweet spot for this market is when children are around 12 to 14, when they can appreciate the destination but are still happy to travel with their parents and grandparents," Tombaugh said. "We see the boom continuing, especially among affluent travelers."

Mike Shields, managing director for groups and emerging markets at the Globus Family of Brands, said, "We are definitely seeing the age range come down on all of our brands and products. And we see many more extended families traveling together."

Likewise, Paul Wiseman, USA president of Trafalgar, reported, "Our Family Experiences programs have become more and more popular. In the last year, bookings increased by 20%, and so far, year-to-date bookings for 2013 against 2012 have more than tripled."

The Preferred study suggested several means for attracting the multigenerational market, including special packages, group pricing, celebration event packages, multiple-room packages, family-style dinners and reunion activities.

"You have to understand that this is frequently a gift given by people to others, but more so to themselves," said Jo Ann Buening, with Travel Leaders in La Crosse, Wis. "I did one Alaska cruise for 54 passengers for a grandmother cele-

Above, a multigenerational cruise group. According to an agent survey by Travel Weekly and TravelAge West, cruising has led the way in group travel growth. At right, family time on the beach.



brating her 85th birthday. They had seldom if ever all gotten together, and it was priceless."

Tony Adler, CEO of Cruise and Resort in Sherman Oaks, Calif., said that "because the adults want to show the kids everything, they tend to go all the way with extras like helicopter tours and other memorable experiences." Even so, he cautioned, "You have to ask a lot of questions. [Adults] may think their 8-year-old likes museums, but don't count on it. ... At some point in the trip, the kids get tired of humoring their parents. We try to allow for a balance. When they get back home, the kids' post on Facebook will be about how the Mandarin Oriental in Bangkok had the fastest Internet of anyplace else."

Tombaugh said that parental insecurities often manifest themselves in extra spending. "For parents, it's giving kids the best experience they can," he said. "There's a lot of guilt these days around time and so forth, and this is a way for parents to make it up."

Terry Denton, co-owner of Travel Leaders/Main Street Travel in Fort Worth, Texas, said he is "developing more programs to Mexico's colonial cities and Copper Canyon rather than the coastal resorts." He said that's because multigenerational groups "are not going to be sun-and-fun travelers; they are looking for experiential enrichment."

Shields said that cruises offer a great way to initiate a group to multigenerational travel because "once an extended family cruises together and has a good time, they can be cultivated for just about any worldwide destination."

In a similar vein, Tombaugh said river cruising is "ideal for multigenerational travel because it is about shared enrichment and time together. And while a lot of companies have kids doing one thing and parents another, our trips are all about time together." Moreover, he said, multigenerational travel "represents a good commission because of the complexity of the trips and the number of people involved."

Even so, Shields pointed out that it might be a mistake to focus solely on commissions. "Focus on retaining this business," he advised. "Build loyalty and trust. When an agent showcases his or her service talents with these groups, he or she will garner even more individual business."

SOCIAL/CULTURAL GROUPS

They might be affiliated with a museum, a nonprofit or-

ganization or an arts club. They might be a loose-knit group of friends and acquaintances that shares a specific interest. Whatever ties bind them, social and cultural groups are a small percentage of the average agency's overall business, but they can be a valuable component of the overall business mix.

"To be honest, I like it because it builds our volume," said Guisselle Nunez, principal at Mundi Travel in San Jose, Calif. "Money-wise it's good, but it's not going to pay for the salaries for everyone for the year. But it helps us to build volume with our preferred vendors."

Another benefit of booking customized tours for social and cultural groups, according to Globus' Shields, is that it expands the traditional pool of potential travelers, since people brought together by a common interest or organizational affiliation represent a wider age range.

"You look at escorted touring and it's typically [ages] 60 to 65," Shields said. "But when you're talking about custom groups, it ... opens up the floodgates for other age groups and demographics."

According to Marc Kazlauskas, president of Insight Vacations, which is part of Travel Corporation USA, the benefit of selling customized group travel "comes down to three things. One thing is for agents: It's profitable. They're earning anywhere from 10% to 17% commission on every component they're selling." The second, he said, is that customer service is easier since the groups tend to be small. "The third thing," he said, "is that you can customize [the tour]. Unlike other modes of travel, you can set the itinerary."

Social and cultural groups usually have different goals from those of other groups. Jacinta McEvoy, vice president of sales at Lindblad Expeditions, said those goals are "not necessarily predictable. There are always some special needs in a group. They may be nonprofit organizations that would like to earn a donation and have certain institutional missions. They may need to create visibility, have a study leader on board or a tour escort."

For some groups, the goal is simply a get-together. Brenda Newsome, owner of Newsome Travel in Hartsville, S.C.,

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A group at the Colosseum in Rome. According to a Travel Weekly and TravelAge West survey, when agents ranked group travel by destination, Europe came in third.

GROUP TRAVEL

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organizes custom group tours with a purely social vibe. "It's almost like a big high school reunion," she said. "We really get to bond and catch up." Her semiannual social group tour has grown to the point where it has attracted sub-groups, including members of the local Rotary Club.

Among those interviewed for this article, Europe was the region most commonly mentioned as a top seller for social and cultural groups.

But while Schields described Europe as Globus "bread and butter," he was quick to add: "But the [region] we see taking

off is South America. It has the exotic feel to it, but it's very close. There are experiences that combine food, wine adventure. That's very hot with groups who are a little bit younger."

At Insight Vacations, up-and-coming destinations include Russia as well as the U.S., which Kazlauskas attributed to high fuel costs that make domestic trips more attractive for group travel.

To sell to social and cultural groups, Lindblad's McEvoy recommended targeting a "pied piper" — e.g., a group's natural leader or chosen spokesperson.

"I had a travel agent on the West Coast who had an avid photographer [client]," she recalled. "And he was interested in organizing a trip. We did nothing to get that group; we

cover story

didn't have to market to them. This gentleman was basically doing all of the work."

Several successful group sellers noted that an agent doesn't necessarily have to be an expert on a specific topic to sell it. Roderic Southall is the director of Obsidian Arts Center, an organization in Minneapolis that hired Tia Stephanie Tours for an itinerary that focused on African heritage in Mexico. Southall said he did not expect travel agents to be experts on art and the African diaspora. "We have found that our research is as good or better than what the standard travel agent seems to know," he said. "What travel agents bring to our trip is the skill of understanding the logistics of the trip and how travelers travel."

TRAVELING FOR LOVE

Romance travel is one of the few leisure products that survived the recession unscathed. Whether honeymoons, destination weddings, anniversaries, baby moons or any other trip involving a couple and some good, old-fashioned alone time, romantic vacations are still in full swing, and couples are pushing their limits.

That's good news for the group-travel element of this market: the destination wedding. According to a survey compiled for Travel Weekly's May 2012 Wedding, Honeymoon and Romance Advisor, the average guest list for a destination wedding includes 48 people, who stay an average of three nights. What's more, destination weddings, already an \$18 billion-a-year industry, are growing in popularity. Bridal Guide magazine reports that approximately

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GROUP TRAVEL

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18% of all brides now consider a destination wedding, and it predicts 14% annual growth in the category in the coming years. That's enough to make nearly any agent a little love-struck by the profit potential attached to this market.

The majority of agents responding to the Wedding, Honeymoon and Romance survey reported booking between six and 20 weddings, honeymoons and/or romantic getaway trips in 2011. Most importantly, 62% of the close to 400 respondents expect to sell more in 2012. Thirty-four percent expect to sell the same amount as last year, while only 5% predict they will sell less.

Agents attributed this spending increase not just to the steady recovery of travel but also to the average age of romance clients, the majority of whom are millennials.

Sandra Smith, co-owner of Directional Strategies Travel, said at least 80% of her wedding and honeymoon clients are part of the millennial generation. "Our average client is 27 years old," she said. "Their parents taught them that they were special and they ought to be able to have whatever they want. They're professionals, and they're willing to pay for it."

The Pew Research Center reported in December that the median age for first marriages rose by six years over the course of the last 50 years. Median age for both men and women is now set in the late 20s: Half of men getting married for the first time are 29 or older, and half of women who are marrying for the first time are 27 or older.

Such couples are more established and more willing to spend what is needed for a destination wedding, according to Christine Deming, a travel agent at Travel Headquarters/Flying Wheels Travel in Owatonna, Minn. Deming, who said she sold more than 100 romance trips in 2011, said that because couples are getting married later in life, they want more ex-



The Vatican is a classic destination for religious group travel.

pensive and exotic destinations, such as Tahiti and Bora Bora.

As for which travel products are most popular, 94% of agents reported that they expect to sell all-inclusive resorts in 2012, followed by ocean cruises (75%), luxury resorts (73%) and boutique hotels (58%). Smith said all-inclusive resorts, especially adults-only, high-end properties, still lead in popularity, because their clients' No. 1 request is bragging rights.

Gretchen Macknight, an agent with Perfect Honeymoons & Holidays Travel in Vienna, Va., said, "We're starting to see the longer stays and the higher budgets return. But if clients need to make sacrifices, they'll make a mighty sacrifice rather than sacrificing quality. They aren't willing to do a less luxurious product in order to stay longer."

Bragging rights often equates with destination, but trade research and agents alike reveal that value remains by far the most important criterion for selecting a wedding, honeymoon or romantic getaway destination. So, it's no surprise that agents reported the most popular regions for weddings, honeymoons and romantic getaways to be the Caribbean and Mexico. U.S. News & World Report recently listed Kauai and Maui as the top two honeymoon destinations in the country, and agents tend to agree. Consistently, survey results have ranked the top three romance destinations as Hawaii, Jamaica and the Riviera Maya/Cancun.

Agents say the Caribbean and Mexico are virtually the only destinations they sell for weddings, because of airfares and accessibility for guests. Plus, resorts such as Sandals, Couples, Palladium and Dreams offer commissionable packages. Hawaii typically caters to weddings of 10 guests or less, since the distance and expense of traveling there generally means smaller ceremonies.

The Wedding, Honeymoon and Romance survey asked how much of the process agents are involved in when it comes to destination weddings. Responses suggested that agents pretty much have their hands in every aspect of travel related to the event, from booking the wedding party as well as guests to arranging ground transportation and booking guestrooms. Fifty-three percent of agents said they source an onsite wedding coordinator, whether location-based or within a resort, to handle the rest.

The agents reported that the hardest part of destination weddings is not accommodating the bride and groom; it's the guests. Destination weddings can either be a treat or a burden for guests, depending on location, ease of access and booking options.

Mark Chesnut, Harvey Chipkin, Lauren Flowers and Stacey Zable contributed reporting and writing to this article.