New Directions for Educational Travel

Trends that are Changing Your Business

The ETC White Paper

January 30, 2019
Affinity Travel to Educational Travel

• A 60 year history

• Affinity travel – groups based on industry, interest, institution

• Educational travel
  With Affinity by institution
  Educational component
The Changing Buyer/Seller Relationship

The changing evolution of the affinity travel supply chain

Traveler

→ Travel Planner

→ U.S. Tour Operator

→ Supplier

→ Foreign/Inbound Operator

→ Destination

→ Travel Planner

→ Supplier

→ Foreign/Inbound Operator

→ Destination
The Educational Travel Context

• Over 2,000 tours operated per year*

• Over 35,000 travelers per year

• Over $100 million trip revenue per year

We may be small but we are profitable and growing!

*Based on Travel Planner information as operators would include other types of travel.
Travel Planners

Average constituency 128,000

- 51 institutions
- 19 institutions with 100K – 250K members
- 15 institutions with 10K – 100K members
- 10 institutions with >250K members
- 7 institutions with <10,000 members

8 Million Individuals

- 47% Largest institutions
- 44% from institutions with 100K – 250K members
- 8% from smallest institutions

<1% from smallest institutions
Tour Operators

87 Operated Educational trips in the past year

- 31 Operate over 100 trips/year
- 27 Operate 1 – 25 trips/year
- 14 Operate 51 - 100 trips/year
- 15 Operate 26 - 50 trips/year
White Paper Information

• Importance of Engagement: 8.4  Revenue generation: 7.6

• #1 age bracket 60 - 68

• On average, an institution has 4,000 “members” per trip offered

• Average number of travelers per trip
  Cruise: 25  Land: 15
White Paper Insights

• Competition:
  1 - Affinity travel
  2 - Custom travel

• Educational travel is growing
  More alumni
  More interest

• #1 Challenge: too little staff!
Why?

• Have the facts to advocate for resources!

• Get new ideas from similar or different segments

• Understand what drives the market
  Destinations
  Costs

• Understand your traveler – engagement and experience
This generation is well-educated, tech dependent & looking for a balanced, healthy lifestyle. So, it's no surprise that they are hyper-focused on personal experiences and are very interested in travel. In fact, they travel more than any other generation, including Baby Boomers.

- **Travel More Than Any Other Generation, Including Baby Boomers**
- **27% of the Global Population (2 Billion People)**
- **Combined Global Spending Power + US $2.45 Trillion**
- **96% Agreed That Experiences Are the Most Important Thing in Life**
- **Hyper-Connected & Digitally Driven 90% Use Social Media**
- **Check Their Smartphones + 45 Times/Day**
- **Spend an Average of 4.5 Hours a Day on Social Media**
- **Prefer Communication Via Text, Email or Social Media**
Non-Profit Travel

Trends...

- Positive Environment
- Growing Demographic
- Academization of Leisure
- Trusted Source
- Choice & Flexibility
Worldwide Cruise Ship Capacity Growth

- 30 million passengers are expected to cruise in 2019
  - Up 6% from 28.2 million in 2018
  - Almost double of those that cruised in 2009 (17.8 million)
- 15-20 new ships debuting every year for the next two years
- 106 newbuilds on order through 2027 (Cruise Industry News May 2018)
  - Creating 261,812 berths
- As ships are built; design, onboard operations, guest accommodations, etc. are continually evaluated, elevated, and anticipated

2019 CLIA State of the Cruise Industry Outlook
• Instagrammable Cruise Travel
• Total Restoration
• Achievement Over Experience
• On-Board with Smart Tech
• Conscious Travel
• Access is the New Luxury
• Gen Z at Sea
• Off-Peak Adventures
• Working Nomads
• Female-Centered Cruising
• Going Solo
WE INSPIRE PEOPLE TO GO PLACES
WHAT WE DO

RESEARCH

CREATE

DEPLOY

MEASURE
WHY WE DO IT

UNDERSTAND

INSPIRE

CONNECT

LEARN
AGENDA

• Travel Forecast
• Millennial Travel
• Motivators
• Luxury Travel
• The Politics of Travel
TRAVEL FORECAST:
SLOWDOWN CONTINUES
American leisure travelers

Took a minimum of one vacation at least 75 miles from home with overnight accommodation

Annual Household Income > $50,000

Nationally representative sample size (n=2,967)
TRAVEL FORECAST: NUMBER OF TRIPS

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.3</td>
</tr>
<tr>
<td>2018</td>
<td>3.0</td>
</tr>
<tr>
<td>2019</td>
<td>2.9 (intended)</td>
</tr>
</tbody>
</table>

On average, travelers intend to spend the same amount on vacations in 2018 as they did in 2017.

2018: $4,281
2017: $4,278
Travelers intend to spend an average of $1,475 per vacation, an increase of 4% over 2017.

Derived from 6 variables associated with the demand for travel:

- Interest in travel
- Time for travel
- Personal finances available for travel
- Affordability of travel
- Quality of service
- Perceived safety of travel
TRAVELER SENTIMENT INDEX™
OVERALL

Compiled from Q26–Q32. Base: Total Respondents
Source: MMGY Global, travelhorizons, Wave IV 2018
LEISURE TRAVEL INTENTIONS

Plan to Take at Least One Leisure Trip during the Next Six Months

Wave IV 2010: 55%
Wave IV 2011: 52%
Wave IV 2012: 48%
Wave IV 2013: 56%
Wave IV 2014: 60%
Wave IV 2015: 59%
Wave IV 2016: 58%
Wave IV 2017: 62%
Wave IV 2018: 61%

Source: travelhorizons™
MILLENIALS AREN'T ALL THE SAME.
EARLY STAGE
Young, Investigative,
Moving Target, Unsure
FIGURING IT OUT

Starting to Follow Patterns, Finding Direction, Establish and Influencing Tastes.
FOUNDATIONAL
Rooted, Predictable, Attached to Affinities.
MILLENNIALS BY LIFE STAGE

GENERATIONAL BREAKDOWN

50% FAMILIES

25% COUPLES

25% SINGLES

MILLENIALS BY LIFE STAGE
VACATION SPENDING

<table>
<thead>
<tr>
<th>HOUSEHOLD SPENDING AVERAGES</th>
<th>MILLENIAL FAMILIES</th>
<th>MILLENIAL COUPLES</th>
<th>MILLENIAL SINGLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacation spend/past 12 months</td>
<td>$4,099</td>
<td>$3,949</td>
<td>$3,295</td>
</tr>
<tr>
<td>Vacation spend/next 12 months</td>
<td>$4,577</td>
<td>$3,857</td>
<td>$3,153</td>
</tr>
<tr>
<td>Difference (%)</td>
<td>12%</td>
<td>-2%</td>
<td>-4%</td>
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</tbody>
</table>

MILLENNIAL FAMILY HOUSEHOLDS

16%

9.6 million households
29.7 million vacations
$39.2 billion in travel spend

WHY VACATION?
WHY VACATION?
LEISURE TRAVEL AS AN INVESTMENT

82% of all travelers agree: “The memories I get from my vacations make the trip worth it.”

WHY VACATION?
LEISURE TRAVEL AS AN INVESTMENT

69% of all travelers agree: “I prefer to focus on making memories rather than acquiring more things.”

## ALL TRAVELERS: VACATION MOTIVATIONS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
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<th>2016</th>
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<tbody>
<tr>
<td>Relaxation</td>
<td>75%</td>
<td>80%</td>
<td>89%</td>
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</tr>
<tr>
<td>Exploration</td>
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<tr>
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<tr>
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<tr>
<td>Pursue wellness programs/lifestyles</td>
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OPPORTUNITY: LUXURY
30% of American travelers are affluent—annual household incomes of $125,000 or more.

But only 37% of affluent travelers are luxury travelers.
• Average age: 49
• 38% are Boomers. 28% are Xers, 29% Millennials
• Average HHI of $235,000
• 54% have attended graduate school
• 32% have children < 18 or under 43% have adult children

## Affluent Travelers

### Vacation Spending & Trips

<table>
<thead>
<tr>
<th></th>
<th>Luxury Travelers</th>
<th>Remaining Affluent Travelers</th>
</tr>
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<tbody>
<tr>
<td>Average household vacation spend/past 12 months</td>
<td>$9,097</td>
<td>$6,368</td>
</tr>
<tr>
<td>Average household intended spend/next 12 months</td>
<td>$9,083</td>
<td>$6,426</td>
</tr>
<tr>
<td>Difference (%)</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Average number of vacations taken/past 12 months</td>
<td>4.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Average number of vacations intend to take/next 12 months</td>
<td>3.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Difference (%)</td>
<td>-12%</td>
<td>-6%</td>
</tr>
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**MMGY Global**
LUXURY TRAVELERS EXPECTATIONS

78%

“I’m willing to pay the full price on a vacation, as long as I’m guaranteed the quality and service I deserve.”

Remaining affluent travelers: 49%

76%

“I enjoy being treated like a VIP.”

Remaining affluent travelers: 48%

Luxury Travelers Expectations

70% “Luxury travel is a deserved reward for my hard work.”

Remaining affluent travelers: 44%

"Going on vacation brings my family and I closer together."

Remaining affluent travelers: 68%

## LUXURY TRAVELERS: VACATION MOTIVATIONS

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<th>Luxury Travelers</th>
<th>Remaining Affluent Travelers</th>
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</thead>
<tbody>
<tr>
<td>Relaxation</td>
<td>94%</td>
<td>85%</td>
</tr>
<tr>
<td>Exploration</td>
<td>87%</td>
<td>80%</td>
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32% Consider themselves liberal
29% Consider themselves conservative

## Political Travelers

### Vacation Spending & Trips

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<th>Conservative Travelers</th>
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<tbody>
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<td>Average household vacation spend/past 12 months</td>
<td>$4,859</td>
<td>$4,188</td>
</tr>
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<td>Average household intended vacation spend/next 12 months</td>
<td>$4,790</td>
<td>$4,165</td>
</tr>
<tr>
<td>Difference (%)</td>
<td>-1%</td>
<td>-1%</td>
</tr>
<tr>
<td>Average number of vacations taken/past 12 months</td>
<td>3.1</td>
<td>2.7</td>
</tr>
<tr>
<td>Average number of vacations intend to take/next 12 months</td>
<td>2.9</td>
<td>2.5</td>
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<tr>
<td>Difference (%)</td>
<td>-6%</td>
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### Optimistic About

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<th>Conservative Travelers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The future of your children</td>
<td>75%</td>
<td>86%</td>
</tr>
<tr>
<td>Your own future</td>
<td>77%</td>
<td>82%</td>
</tr>
<tr>
<td>The future of your job</td>
<td>67%</td>
<td>74%</td>
</tr>
<tr>
<td>The future of the company you work for</td>
<td>58%</td>
<td>70%</td>
</tr>
<tr>
<td>The future of America</td>
<td>22%</td>
<td>66%</td>
</tr>
<tr>
<td>The future of the world</td>
<td>32%</td>
<td>49%</td>
</tr>
</tbody>
</table>

DO MORE OF WHILE ON VACATION...

<table>
<thead>
<tr>
<th>While on Vacation…</th>
<th>LIBERAL TRAVELERS</th>
<th>CONSERVATIVE TRAVELERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eat more than at home</td>
<td>58%</td>
<td>51%</td>
</tr>
<tr>
<td>Drink more alcoholic beverages than at home</td>
<td>45%</td>
<td>33%</td>
</tr>
<tr>
<td>Have more sex than at home</td>
<td>29%</td>
<td>24%</td>
</tr>
</tbody>
</table>
THANK YOU, LET’S DISCUSS.

STEVE COHEN
SVP, TRAVEL INSIGHTS
MMGY GLOBAL

SCOHEN@MMGYGLOBAL.COM

@SCOHEN_10