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Action-oriented

Undeterred by economic or political turmoil, adventure travelers crave authenticity and exertion. A new report examines this resilient and growing market segment.

BY MICHELLE BAHAN **PAGE 10**

New ARC audit of 30 agencies seeks to ID real mergers and paper buyouts

By Nadine Godwin

ARC last week launched a special audit of 30 agencies, asking each to certify that the ownership status of its branches is in compliance with ARC rules. Candidates for the audit are limited to those firms that have recorded a change of ownership in the last two years.

The audit, to be completed by year's end, is the second phase of a project initiated last spring to ensure that agency mergers and acquisitions are the real thing and not just paper buyouts. Such pseudo-acquisitions are generally designed to consolidate air volume and hence collect healthier overrides.

ARC said that by undertaking the audit, it is responding to concerns on the part of both airlines and agents.

"We have heard as much from agents as from carriers," said Mike Premeo, ARC's vice president of marketing, sales and customer care. "Changes in the nature of consolidation have been questioned."

However, while airlines are worried about paying unwanted overrides as a result of invalid mergers, ARC said it was not addressing that issue.

"ARC has a long history of avoiding activities regarding fares or commissions," Premeo said.

ARC's focus is on collecting and providing valid information about agencies to member airlines, he said, adding, "We need to be sure people operate in a transparent fashion. We owe that to the airlines, and [want to] treat all agencies the same way."

Just the same, the dual concerns are interconnected. With valid information on agency branches, the airlines are better equipped to determine which locations qualify for overrides.

ARC said that owners of the audited agencies will be asked to sign and return a certification affirming they are in compliance with ARC's ownership rules. If an agency did not

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[**DICK WEST BREAKS HIS SILENCE**]

Demise of Cruise West leaves CEO broke, heartbroken, sorry

Dick West, Cruise West's CEO and the son of its founder, Chuck West, finally broke his silence last week, just short of one month after the small-ship cruise line stopped taking bookings and less than one week after it officially closed its doors.

In a wide-ranging, candid interview with Travel Weekly Cruise Editor Johanna Jainchill, West spoke about the financial meltdown Cruise West experienced as a result of the recession, ultimately leading to the demise of a company that had operated small-ship cruises in some form since the 1970s and had been involved in tourism since the 1940s.

West talked about the end of that legacy. He addressed the concerns of the travel agents to which the now-defunct line owes tens of thousands of dollars in commissions, and the fate of passengers who paid cash for cruises

they embarked in foreign countries and that will not be protected by the Federal Maritime Commission.



Dick West
CEO
Cruise West

Q: Why were you unable to speak about what was going on over the last few weeks?

A: We had to be silent because we still had cruises operating in Alaska, and we didn't want to announce we were shutting down. We had potential buyers for some ships but not others.

But we had cruises operating, and there was the danger that if we announced a complete shutdown, some creditors, like a food purveyor, might have arrested a ship [in mid-cruise]. So we had to keep our cards close to our chest.

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A new report by the Adventure Travel Trade Association, George Washington University and Xela Consulting offers insight into the adventure travel market. Pictured beginning on the opposite page are some of the activities the study classified as adventure travel: ziplining on the Yucatan Peninsula, bike touring on Orcas Island in Washington state, an excursion with Mountain Madness, a guided tour in the Galapagos, and backpacking in the Backcountry area of Washington state.

Action-oriented

Undeterred by economic or political turmoil, adventure travelers stick to their plans as they satisfy their yen for authenticity and exertion. A new report examines the characteristics of those who make up this resilient market segment.

By Michelle Baran

Anecdotal evidence suggests that the adventure travel market, fueled by a quest for excitement, thrills and meaningful experiences, has been growing rapidly in recent years. But now, for the first time, a group of researchers has sought to more accurately define the market with a thorough study of its makeup, characteristics and potential.

According to Shannon Stowell, president of the Adventure Travel Trade Association, "Ever since we restarted the organization in 2005, it was pretty much the No. 1 question we got asked: 'How big is this market anyway?' In search of the answer, the association collaborated with George Washington University's International Institute of Tourism Studies and Xela Consulting for the Adventure Tourism Market Report, released last month. The study surveyed 835 people from North America, Europe and Latin America in late 2009. Based on the results, the survey's authors estimate that adventure travelers from those regions will take about 150 million trips in the next year, and they peg the value of the global adventure market at \$89 billion.

It's no surprise that the travel industry is taking a greater interest in this market. At a time when the industry (seems to face) a new natural, political or economic crisis daily, the determined adventure traveler stands in stark contrast to hesitant and fearful leisure travelers.

"Anecdotally, we know that adventure travelers are more resilient," Stowell said. "Mexico is a great example. Most of Mexico is very peaceful, but the news tends to focus on the scarier parts. During the swine flu scare, on the home page of CNN.com one day, they showed a picture of a tourist on a Mexican beach playing in the water, wearing a [mermaid] face mask. It was such a crippling image. And I thought, man, that is just going to be devastating to the

larger mass tourism [economy]. And of course it was. But the adventure traveler is going to look at that and say, 'You just have to go to different [places].'"

Perhaps it's no coincidence that earlier this summer the Mexico Tourism Board launched an ad campaign called "The Place You Thought You Knew," emphasizing alternative activities to just lying on the beach, such as rappelling into the Cave of Swallows in San Luis Potosí or scuba diving through the underwater cave system in Quintana Roo's Cenote Dos Ojos.

Allonso Sumano, regional director of the Mexico Tourism Board for the Americas, remarked, "This is a great challenge for us in terms of showcasing the diversity of the country. This is a market that we are actually developing."

The purpose of the campaign, Sumano said, is "to differentiate our products" by letting potential visitors know that Mexico is "not just fun and sun."

Defining the adventure traveler

The first challenge of the Adventure Tourism Market Report was simply to define adventure travel.

The report stated: "Adventure travel is an inherently subjective activity. What is adventure to one person may

not be to another."

For the purpose of the study, the group broadly defined adventure travel as "any domestic or international trip that includes at least two of the following three aspects: physical activity, interaction with nature and cultural learning or exchange."

Respondents were provided with a list of activities and were asked which they had participated in. Those activities were then characterized as "hard adventure" or "soft adventure" activities, or "other" tourism activities.

Caving, climbing (as in mountain, rock or ice) and trekking were the only three activities classified as hard adventure. A whole host of activities ranging from backpacking to bird-watching, safari to surfing, fell into the soft adventure category. Activities such as cruising and visiting historical sites made up the "other" category.

On average, 1.7% of the respondents' last three trips had been hard adventure travel, and 25% of respondents' last three trips were soft adventure. Of those surveyed, 3.6% said they planned to make their next trip a hard adventure, while one-third of the respondents said they planned to make their next trip a soft adventure.

The survey found that adventure travelers are equally likely to be single or married, male or female, with the majority between the ages of 35 and 47.

But there's more to adventure travel than the numbers might suggest. The reason the market is growing and elicits interest from travel companies is in part because of the mindset of the adventure traveler, who has a desire to go, seek and experience, regardless of financial circumstances.

The adventure traveler has a desire to go, seek and experience, regardless of financial circumstances.

What drives an adventure traveler is "a whole bunch of things; the challenge of course, the adrenaline," said Mark Gunlogson, president of Mountain Madness, a Seattle-based mountaineering and trekking

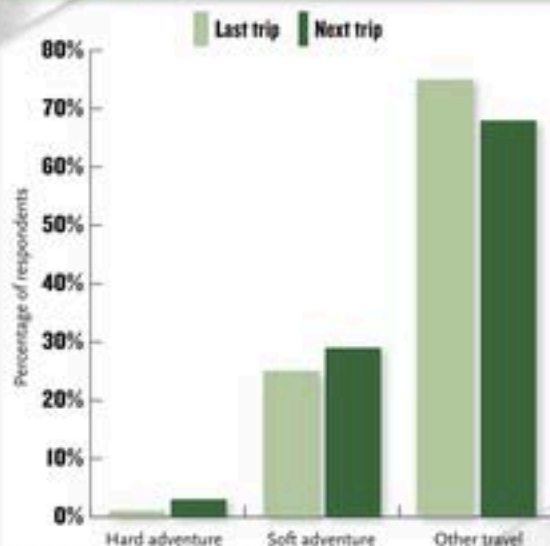
company founded in 1984. Gunlogson himself has climbed hundreds of mountains, including six of the seven highest summits on each continent.

"People really had to dig deep to succeed on some of these trips," he said. "It's the cold, it's the not feeling good, getting up in the middle of the night."

In other words, Gunlogson said, climbing some of the world's mountains isn't just a travel experience; it's a

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Adventure travelers' activities



ADVENTURE

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soul-searching, life-changing experience. For which Mountain Madness will charge travelers anywhere from \$200 to \$300 a day, not including airfare.

In their pursuit of the next rush, adventure travelers represent an ideal audience in a world full of dangers and speed bumps, because these are the travelers who are going to go no matter what.

Take John Beckmann, 38, an avid skier from San Francisco. He and his friends head to Lake Tahoe between 15 and 20 times a year to hit the slopes. But in addition to that, once a year they travel to British Columbia for either a cat skiing trip—in which truck-size, all-terrain vehicles known as snowcats carry a group of about 12 people to hard-to-reach, un-groomed slopes where they can ski fresh powder—or traveling by helicopter into backcountry for more raw skiing.

They will shell out about \$2,100 per person for three to four days of cat ski-

ing, and around \$2,500 per person for a week of ski touring, activities they alternate from one year to the next. They have been doing this for years, and Beckmann said there is no stopping them.

Destination development

For emerging and recovering destinations, the adventure travel market represents a significant opportunity.

"It is often believed that a percentage of this sector is willing to accept limited tourism infrastructure with the promise of an exceptional, authentic experience," the Adventure Tourism Market Report concluded. "Given their penchant for exploring new destinations and seeking new experiences, they are frequently courted by emerging destinations at the early stages of tourism development."

Indeed, compared with other travelers, adventure travelers place greater importance on exploring new places and meeting and engaging with locals, the researchers found.

Kristin Lamoureux, director of the



Adventure travelers might seek out more challenging terrain via helicopter or snowcat.

International Institute of Tourism Studies at George Washington University, said, "Many destinations have great places to go to, with possibly minimal infrastructure. Instead of everyone trying to become the next megarecession destination, this is another type of tourism that a country can try to attract. Do I think every country in the world should go after adventure? Of course not. But it's a viable option that promotes sustainability."

As a more extreme example of the potential benefits of adventure travel to a stressed destination, Lamoureux pointed to Haiti. She said that volunteering or voluntourism is included within the broader adventure travel category.

"The vast majority of tourists that are going to Haiti right now are volunteers," she said. "Volunteers are an interesting market. But then, they're going to the Dominican Republic on the weekends for a little [rest and relaxation], because they've been working hard and they deserve a little R&R."

"What Haiti as a country needs to do is to use the powerful economic resources that tourism bring and spend it in Haiti," Lamoureux said. "It's equally important that there be an influx of foreign investment. That's one example of where adventure tourism can have an impact."

Destination marketing organizations such as those in Mexico and South Africa



This summer, the Mexico Tourism Board launched its "The Place You Thought You Knew" campaign, emphasizing attractions beyond beaches.

have clearly honed in on the adventure travel market as a prospective revenue generator for the tourism industry.

South Africa Tourism, for example, noted the resiliency of what it calls the "wanderlust" target market, or adventure travelers, even in the face of the recession.

Having recognized the market's potential, the tourism agency partnered several years ago with National Geographic

to showcase all the more active pursuits available in South Africa.

This year, in partnership with South Africa Tourism, the National Geographic Channel launched an international, two-month search for "adventure ambassadors" for South Africa, who were invited to become part of a Global Adventure Tribe.

The competition ran in seven countries, and the winners are being invited on a seven-day adventure trip to South Africa this month, which will include activities such as trekking, surfing, wildlife tracking, canoeing, quad biking, bush walking, going on safari, bungee jumping, paragliding, diving and hot-air ballooning. They are being accompanied by a National Geographic camera crew, which will document the experiences.

Whether as a way to boost tourism or a means of forging new tourism destinations, Lamoureux said, the adventure travel market should not be overlooked.

"If you look at the way destinations develop, the first ones that go in, the leaders, those are your really adventurous [travelers]," she said. "They're looking for the destinations that are new. Those are the ones that are going to find it organically."

Once they pave the way, she said, it's up to tourism suppliers and marketing organizations to develop and grow the market to create a flourishing tourism economy. But, looking at an adventure travel-spirited success story such as Costa Rica—whose biodiversity has made it an adventure travel and ecotourism hot spot—it can be done with proper planning and resources, she said.

The bottom line, she said, is that "here's another niche, another market that countries can go after to develop their strategy for tourism."

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