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TRENDS AND INSIGHTS IN SPORTS TRAVEL, AS WE HEAD INTO 2016

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- **Bullish Short Term Prospects**

SLRG's continuous tracking research, along with various proprietary sports travel studies demonstrate strong intent for sports related travel. Nearly two thirds of those surveyed in 2015 expressed plans to maintain or increase the number and duration of trips to be taken over the next twelve months.

- **Let's Make a Deal—Driving Value Perceptions for Exceptional Experiences**

There's a challenging oxymoron afloat for sports travel marketers as we reflect on some of our recent category research. Consumer expectations for exceptional and unique experiences remain at high water levels in our omnibus research, while top level service is strongly perceived to be a key differentiator in selection of both destinations and preferred travel brands among more than 2/3 of those surveyed. Yet concurrent with these heightened expectations, comes a similarly strong belief that unprecedented deals are pervasive and easy to find within the marketplace. SLRG's tracking research among sports travelers shows that those who believe that good deals are more likely to be found, are up a statistically significant 8% over similar data from two years ago.

But it's important for marketers to note that some of our recent qualitative research suggests that it's often just the perception of a "good deal" rather than empirical evidence, which can often compel the sports traveler. As a directional example, we can cite the strong demand generated by a client's campaign that articulated unprecedented savings, coupled with normal benefits driven imagery and copy. While such advertising was not false, the creative unbundling of certain amenities to drive a lower advertised price, drew interest, while REVPAR for the overall experience during the advertised window, actually increased. This may be consistent with what travel marketers have often practiced, particularly in the cruise industry. One can lessen the price of entry, creating consumer perception of strong value, and then capture incremental revenue once the guest is on property, or in market.

- **<u>Family Programming has Become Mainstream—Have my cake and eat it too</u>**

2015 into 2016 may go down as the period of time, when sports travel marketers finally bought into a trend cited in our 2014 whitepaper---that multi-generational marketing makes good sense. In several sports travel sectors for which SLRG conducted research in 2015, we continued to see a strong emphasis on family offerings and amenities as key desired benefits, often tipping the scales to one destination or property over another. There are several dynamics that continue to be at work here. First, sports travelers continue to perceive scarcity of time as a more acute concern than other potential travel inhibitors, including economic barriers. Couple this with increased child centricity (the helicopter parent phenomenon), and the ability to integrate sports travel with family activities remains an attractive option that can optimize vacation experiences. This does not mean that the concept of the single gender "buddy sports trip" has lost its appeal. To the contrary, we still see consistent demand and opportunity within this genre of sports travel. However, those family oriented destinations or properties that can also provide incremental opportunities to participate in or attend sporting activities offer an experiential "bonus," that adds to their attractiveness.

<u>"Sports First" is a Plus for Established National Hotel Brands; Premium on Ease of access</u>

Sports related travel, be it as fan or participant, inherently involves a more complex level of planning than traditional leisure travel. Yet our research has shown that the sports specific experience takes primacy over other aspects of the vacation experience. Thus, it intuitively makes sense that our research has also shown a desire for simplification of the planning process. Sports travelers want what they know, and have demonstrated a particular preference for known lodging brands rather than lesser known, local properties. With the primary focus on the sports experience, the lodging becomes secondary, and the tolerance for risk in lodging is reduced. In fact, beyond the sports components themselves, ease of access and nightlife are the key destination selection drivers. Such findings suggest that major lodging brands have unique opportunities in attracting the sports related traveler. This opportunity is amplified, if known national brands can leverage affiliations or access to sports related opportunities, thus meeting consumer demand for ease of access and simplification/ one-stop shopping for sports travel experiences.

<u>Booking windows shorter for Younger Sports Travelers</u>

Perhaps it is a reflection of more spontaneous decision making, or simply a function of time as a more precious commodity, but our research shows narrower booking to travel windows for younger (Under age 35) sports travelers than the 2-3 month gap observed for others. Our research also suggests that a more price sensitive and generally less affluent millennial sports traveler has greater comfort levels in seeking value priced, close-in, distressed inventory, whereas the more seasoned, sports traveler has demonstrated a more deliberate planning process. These findings may well be correlated with the respective life stages of these segments. However, there’s actionable insight here for sports travel marketers looking to cater their offerings and specific communications message points for these respective age cohorts.

- **<u>Bucket Lists vs “Same Old-Same Olds”</u>**

For a number of years, our sports travel research has demonstrated a greater consumer appetite for unique experiences as a valued component that has driven the increase in overall sports related travel. This reality has been even more acute across a number of 2015 sports travel related studies that we have conducted. Our research has suggested that while familiarity and consistent delivery against expectations can certainly build loyalty, there’s an increased desire for sports travel to bring something new and different. This presents challenges for established and iconic brands to continue to reinvent themselves in terms of amenity offerings, packaging and even the nature of the sports related experience itself. Greater levels of spectator access can meet that demand for fan related sports travel. For participatory sports travel this can mean a refresh of the related amenities, though the research suggests that such a refresh alone may not be enough to supplant consumer desire to cross another new experience off the bucket list.

- **<u>A Directional Outlook on Sports Travel Market Conditions</u>**

While we do not have any definitive market sizing data or empirically based trending on participatory vs spectator sports travel, our perspective drawn from some spending and participation data that we have collected for some proprietary clients across a host of sports (both participatory and fan based) is that 2015 has been a more robust year than that experienced in 2014. Sports traveler consumer confidence, as measured by respondent expectations for increased travel and generally more favorable attitudes about personal finance and the overall state of the economy continue to fuel our long term optimism for continued growth in the sports travel sector. There appears to still be a proliferation of choices, coupled with some of the attitudinal expectations detailed above, that may still create micro-level pressures for individual properties, but those that continue to focus on many of the trends suggested above, will continue to be better differentiated and positioned to benefit from the overall macro-level bullishness that our most recent research suggests.