ADVENTURE PARK INSIDER

2022

STATE OF THE INDUSTRY REPORT

PROFITS UP

Per-Visit Revenues Rise, Expenses Flat

VISITATION

Participation Rebounds Toward Pre-Covid Levels

PRIORITIES

Staffing Shortage Demands Focus On Hiring

ABOUT THE SURVEY

Methodology. The 6th annual *Adventure Park Insider* State of the Industry survey collected data from 155 adventure park operations, providing comprehensive business and operations data. The data were collected via an online survey platform during the months of October and November 2021. Operators were contacted via email, print, and social media channels by *Adventure Park Insider*, the Association for Challenge Course Technology (ACCT), and several supplier partners, and drawn from the respective databases of those parties. We extend a special thank you to ACCT for its financial and promotional support of the survey, and thank our supplier partners for promoting it to their clients.

We would also like to thank RRC Associates, who assisted with the data analysis. Any ambiguity or errors are our own.

Sample composition. As in previous years, we have segmented the data into two primary categories, recreational and traditional, based on their primary type of business.

We also segment the data by operations' cornerstone activities—zip line/canopy tour, aerial adventure park, high/low ropes, and ground-based experiential—to explore the unique characteristics of each type of operation more deeply, where appropriate.

Limitations. The data and analysis here are representative of the respondents to the State of the Industry survey and do not necessarily represent the entire industry. While the number of traditional and recreational operations in North America is not precisely known, it is likely that there are many more traditional operations than recreational ones. As such, our sample is weighted toward recreational operations.

Year-over-year comparisons. We have made comparisons to year-over-year data where we have "same-store" data. We endeavored to collect data from 2019, 2020, and 2021 business metrics from the current year's respondents to allow for "same-store" comparisons. The composition of the sample has varied greatly from year to year, and direct comparisons on year-over-year reports must be made with caution.

Survey participants. Of the 155 participants, 54% were recreational respondents and 46% traditional. This segmentation is determined, in part, by the cornerstone activities offered, i.e., zip line tours vs. low-ropes activities, and in part by the mission of the operation. Recreational operations have activities primarily designed to thrill, excite, and challenge participants on an individual level. In a word, they are meant to be a recreational adventure.

Traditional operations focus primarily on developmental, therapeutic, or educationally focused activities, with an emphasis on facilitation, as well as individual and group dynamics. Of course, that doesn't mean traditional activities aren't intended to be fun, too!

In looking at cornerstone activities, there has been an increased blurring of the lines between recreational and traditional operations in past years, as operators of one type add those activities traditionally characteristic of the other.

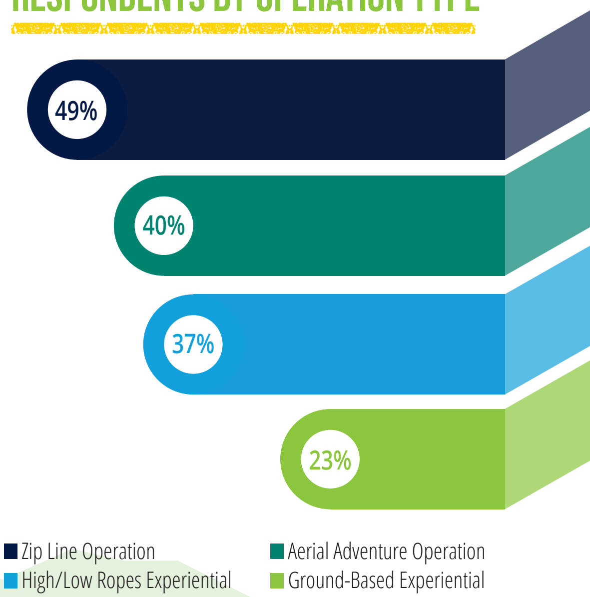
Respondents were asked to identify which of the cornerstone activities they offer, and to segment themselves by operation type. As in previous reports, the segments total more than 100%, as many operations offer more than one type of activity.

Finally, we categorize 57% of our respondents as small operations, with visitation numbers of less than 5,000; 24% were mid-sized, with visitation between 5,000 and 15,000; and 19% were large, with visitation of more than 15,000. The percentages represent a shift from previous years, with a much larger percentage of respondents falling into the small segment, and an increase in those reporting higher visitation numbers, bumping them into the large category in 2021.

RESPONDENTS BY SEGMENT

Recreational: 84
Traditional: 71
Base: 155

RESPONDENTS BY OPERATION TYPE



Base: 155
Percentages total over 100% as many respondents offer more than one type of activity.

INTRODUCTION

The 6th annual *Adventure Park Insider* State of the Industry survey revealed a surprisingly strong year for aerial adventure parks, camps, and traditional experiential programs in 2021, as the industry rebounded sharply from Covid-curtailed 2020. Despite some continued pandemic-related capacity limitations and operational restrictions, survey respondents saw visitation return to near normal, down just 9% from pre-Covid 2019 levels. Even better, revenues actually showed an increase from 2019 for many, and expenses broadly declined compared to 2019 as well.

For this report, we have segmented the respondents by type of operation—recreational or traditional—and by size, to help operators benchmark their own performance against the broader industry. Here's a quick overview of the 2021 season.

Pandemic-related efficiencies. The data show that pandemic adaptations, such as a requirement for advance purchases, led to operational efficiencies and more visits per day, both positive signs for the future. The implementation of advanced reservations led to a longer booking window, as customers prioritized their activities and made commitments, and allowed operators to staff efficiently.

Pandemic limitations. While 79% of respondents are located in jurisdictions that imposed some level of operational restrictions as a result of the pandemic, daily capacities were just 28% below 2019 levels (capacities had been reduced by 45% for our respondents during 2020).

In addition, the average respondent operated for 203 days in 2021, a 28% increase over 2020 but 9% fewer days compared to 2019. Even so, per-day visits rose in 2021, and overall visitation approached 2019 totals for many.

Visitation increased. On average, recreational operations increased visitation by 44% over 2020, and many were able to report numbers on par with 2019 levels. Traditional operations reported a smaller increase of nearly 20 percent compared to 2020, but visitation was still more than 10 percent below the levels of 2019.

Revenues recovered. Revenues, on the other hand, showed a 5% rise compared to 2019, as operators were able to increase prices (or avoid discounts).

On average, operators increased their per-guest revenue by 13% over 2020, and, more impressively, by 25% over 2019. In addition to higher prices, operators saw the return of services such as food and beverage, lodging, and retail, as restrictions on indoor capacity eased.

Staffing returned to 2019 levels, or nearly so. In response to widespread labor shortages, respondents—like so many other businesses—increased pay rates, which were up nearly 10%. Even so, finding sufficient staff remains the greatest concern respondents have heading into 2022.

Marketing shifted. In response to changes in technology and online privacy rules, operators shifted some attention away from email and Meta's Facebook and Instagram, though all three remain popular (and effective) marketing channels. A business's own website became even more important.

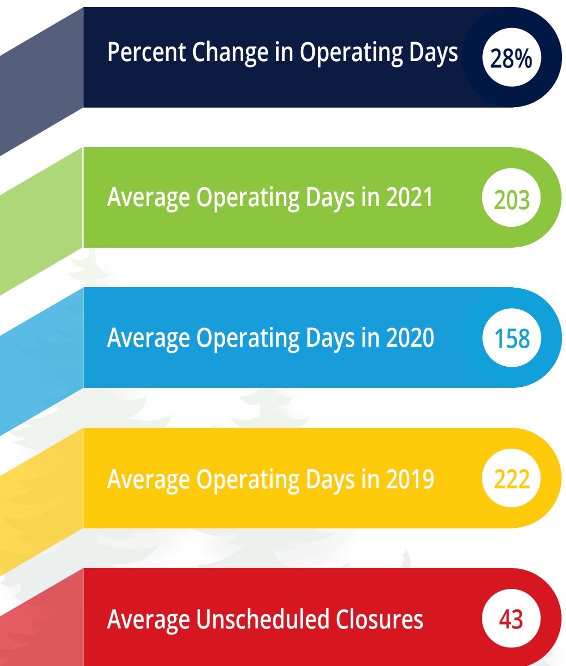
Development and expansion slowed. The overall mix of activities and amenities showed little change, though some operators were able to offer recently-added attractions for the first time. The range of attractions has broadened considerably since we began surveying parks and programs six years ago.

Concern for the future lessened. With the worst of the pandemic in the rearview mirror (fingers crossed), operators see staffing as the greatest challenge for 2022. Operators expressed less concern over competition from other businesses than in the past, and fewer worries about Covid compared to last year.

Overall, operators showed strong confidence in the coming 2022 season, predicting 29% growth. While optimistic, such a figure could be reached if Covid-related restrictions and limitations continue to ease, operators experience fewer unplanned closures, and visitors continue to flock to the outdoors.

OPERATIONS & VISITATION

OPERATING DAYS



Base: 124 Recreational: 75 Traditional: 49

Despite the continued challenges of the pandemic, 2021 looked not unlike 2019, our last “normal” operating year, for many adventure park operations.

While 79% of respondents operated in jurisdictions that continued to impose some level of operational restrictions as a result of the pandemic, this represented a decrease compared to 2020, when 87% of respondents were limited by operational restrictions. In addition, restrictions in 2021 were often less onerous than those in 2020. Many operations were able to increase visitation capacities and capitalize on operational efficiencies that were forced into place last year.

Operating days rose. Respondents reported an average of 203 operating days, up 28% from 2020. While still a 9% decrease from 2019 levels, both recreational and traditional respondents saw a significant increase in operating days compared to 2020, and it showed in their visitation numbers.

Visits rebounded. On average, recreational operations increased visitation by 44% over 2020, and many were able to report numbers on par with 2019; several actually reported marginal increases.

Traditional operations reported an average 19% increase in visitation over 2020. While, on average, traditional respondents were not able to match 2019 visitation numbers, the decrease was just 11%.

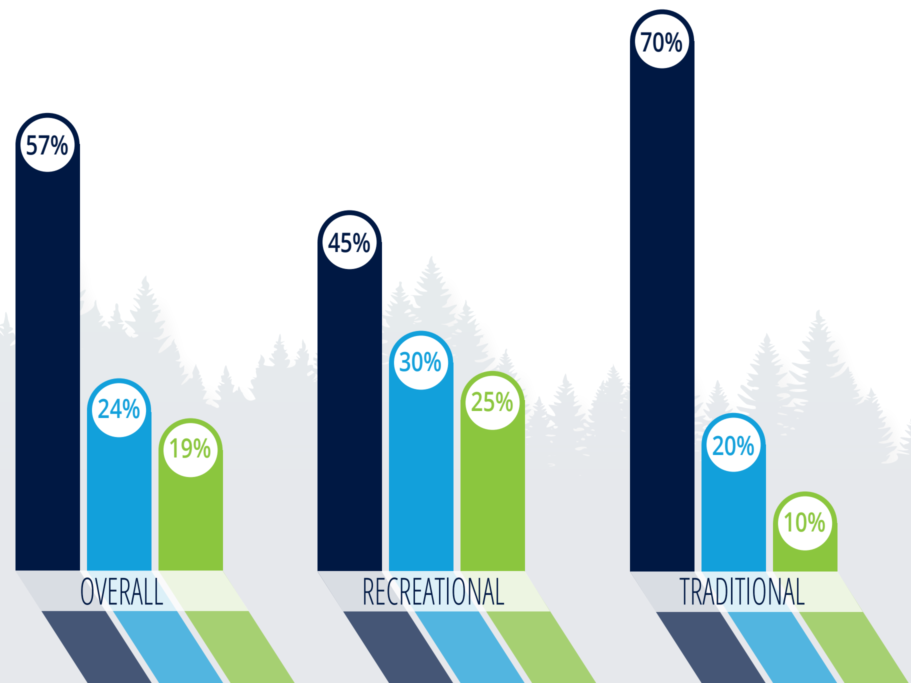
Capacities fluctuate. In 2020, Covid forced operators to reduce participant capacity levels by 45%. In 2021, capacities remained somewhat reduced, by 28% compared to 2019.

Small operations, which had the largest capacity reductions in percentage terms in both 2020 and 2021, averaged a 34% reduction in 2021 compared to 2019, down from 58% in 2020. Mid-sized operations were able to limit capacity reductions to 20%, as compared to 42%

JURISDICTIONAL OPERATING RESTRICTIONS

Base: 64

RESPONDENTS BY VISITATION SIZE



Base: 124 Recreational: 75 Traditional: 49

for 2020. Large operations reduced capacities by 9% relative to 2019, as compared to a 37% drop in 2020.

Looking ahead, many operators predict that the capacity restrictions of 2021 will stay in place for 2022. This could be due to a lack of confidence in the end of the pandemic as variants emerge.

While restrictions reduced capacity, they also had some positive impacts: They led to the creation of more streamlined operations, and ticket scarcity led to more sold-out days through FOMO (fear of missing out) marketing tactics.

Large and in charge. While total visitation did not completely return to "normal" levels, visitation per day increased significantly. Large-size operations, which were less impacted by Covid in 2020, also saw the biggest gains in daily visitation in 2021, with an average increase of 17 visitors per operating day. Mid-size and small operations also saw gains, of 4 and 2 guests per operating day, respectively. While these numbers may seem negligible, a growth of 2 guests per operating day for small operations is an average increase of 25% visitation over the previous year. Mid-size and large operations saw gains of 7% and 10%, respectively.

Traditional operations reported an average of 9 additional visitors per operating day, an increase of 33% over 2020. Traditional operations were most heavily impacted at the outset of the pandemic, due to the nature of many traditional activities. With increased confidence and the widespread release of vaccines in the spring of 2021, traditional operations were able to rebound and make significant gains over the previous year as people sought to reconnect.

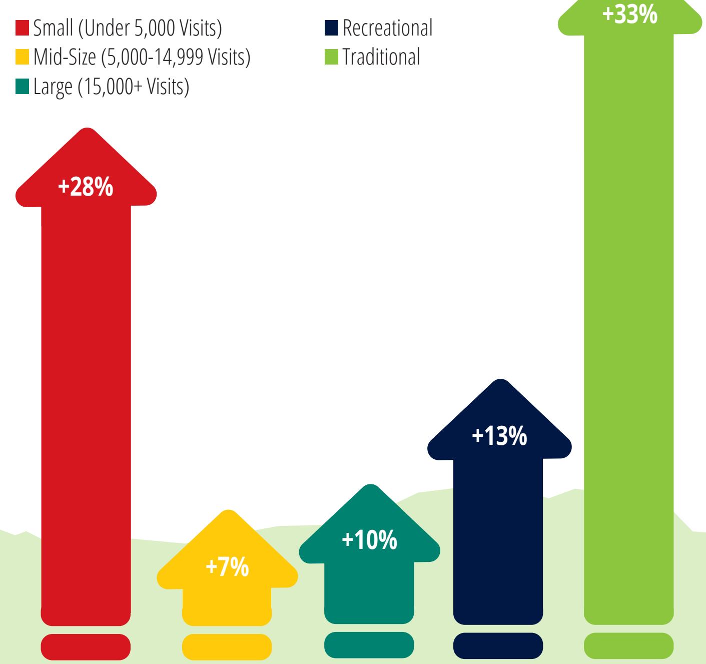
Considering the relatively small reduction in total visitation in 2021 compared to 2019, the prediction for capacity restrictions to remain in place will likely allow operators to maintain, or improve, the bottom line, as operators continue to adapt and develop more efficient operations.

Y'all come back now! On average, respondents who track repeat visitation reported that 42% of visitors were

	2021 VISITATION METRICS	2020 VISITATION METRICS	2019 VISITATION METRICS	2018 VISITATION METRICS
OVERALL AVERAGE	9,602	6,313	9,514	8,969
SMALL OPERATIONS	1,264	814	1,327	1,591
MID-SIZE OPERATIONS	9,377	6,791	8,440	10,821
LARGE OPERATIONS	34,906	20,899	35,355	30,823

Base: 124 Recreational: 75 Traditional: 49

CHANGE IN GUESTS PER OPERATING DAY



Base: 124 Recreational: 75 Traditional: 49

repeat. This is a significant eight-point increase over 2020, when respondents who track repeat visits indicated that 34% of their guests were repeat.

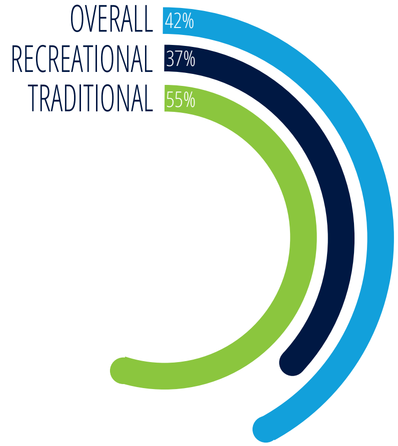
In 2020, many operators anecdotally reported seeing an increase in the diversity of their guests, as new visitors ventured outdoors, some seeking outdoor recreation for the first time, in a bid to escape the confines of their homes. The marked increase in repeat visitation in 2021 likely indicates that operators were successful in luring back the first-timers of 2020 and encouraging them to continue playing outside.

This is especially true for recreational operations, who reported a jump in repeat visitation to 37%, an 11-point leap compared to 2019, when respondents reported 26% of visits were repeat guests. That's a measure of the success of efforts to lure newcomers and of the interest in the outdoors that has been inspired by the pandemic.

Keep it local. Average local visitation—visits from people living within one hour of a location—decreased significantly compared to 2020 (66%), as people began to dip their toes into the travel waters once more. On average, 47% of visitation was from local guests, with traditional and large operations reporting higher metrics of 52% and 62% local visitation, respectively.

Base: 44 Recreational: 25 Traditional: 19
Percentages shown for those who track local visitation

REPEAT VISITATION



Base: 44 Recreational: 25 Traditional: 19
Percentages shown for those who track repeat visitation

In 2020, studies showed that many people opted for local recreation opportunities as they eschewed destination travel on planes or trains. In 2021, local visitation remained an incredibly important demographic for many operators. One operator indicated that he saw a "significant increase in guests of color as our guest demographics now largely mirror the demographics of our area."

Changing demographics. Adult visitation climbed in 2021. On average, respondents reported a 10-point increase in visitors ages 35-54 compared to 2020. This is likely due to two factors: one, this demographic has continued to work from home and maintained a more flexible schedule, and two, kids returned to school in 2021, limiting their participation in recreational activities to weekends and holidays.

The work-from-home model is not likely to disappear in coming years regardless of the status of the pandemic, as some businesses found the model effective and will retain it. This presents opportunities for operators to draw out this demographic in non-peak times.

The new outdoorsfolk. As was the case in 2020, the 2021 respondents reported that, anecdotally, there was an increase in the diversity of their guests. "We've had a measurable increase in the diversity of our guests. People of all ages and backgrounds are looking for adventure," one operator declared.

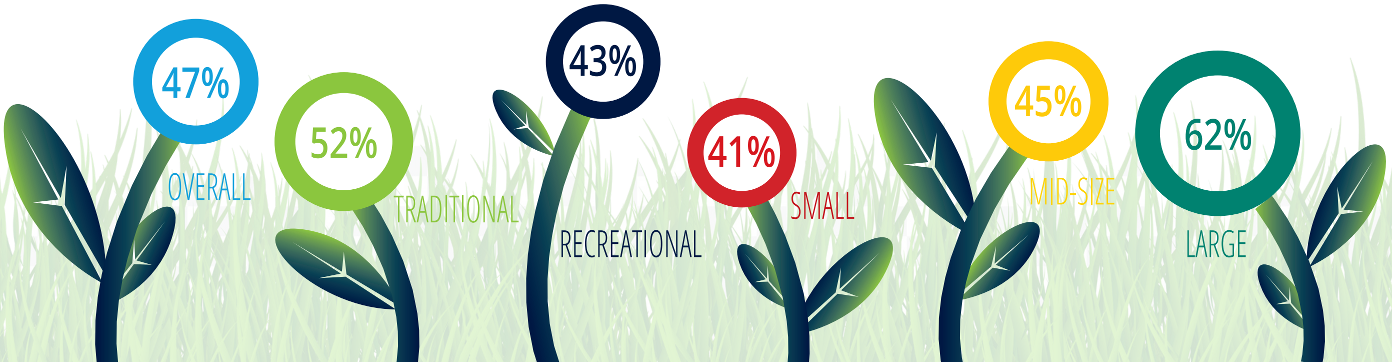
DIVERSITY

46% OF RESPONDENTS IDENTIFIED AN INCREASE IN THE DIVERSITY OF THEIR GUESTS.

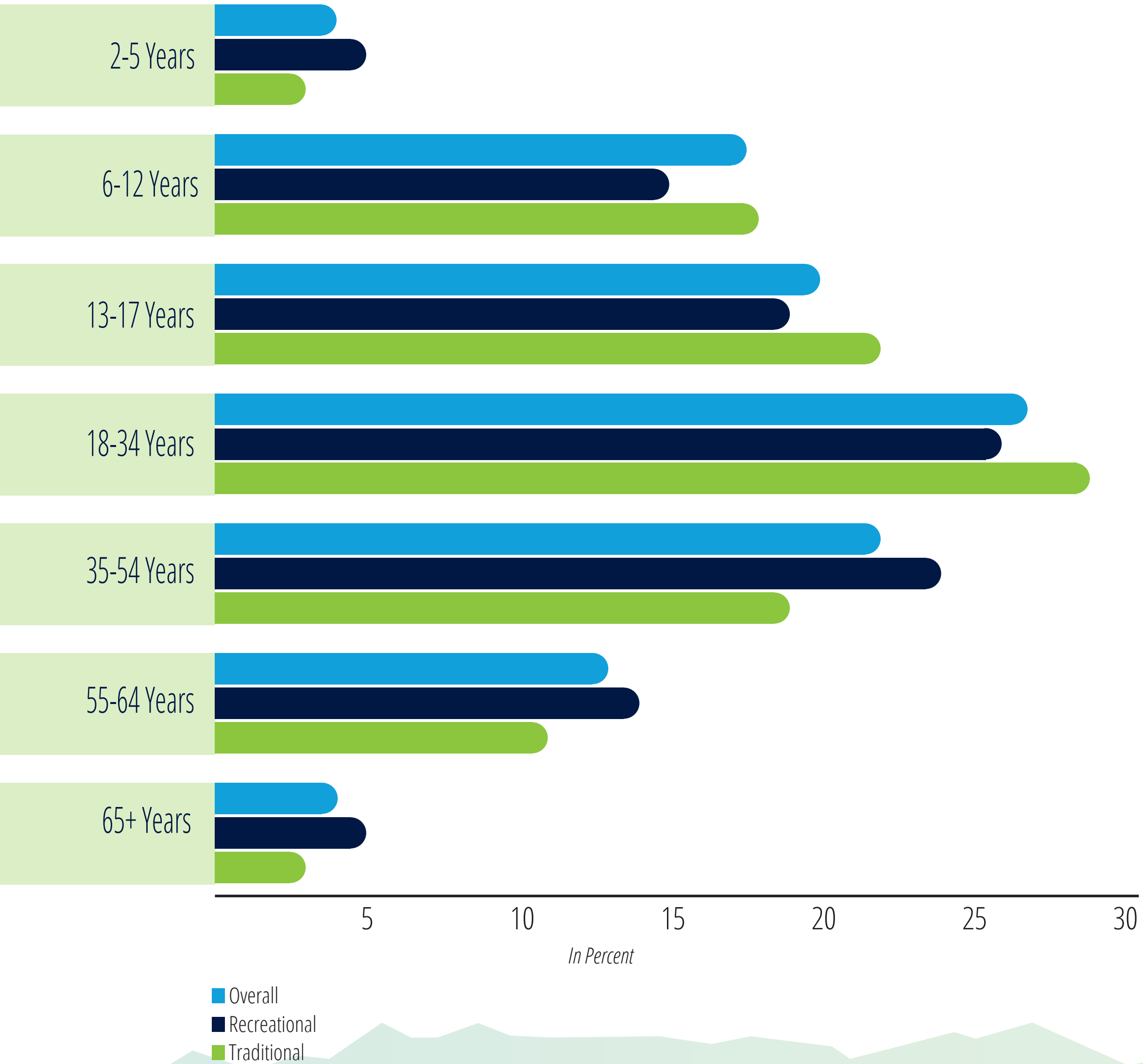
The 2021 "New Outdoor Participant Special Report" from the Outdoor Industry Association lends support to these reports. It found that not only were outdoor participants more likely to be female, they were likely to be slightly more ethnically diverse, and more likely to live in urban areas.

While it is early to say which consumer trends will stick around long-term, the new outdoor participant represents a huge opportunity for operators to grow and diversify the outdoors. "New markets," "increased participation," and "diversity" all remained outdoor buzzwords throughout 2021. It would be a mistake for operators to neglect this opportunity in 2022.

LOCAL VISITATION



VISITOR AGE DEMOGRAPHICS



Base: 84 Recreational: 45 Traditional: 39

The "2021 Outdoor Participation Trends Report," also from the Outdoor Industry Association, recommended several steps to retain these new participants:

- develop programs with the specific goal of diversifying the customer base;
- develop strategies for encouraging people to start small;
- utilize social media to share information about close-to-home activities; and
- position outdoor recreation as a boon for mental health, a way to combat screen fatigue, and a means to focus on what's important.

Visions for growth. Operators are looking to 2022 with optimism. On average, respondents are predicting a 29% increase in visitation over 2021. Recreational operations are predicting a 24% increase, with small and large operations leading the charge at 23% and 27% growth, respectively, while traditional operations are predicting average growth of 34%.

Typically, any double-digit growth prediction would be considered wildly optimistic, if not a bit outlandish. However, given the possibility that more operators will face fewer Covid restrictions, along with the incredible potential in new markets, these numbers may actually be achievable—so long as operators can operate more days and take steps to encourage continued outdoor participation once restaurants, indoor gatherings, and shopping become a reality for everyone (and competition for outdoor activities) again.

There will likely be a limited window in 2022 in which to attract and retain newcomers to the outdoors. Operators should take the time to implement measures that take advantage of this window, especially if they intend to meet the predicted growth metrics of the coming year.

FINANCIAL PERFORMANCE

Over the past two years, operators have spent time reflecting on if and how various aspects of their operations, processes, activities, amenities, etc., make sense—and cents. This has paid dividends for operations of all sizes and types as respondents post double-digit profit margins.

Profits up. For the second year in a row, operators were able to raise per-visit revenues and keep overall costs under control, and reported an average profit margin of 28%—an increase of four percentage points over the previous year.

Not only were operators able to increase profit margins, they were able to do so by, on average, increasing revenues over pre-pandemic 2019 levels. While expenses rose in 2021 compared to 2020, streamlined operations enabled operators to maintain and exceed historical profit margins.

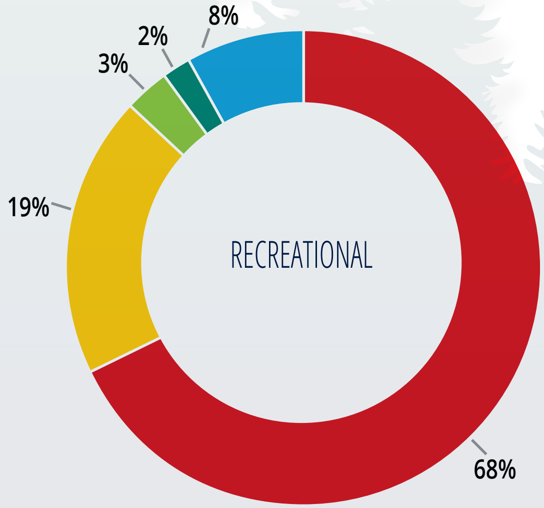
We must caution that, as in past years, 35% of respondents provided financial data (55 out of 155 participants). The results are illuminating nonetheless, as they show the opportunities available to outdoor operators generally. This information can be beneficial to all operators as you look to buttress your businesses against future storms.

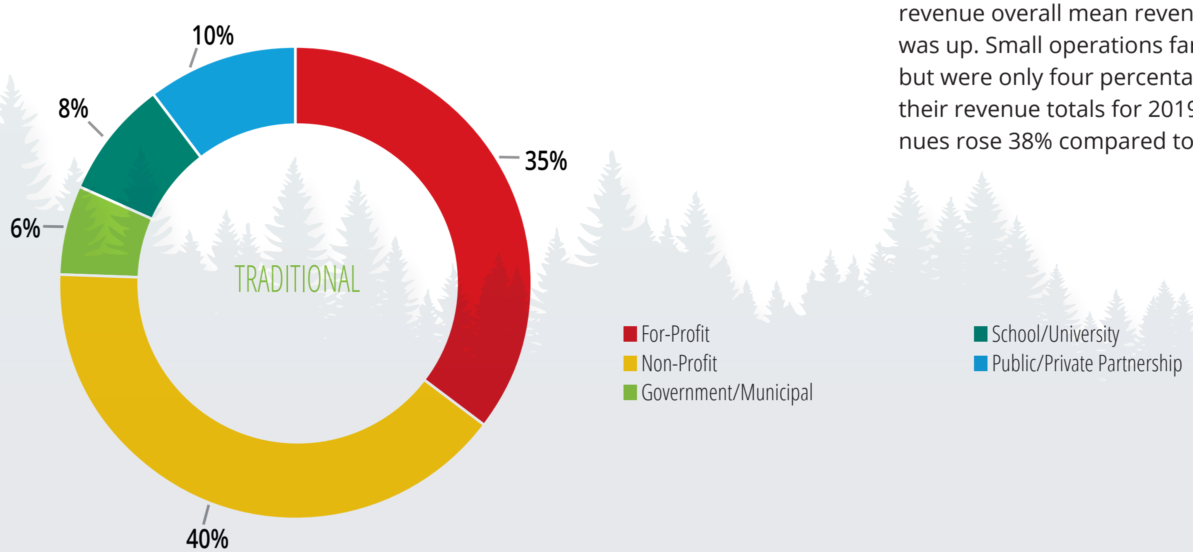
Increasing revenues. Total revenue in 2021 for our respondents increased an average of 58% over 2020, from an average of $463,413 to an average of $731,696. Recreational operations saw revenues soar 64%. Traditional operations, many of whom were among the hardest hit in 2020, saw revenues increase an average of 24%, from $351,280 to $436,091.

However, the better picture is painted with a comparison to data provided by respondents for the 2019 season. On average, revenues increased by 5% over 2019, from $699,797 to $731,696. This revenue bounceback is not only indicative of the increased interest in the outdoors but also of the resiliency of the outdoor industry. Considering the challenges we've all faced, this performance was remarkable.

Who fared best? Mid-size and large operations led the way, and both recreational and traditional respondent groups increased revenues over 2019 levels. That was a huge achievement as the need to increase operational efficiencies became paramount. With fewer operating days, increases in revenue overall mean revenue per day was up. Small operations fared less well, but were only four percentage points off their revenue totals for 2019, as revenues rose 38% compared to 2020.

BUSINESS STRUCTURE

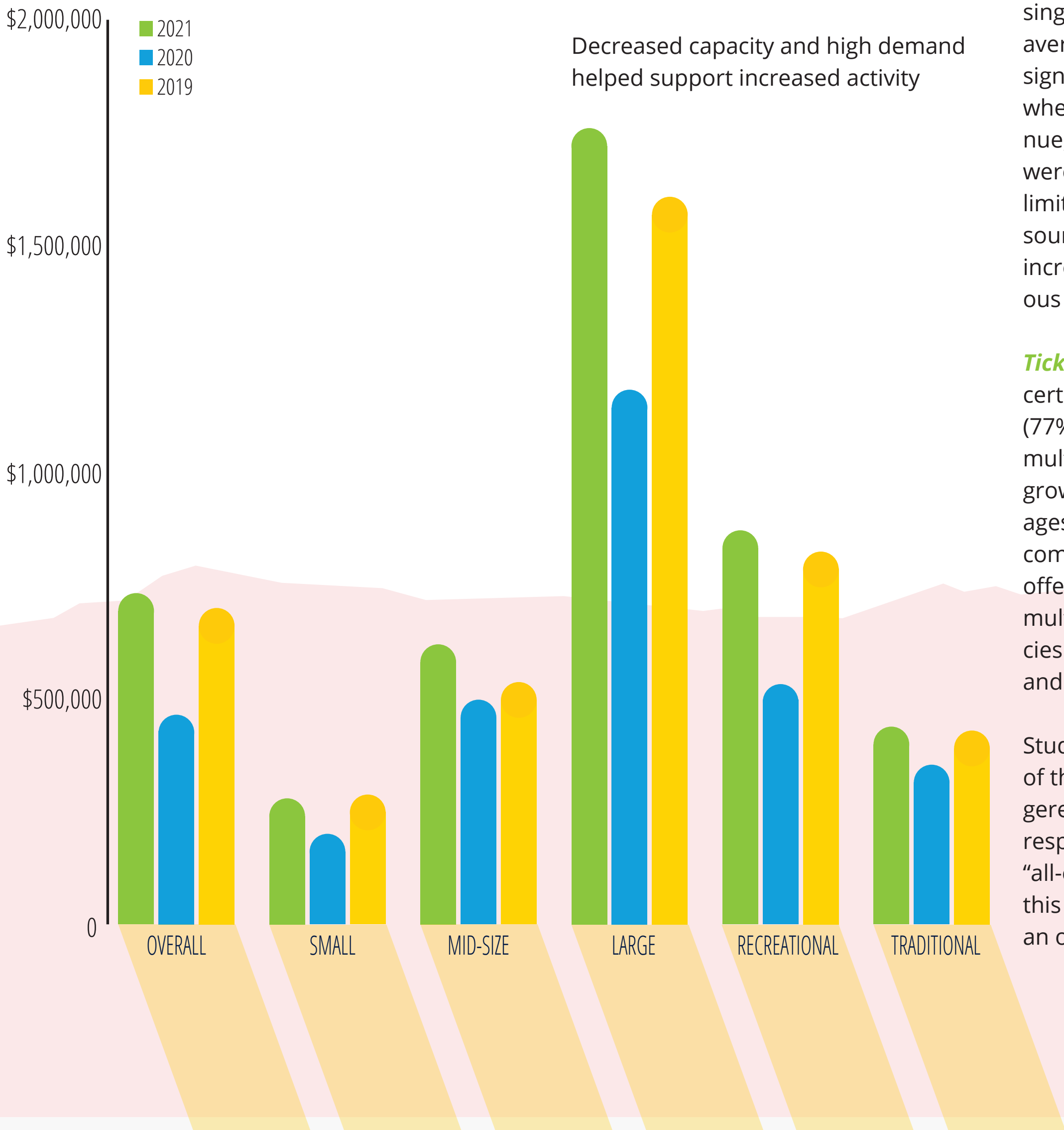




Base: 155 Recreational: 84 Traditional: 71

AVERAGE REVENUE

Base: 55 Recreational: 32 Traditional: 23



Revenue per visitor. Operators were able to continue the trend set in place in 2020 and increase revenue per visitor once again. On average, operators increased their per guest revenue by 13%, an average of $10 over 2020, and, more impressively, by 25%, an average of $17, over 2019.

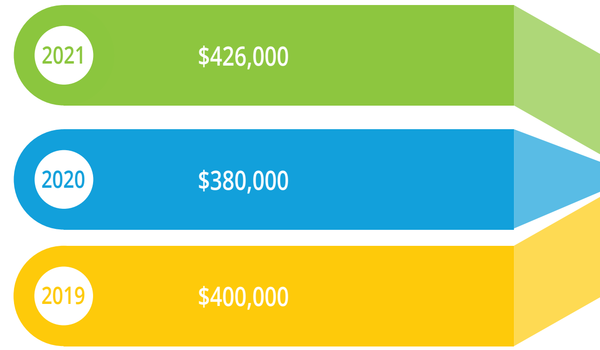
Decreased capacity and high demand helped support increased activity prices—and increased ancillary spending—as guests looked to maximize the experiences they were able to have in a second pandemic year.

Revenue sources. Ticket sales remain the primary source of revenue. However, the largest category of ticket sales, single-activity tickets, accounted for an average of just 46% of revenue, down significantly from the previous year—when many ancillary sources of revenue, such as F&B, lodging, and retail, were not offered or were available in a limited capacity. In 2021, some ancillary sources of revenue returned, and others increased in contribution over the previous year.

Ticket products. Gift cards and gift certificates remained a popular offering (77%), as did season passes (46%) and multi-activity tickets (32%). The largest growth was in all-inclusive activity packages, offered by 39% of respondents, compared to 17% in 2020. For those that offer them, all-inclusive packages and multi-activity packages create efficiencies in terms of the purchase process and in guest service.

Studies suggest that the mental fatigue of the extended pandemic has triggered a high level of decision fatigue. In response, consumers have adopted an "all-or-nothing" mentality. What does this mean for operators? This could be an opportunity to push those higher-yield packages that allow full access to an operation's various offerings.

MEDIAN REVENUE

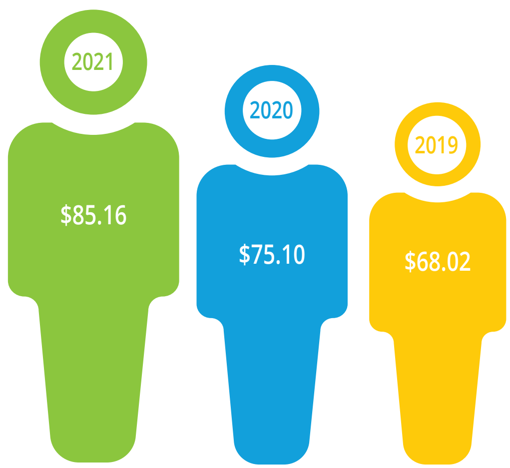


Base: 55 Recreational: 32 Traditional: 23

The contribution from gift cards to overall revenue increased by nearly three percentage points, as guests sought to share positive experiences with others.

Season passes saw an overall decrease in revenue contribution, down from an average of 18% during 2020 to just 8% in 2021. While repeat visitation rose, uncertainty over what the season might hold may have limited guests' interest in season passes. Additionally, with the increase in first-time guests the previous year, operators who want to push seasonal products will need to target marketing efforts in an intentional way to encourage those first timers to consider making seasonal commitments.

REVENUE PER VISITOR



Base: 55 Recreational: 32 Traditional: 23

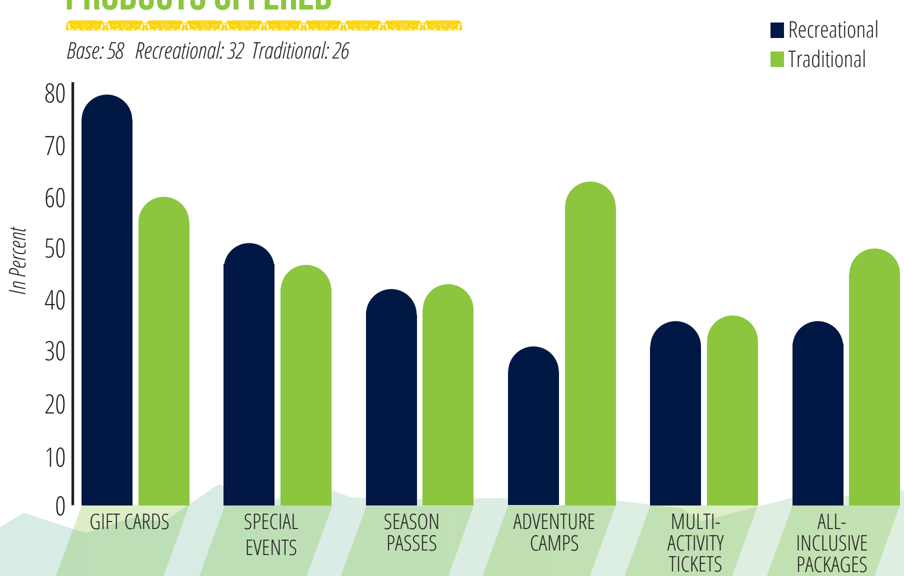
Photo sales increased... For those that offer photo services, photo-related revenue as a share of total revenues increased an average of six percentage points over the previous year, which is significant. As people remained incredibly selective over what activities and experiences they chose to pursue, operators who offer photo services were able to leverage the concept of memorializing those special occasions, which was a boon for business.

...as did food and beverage. Both F&B and lodging returned, increasing their contributions by five and eight percentage points, respectively, more than double the averages of the previous year. Lodging actually quadrupled its impact on the bottom line over 2020. This is likely due to the loosening of restrictions by local and state governments, and an increased comfort level among the public for eating out and spending the night away from home.

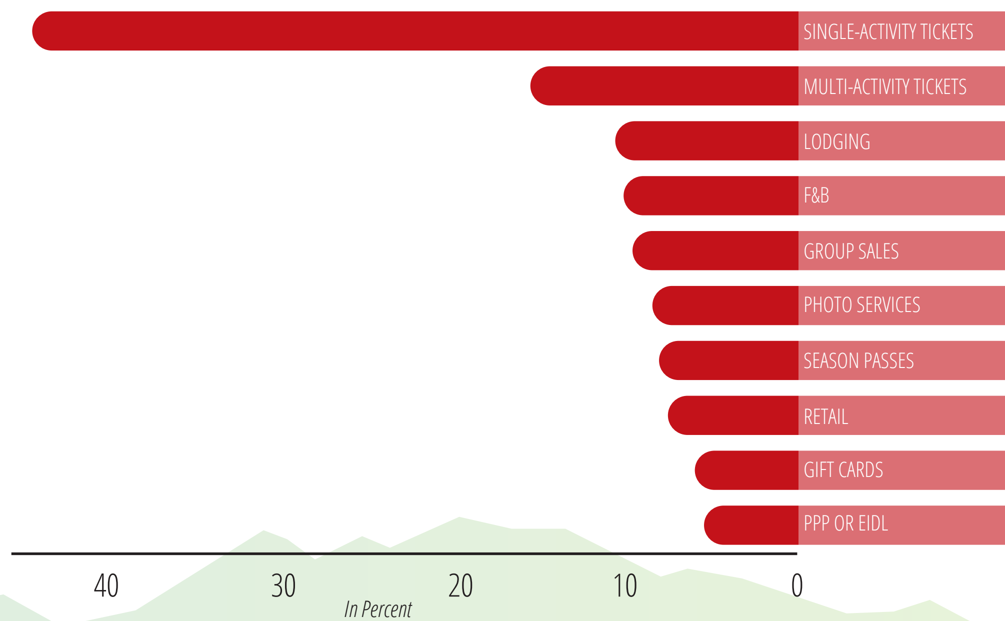
Retail spending doubled over the previous year, from an average of 4% of total revenue to 8%. This is an increase over 2019 as well, when it contributed an average of 5% of total revenues. Anecdotally, several respondents shared that this could be for several reasons, the first being a more streamlined lineup of retail products. Rather than having an excess of options, several operators chose to pare down their selection. Second, several respondents reported that indoor capacity limitations encouraged guests to spend more time browsing their retail areas, as they were not dealing with crowded spaces and other guests.

PRODUCTS OFFERED

Base: 58 Recreational: 32 Traditional: 26



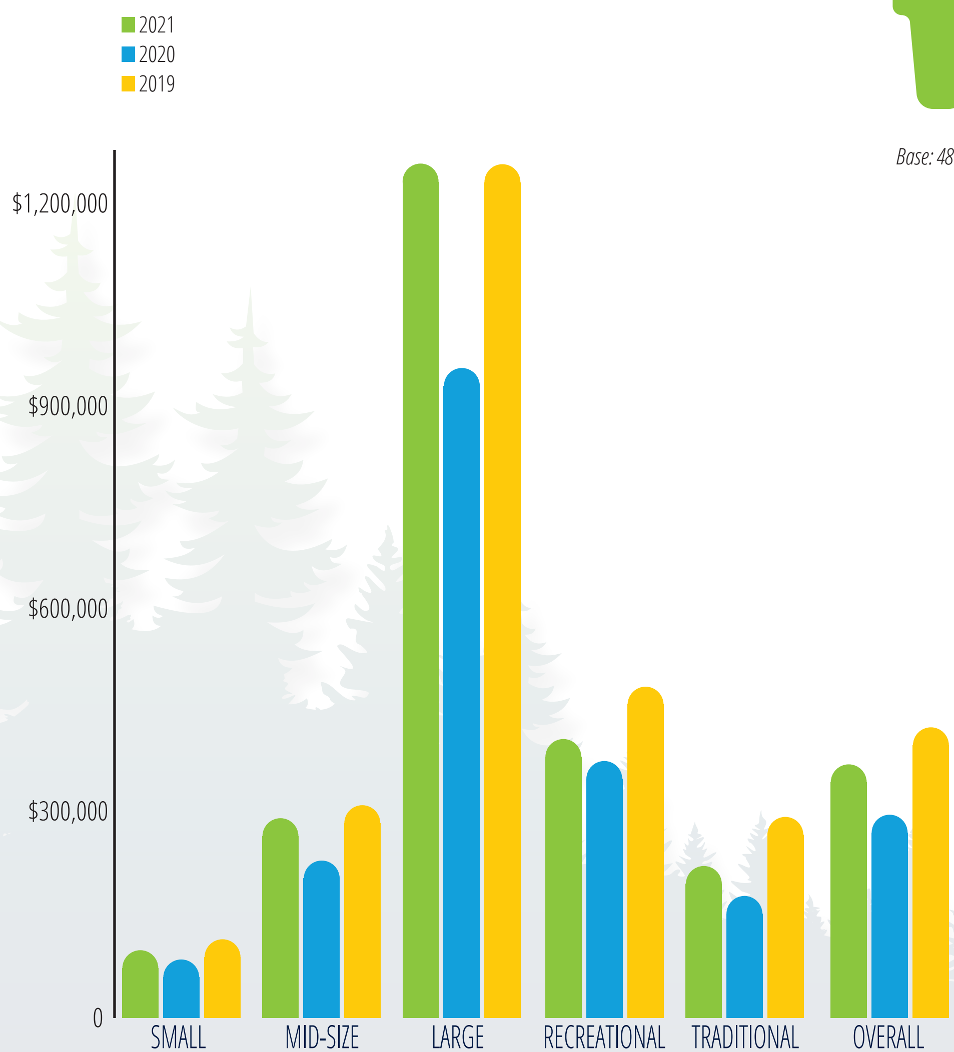
REVENUE SOURCES



Base: 55 Recreational: 32 Traditional: 23

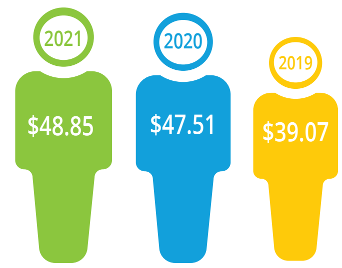
Percentages shown are for those that offer the selected option as a percentage of overall revenue

AVERAGE EXPENSES



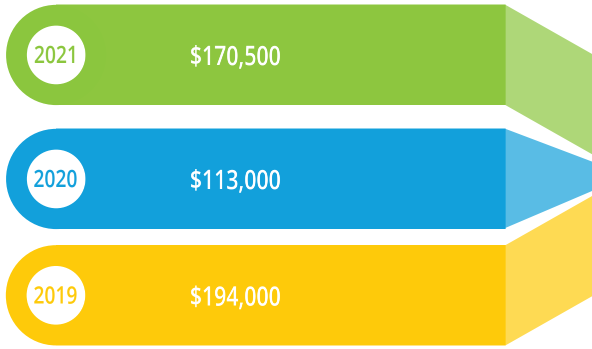
Base: 50 Recreational: 28 Traditional: 22

EXPENSES PER VISITOR



Base: 48 Recreational: 27 Traditional: 21

MEDIAN EXPENSES



Base: 50 Recreational: 28 Traditional: 22

Increased expenses. With increased revenue came increased expenses, at least compared to 2020. On average, operators reported gross operating expenses of $376,378, up 25% from $301,807, powered by increases of 31% at large operations. However, the median might be a better metric; at $170,500, up from $113,000, this represents a year-over-year increase of 51%.

Two factors in this rise were the increase in operating days over the previous year, and the increase in cost of goods and labor.

Still, operators successfully controlled expenses. Compared to 2019, the operating expenses for all types of operations decreased by an average of 13%. The reduction is due, in part, to fewer operating days in 2021, but occurred despite rising costs for labor, goods, and insurance.

Traditional operations saw the greatest expense reductions, nearly 25% as compared to 2019, while recreational operations averaged reductions of 15%. So did small operations. All these groups did an excellent job of controlling expenses during the turbulence and uncertainty of 2020 and 2021. Large operations held relatively steady on expenses, which reflects the fact that large operations realized the most consistent business across all three years.

Expenses per visitor. Higher expenses were offset, in part, by the increase in visitation—operators were able to keep the expenses per visitor nearly steady as compared to 2020, up only an average of $1.34 per guest, from $47.51 to $48.85. While Covid increased bottom-line costs, operators were able to increase revenues more, and, as mentioned earlier, reported an average profit margin of 28%.

Payroll remained the number one expense, accounting for an average of 37% of total gross expenses. While it remained the number one expense, payroll costs were down 13 percentage points as a percentage of total expenses compared to 2020, and down 8 percentage points from 2019. While staffing numbers and pay rates increased, anecdotally respondents shared that they were able to cross-train many employees so that they were able to use staff more efficiently.

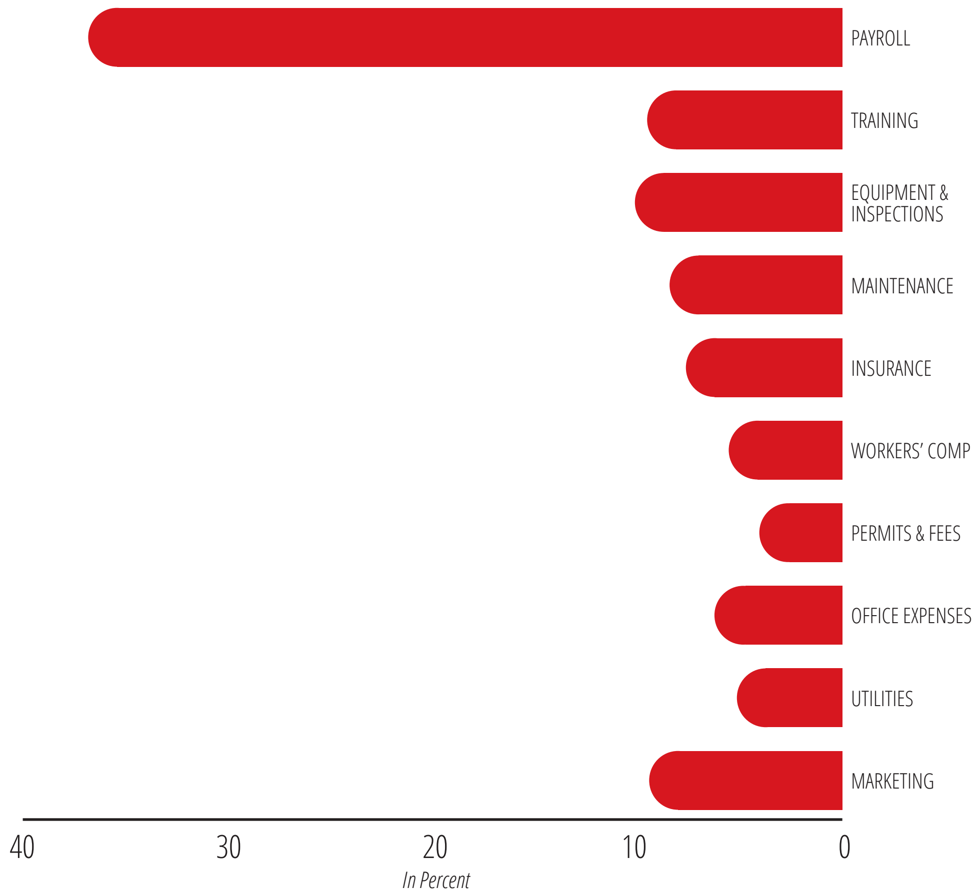
In part, the decrease in payroll as a percentage of total expenses reflects increased spending in other expense categories. And, in part, it stemmed from other employee-related expenses such as training and workers' compensation. These accounted for an additional 16%. Workers' compensation costs nearly doubled; this reflects an increase in staffing numbers as compared to 2020 as well as increased insurance rates.

Maintenance costs increased. Expenses for equipment, inspections, and maintenance each increased by an average of five percentage points. While some operations chose to delay inspections and certain maintenance projects during 2020, impacting total expenses in 2021, many respondents indicated that this also stemmed from the increased cost of materials for those maintenance projects.

Marketing budgets increased. Many operations increased marketing budgets over the previous year, to an average spend of 9.5% of total expenses, up from 7% in 2020, and up from 8% in 2019. This number remains low compared to expert recommendations to spend 10% of *overall revenue* on marketing. Still, the increase indicates a commitment on the part of operators to gain the attention of both new and old markets.

Marketing could well require additional commitment in 2022. If the pandemic reaches endemic status, and life begins a return to normalcy, operators will likely be competing for discretionary spending dollars with the return of more traditional activities, including dining at restaurants and attending indoor events and entertainment. Marketing, especially to those new markets that discovered the outdoors for the first time, will become more important than ever as the industry seeks to keep those participants outside.

EXPENSE SOURCES



Base: 46 Recreational: 25 Traditional: 21

ACTIVITIES & AMENITIES

ACTIVITIES OFFERED

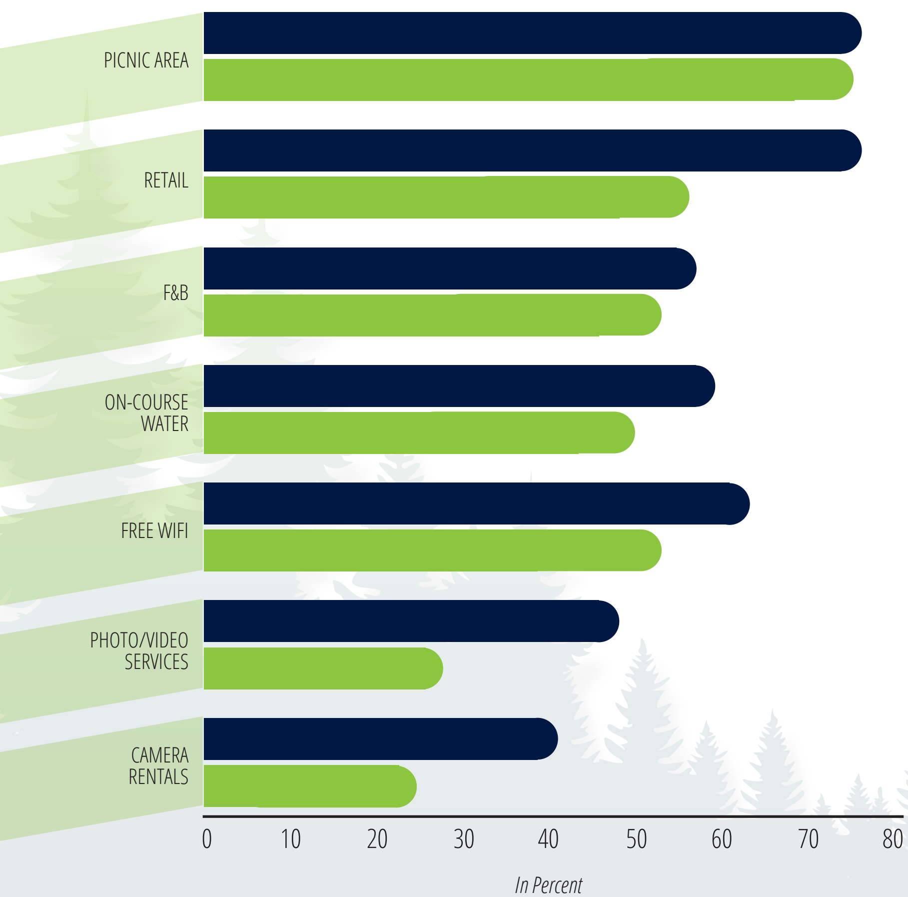
Activities. Zip lines and canopy tours are the most common activity—100% of recreational respondents to this year's survey offer a zip line in one form or another, as compared with 46% of traditional respondents. Aerial adventure courses, combined with traditional high ropes courses, are nearly as common.

With increased confidence in gathering during the summer months, ground-based team-bonding activities increased over the previous year. An average of 62% of recreational respondents offered ground-based activities. Recreational operators capitalized on the desire to reconnect, offering "team-bonding" activities at ground level. These activities were marketed as "team-building" and were identified as such on the survey. However, closer review of respondents' product offerings identified the activities to be bonding focused rather than skill building. While more commonly known as a cornerstone activity in traditional operations, due to the close nature of ground-based group work, only 43% of traditional respondents chose to offer ground-based team-building activities in 2021; many who offered the activity in the past chose to suspend it in 2021.

Child's play. The most significant shift in terms of activity offerings was the increase in activities designed for younger children. More than 70% of respondents to this year's survey offered one or more activities for kids, including elevated play spaces, ninja courses, mining sluices, ground-based courses for kids, or aerial adventure courses for kids under 7.

In several instances, these activities were installed during 2020 or prior to, and were not opened until 2021. However, several operators who had these activities installed reported increased usage as multi-generational families looked for outdoor activities they could all do together.

AMENITIES OFFERED



Base: 85 Recreational: 49 Traditional: 36

Recreational
Traditional

Amenities. Generally speaking, the amenities on offer remained relatively steady year-over-year. Operators continued to lean heavily on outdoor spaces such as picnic areas. However, with the introduction of vaccines, public visitors centers returned, and those who were not able to offer indoor services in 2020 brought them back, albeit most often with some level of restriction in place.

Do it for the 'gram. Availability of photo services and camera rentals each increased by an average of 10 percentage points over the previous year, and over 2019 as well. Operators sought to capture additional dollars per guest and provided a way to maximize the experience during and after participants' time on course. While photo and video services have traditionally been a recreational offering, many traditional operators (28%) have started offering these services, compared to just 2% in our 2019 sample.

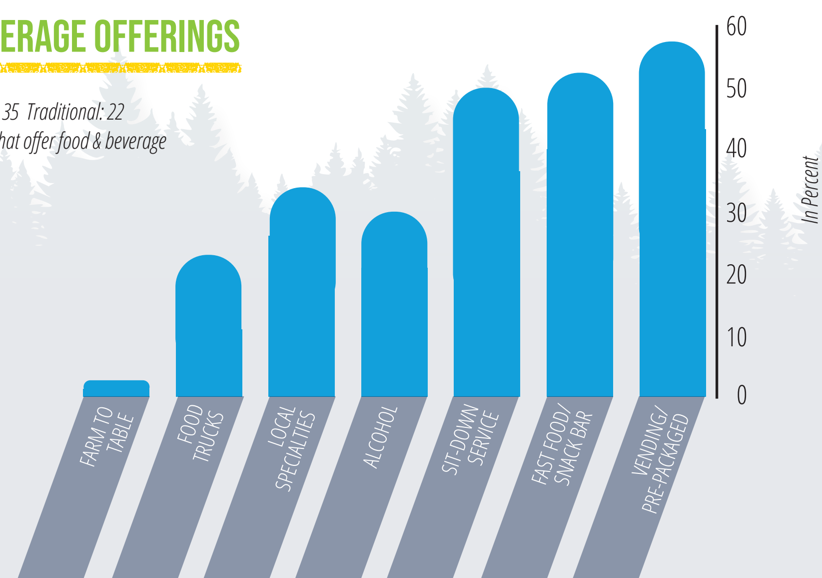
Retail and rental trends. While gear rentals returned in 2021, retail items saw greater growth, as guests preferred to spend additional dollars and purchase items such as their own gloves in order to participate. This is unlikely to change in 2022, and will continue to support the bottom line.

F&B and lodging. While the amenity offerings did not shift significantly, operators who had offered food and beverage as well as lodging in the past were able to bring those back at some level during 2021. Food and beverage, especially, supported revenue generation.

While sit-down meal service remained limited as a result of Covid restrictions, outdoor dining options increased. Food trucks in particular grew in popularity, with 23% of those with food and beverage services offering food trucks, compared to 9% in 2020.

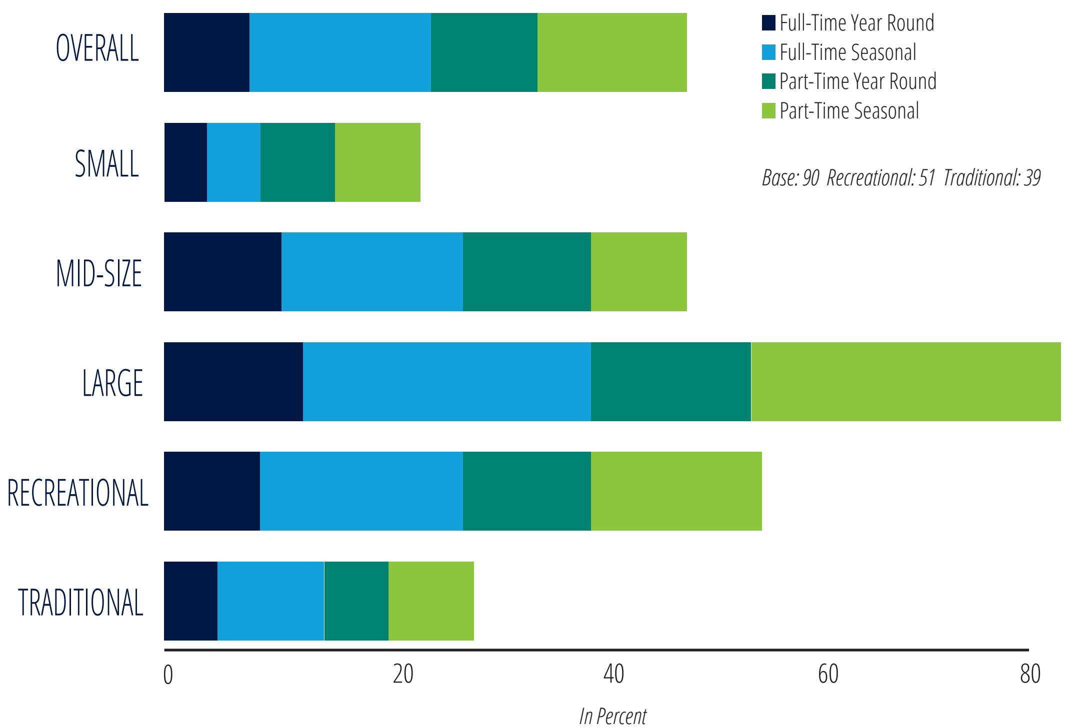
FOOD & BEVERAGE OFFERINGS

Base: 57 Recreational: 35 Traditional: 22
Percentages for those that offer food & beverage



STAFFING

STAFFING LEVELS



WAGES

Recreational
Traditional

Base: 43 Recreational: 23 Traditional: 20

	Entry-Level Program Staff	Entry-Level Support Staff	Supervisor	Manager	Director	General Manager
Recreational	$12.59	$12.62	$15.77	$21.47	$23.34	$28.78
Traditional	$12.08	$11.44	$14.82	$20.81	$22.54	$28.13

Staffing boon. While staffing remains a challenge, respondents indicated they were able to return staffing numbers to pre-pandemic levels this past year. Many operators were able to take advantage of the "Great Resignation," with applicant pools filled with strong candidates, as potential employees sought to leave less-than-fulfilling office jobs for the outdoors. And that shift should continue, as studies reported that as many as 55% of adults in the U.S. workforce plan to look for a new job over the next 12 months.

Not only did seasonal and part-time positions get filled, but full-time, year-round positions saw growth as well, with filled positions more than tripling as compared to the previous year. While owners and existing managers often assumed front-of-house roles in 2020, the growth in visitation has allowed operators to staff more year-round positions to serve the swelling audience.

Wages increase. As with many other industries, the adventure park and challenge course industry increased wages in many parts of North America to stay competitive. Sixty-six percent of respondents increased wages over 2020; only 1% of respondents decreased wages year-over-year.

On average, respondents increased wages by 10% over the previous year, with the largest increases going to managers and general managers, many of whom stepped up throughout the pandemic to fill multiple roles until entry-level positions could be filled.

Both traditional and recreational respondents raised wages over the previous year, and are in-line with national averages, according to ZipRecruiter. However, studies indicate that employers who want to fill their open positions may need to get creative in how they market and sell the jobs.

Many reports emphasize that applicants are looking for more than just a paycheck—they are looking for companies that align with their values, make them feel appreciated and valued, and provide benefits that support individual growth. This includes the traditional benefits such as health insurance as well as opportunities for training and personal development.

STAFFING DEMOGRAPHICS

RETURNING STAFF

42% OVERALL
40% RECREATIONAL
44% TRADITIONAL

FEMALE STAFF

46% OVERALL
44% RECREATIONAL
50% TRADITIONAL

BIPOC STAFF

18% OVERALL
19% RECREATIONAL
17% TRADITIONAL

Return rates remain high. While return rates decreased year-over-year compared to 2020, from 54% to 42%, this is not surprising considering the landscape of employment. However, the reduction in returning staff was not far from the 47% return rate reported in 2019. The downward trend is likely due, in part, to the fact that many operations were limited in the number of new hires they brought on in 2020, and the need to increase staffing in 2021, which required bringing on new hires.

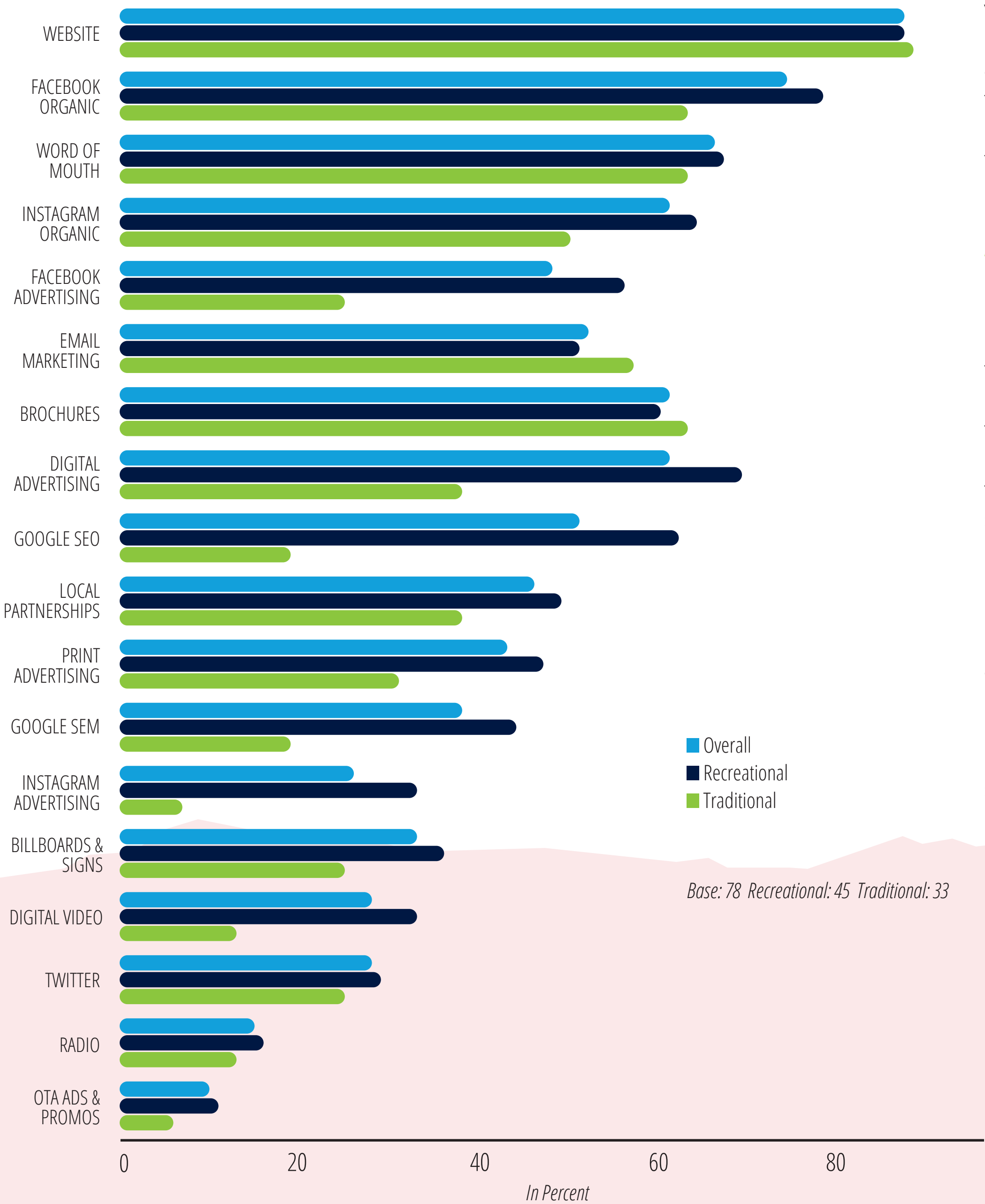
Women exit the workforce. One staffing concern is the drain of women from the industry. On average, female-identifying staff levels dropped nearly 10 percentage points. According to the National Women's Law Center, four times as many women left the workforce as a result of the pandemic as men. One quarter of women who left or downshifted their roles did so because they lacked childcare.

According to *Forbes*, companies that are seeking to attract women must include childcare-friendly policies as a key component of their employee benefit package. It takes more to recruit moms than connecting them to the company's mission, focusing on culture, and establishing pay equity. Successful policies can include direct financial support for childcare, embracing more scheduling flexibility as part of company culture, and supporting public policy that impacts childcare.

Diversity on the rise. On the other hand, respondents reported an increase in the diversity of their staffs—an increase in BIPOC staff of seven percentage points over 2020. This is likely due in part to the wider net operators had to cast in order to hire through the challenges of 2020. Operators who value diversity, in their staff and customers alike, should continue to look further afield as they look to fill open positions.

MARKETING

MARKETING CHANNELS



Marketing budgets increased over 2020 as operators sought to be front-of-mind among consumers. The company website remained the most used and valued marketing channel, and was also key in sharing Covid-specific messaging and information. Changes to consumer tracking and algorithms in social media channels, though, forced many operators to shift their strategies for communicating with potential guests.

Meta declined. Organic social media content usage remains high, with 74% of respondents utilizing Facebook and 61% utilizing Instagram. However, with the algorithm changes released over the past year, more operators are putting their advertising dollars into other channels rather than spending them on the social media platforms, even though such spending is more effective than organic posting.

On Instagram in particular, recreational operators decided to put fewer dollars, as roughly 33% of recreational respondents utilized Instagram advertising, down from 49% in 2020. Only 7% of traditional operators took advantage of the same channel, with 50% of respondents instead focusing on posting organic content on the platform.

Word of mouth softened. Word of mouth fell from its position as the second-most common marketing channel, dropping 20 percentage points year-over-year, as operators became more proactive in their marketing. It's also possible that consumers were more hesitant to suggest what others should do in terms of activities, not knowing others' comfort levels regarding Covid.

Nonetheless, word of mouth remains the most effective channel, according to respondents. To maximize that effectiveness, the most successful businesses lay out a clear strategy for collecting testimonials and reviews, encouraging user-generated content, and creating reward systems for brand ambassadors.

Email marketing faded. Email marketing has been consistently among the most utilized and more effective channels in past years. In 2021, though, email marketing dropped more than 15 percentage points in usage, and that is likely to continue as Apple implements its "Mail Privacy Protection" (MPP) feature.

Traditionally, one of the ways marketers would determine email marketing results would be by measuring open rates. Email recipients who use the native Apple Mail application to read email on any Apple device are able to turn the MPP feature on, which loads email content in the background regardless of whether the email is opened or not, making open rates unreliable. While this does not make email marketing a less valuable channel, it does mean that marketers will have to reevaluate how they track engagement in the channel through other creative measures such as click-through rates, surveys, replies, or web activity.

Traditional marketing channels. In 2020, operators reported that they planned to bring back more “traditional” marketing channels in 2021. How did that pan out? Print advertising held steady, with 43% of respondents utilizing the channel. Radio, on the other hand, fell by seven percentage points from the previous year.

Brochures remained popular with 60% and 63% of recreational and traditional operations, respectively, utilizing them. That was steady with 2020, though it represented a nearly 20-percentage-point decrease from our respondents in 2019.

What channel did increase in usage? Billboards and signs were utilized by 33% of respondents, up from 25% the previous year. As auto travel returned, billboards were a useful application for marketing spend, as they reach drive-by traffic that might otherwise continue past.

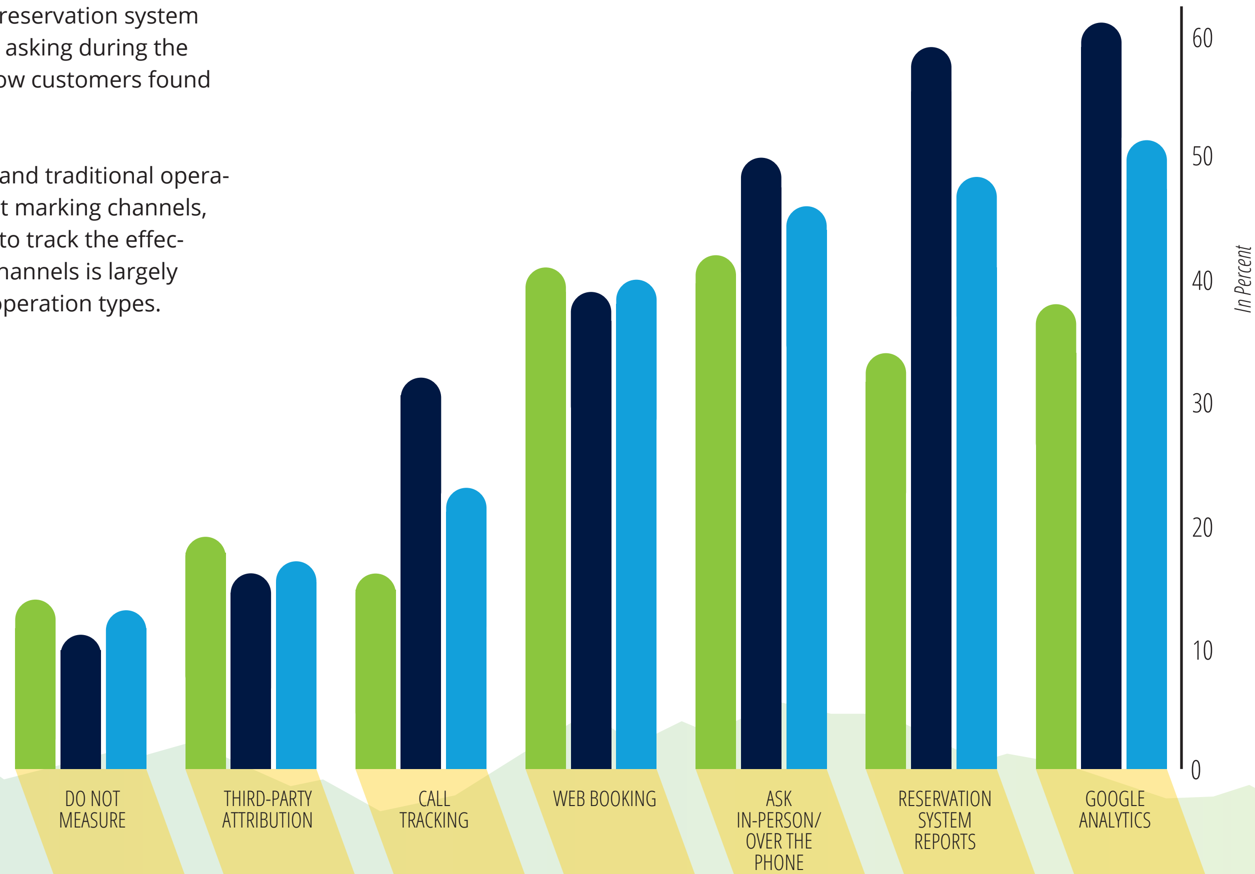
Tracking effectiveness. Marketing strategy is becoming increasingly important in a busy landscape, and being able to track the ROI of messaging in terms of eyes, engagement, and conversion is critical. Operators tracked the efficacy of their marketing campaigns most frequently through Google Analytics (49%), followed by reservation system reports and simply asking during the booking process how customers found them (46%).

While recreational and traditional operators utilize different marking channels, the methods used to track the effectiveness of those channels is largely consistent across operation types.

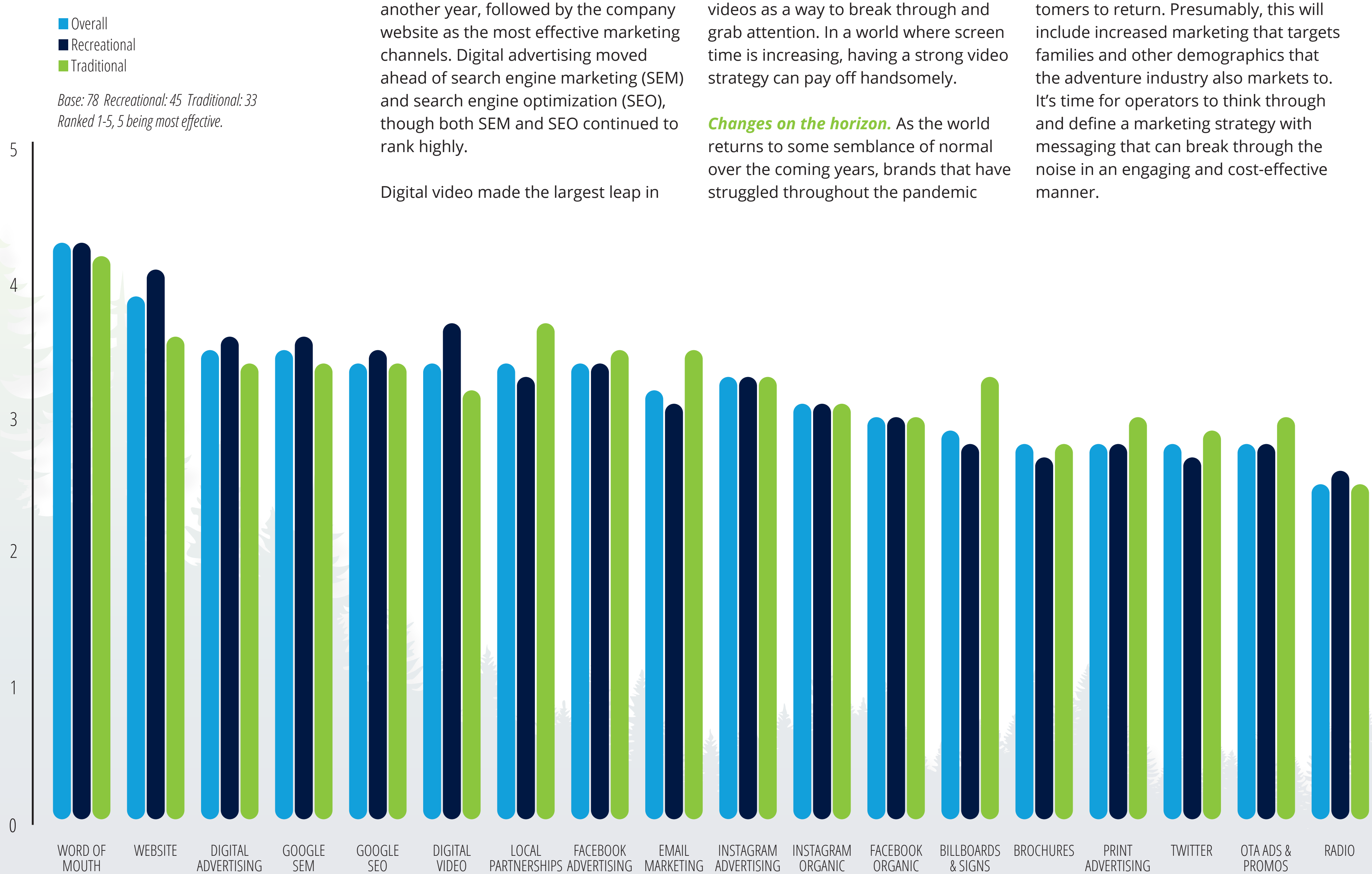
TRACKING METHODS

- Overall
- Recreational
- Traditional

Base: 78 Recreational: 45 Traditional: 33



MARKETING EFFECTIVENESS



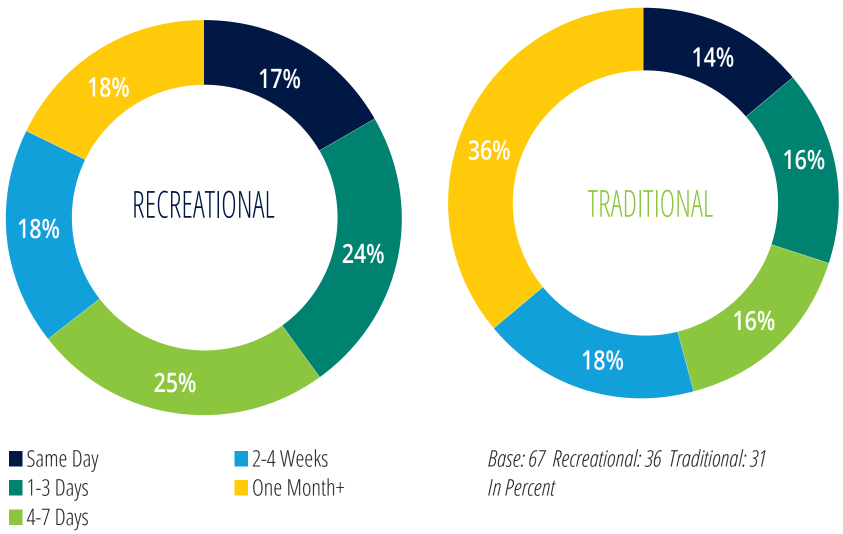
Marketing channel efficacy. Word of mouth retained its number one spot for another year, followed by the company website as the most effective marketing channels. Digital advertising moved ahead of search engine marketing (SEM) and search engine optimization (SEO), though both SEM and SEO continued to rank highly.

Digital video made the largest leap in reported effectiveness, with marketers increasingly relying on quick, engaging videos as a way to break through and grab attention. In a world where screen time is increasing, having a strong video strategy can pay off handsomely.

Changes on the horizon. As the world returns to some semblance of normal over the coming years, brands that have struggled throughout the pandemic (restaurants, malls, movie theaters, etc.) will be clamoring for their customers to return. Presumably, this will include increased marketing that targets families and other demographics that the adventure industry also markets to. It's time for operators to think through and define a marketing strategy with messaging that can break through the noise in an engaging and cost-effective manner.

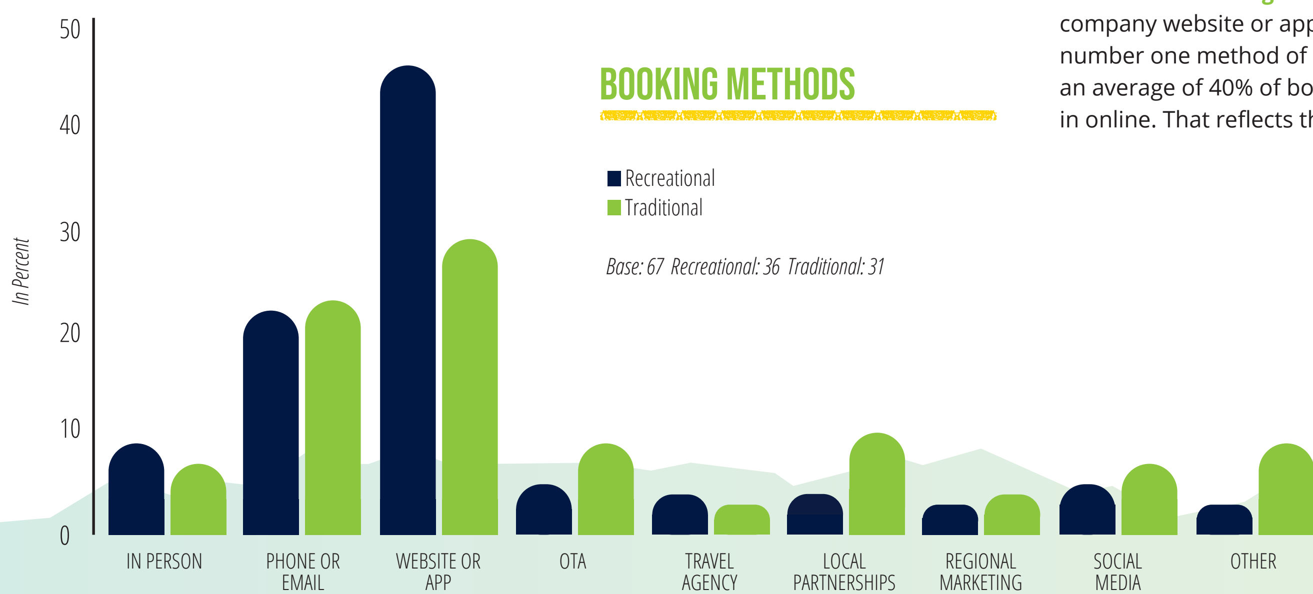
BOOKING

BOOKING WINDOWS



Base: 67 Recreational: 36 Traditional: 31
In Percent

BOOKING METHODS



Base: 67 Recreational: 36 Traditional: 31

Booking windows increased in 2021, after a year in which uncertainty about closures and restrictions led people to book within a few days of participation. In 2020, roughly 51% of bookings were made within three days of participating, on average. In 2021, approximately 35% of guests booked in that close time-frame; the number of guests booking one month or more in advance more than doubled, to an average of 26% of bookings.

With some capacity reductions still in place, earlier booking often became a necessity in 2021. FOMO (fear of missing out) ran high due to all the things consumers were missing out on, and operators were able to capitalize on that with messaging explaining that availability was limited.

Same-day bookings remained low, dropping an average of six percentage points compared to 2020.

Contactless booking. Booking via a company website or app remained the number one method of booking, with an average of 40% of bookings coming in online. That reflects the extended booking window and guests' increasing comfort with conducting business online.

Walk-up bookings decreased by half, to an average of 7% of total bookings, while bookings from third-party organizations shot up. When compared to same-day bookings, the drop in walk-up business likely indicates that a portion of same-day bookings were done online or over the phone.

Operators increasingly leaned on online travel agencies (OTAs), traditional travel agencies, regional or community marketing organizations, or local partnerships to help bring guests in. Local partnerships drew in an average of 10% of total bookings for traditional operations as business owners banded together to leverage each other's databases for mutual benefit. This method works incredibly well when paired with strong word of mouth and should continue to be employed in 2022.

Booking policy changes. Seventy-six percent of respondents made changes to their booking process or policy as a result of Covid-19. For most, the pandemic led to a complete overhaul of cancellation policies, to encourage guests to cancel and rebook should they test positive or have symptoms of Covid. Many operations adopted a contactless booking process, eliminating any walk-up or in-person booking. These are good adaptations as guests have come to expect more lenient cancellation policies and seamless booking processes from businesses generally. This trend is unlikely to change in the coming year, regardless of the state of the pandemic.

THE FUTURE

Given the relative success operators achieved in 2021, they are looking toward 2022 with some level of optimism. Despite Covid variants and other challenges, the 2021 season had some silver linings for outdoor adventure operators, and many are hopeful that these favorable developments will continue into 2022 and beyond.

There will, of course, be some challenges as well. Chief among these is staffing, as it is for many businesses.

Now hiring. One key area where operators are looking to put their time and effort into is hiring staff. Sixty-eight percent of respondents ranked hiring staff as their number one opportunity and priority going into 2022. Finding and managing a qualified staff remained the number one concern going into the new year. The silver lining to this concern is that operators can present a comprehensive value proposition to employees. Creatively and effectively messaging the emotional and physical rewards of working at a recreational or traditional enterprise, along with the financial and ancillary benefits, will help to attract the wealth of potential hires in the market for a new job.

More sales. Additionally, operators are looking at continuing to grow sales through their company websites and direct channels. Fifty-six percent of respondents highlighted this as a top priority.

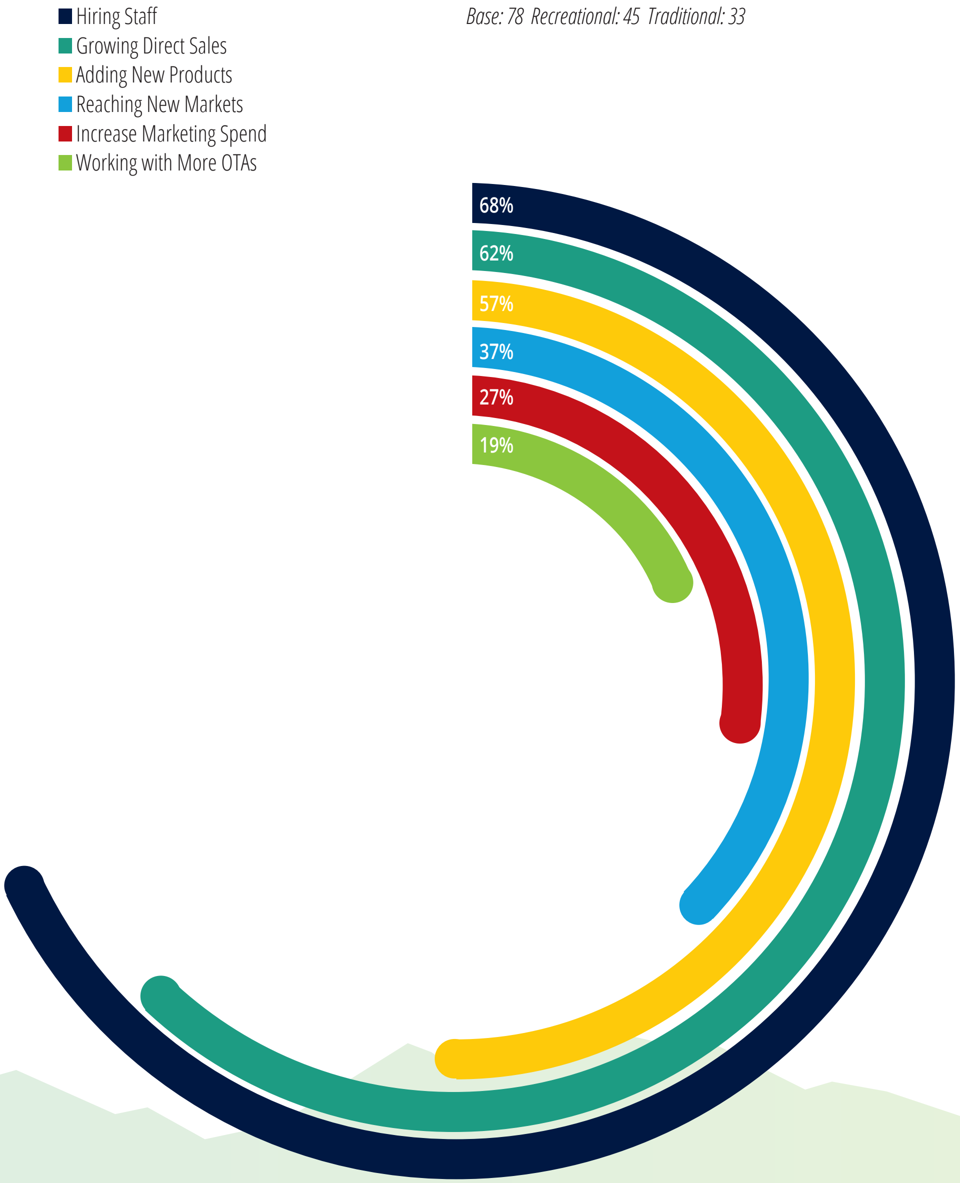
If that goal is to be met, a strategic marketing plan should be laid out well in advance of the season and started early to encourage that long booking window—and to ensure that outdoor adventure is top of mind when it comes time for potential customers to break out the credit card. Operators seem to understand that, as 19% of respondents are planning to increase their marketing spend.

More stuff. Sixty-two percent of respondents are considering the addition of new products and experiences. Some are planning to add new experiences and activities, such as free-fall devices or new aerial adventure installations, while others are expanding their product mix to offer new ticketing options or additional amenities, such as photo or video services.

Anecdotally, many builders are indicating that they are returning to past clients to refresh activities and add new ones in order to keep the experience fresh.

Operational Adjustments. For the most part, operators indicated that they have made most of the Covid-related operational adjustments that they are going to make. Thirty-seven percent of respondents said that they believe continued operational adjustments will be necessary. But most feel confident that their Covid adjustments have worked well, and that future adjustments will involve unwinding their Covid restrictions as they return to "normal" operations.

TOP PRIORITIES FOR 2022



CONCERNS FOR 2022

Concerns. While there will always be concerns, a key takeaway from this year's respondents is that they are less worried about the viability of their businesses or the threat of competition from other operators and activities. However, staffing remains overwhelmingly top of mind as operators seek sufficient staff to handle the predicted consumer demand.

This is a good problem to have, as compared to not having enough customers to support staff. It does mean, however, that there will be competition for employees. Operators will need to invest the time and effort to make their workplaces attractive to potential applicants and broadcast the benefits of working in the industry, and more importantly, at their operations.

The continued impacts of Covid-19 are also top of mind, but dropped to second on the list of biggest concerns going into 2022, as compared to being top of the list going into 2021. While the hope is we will move toward a more normalized economy, it's likely that we will be feeling the impacts of the pandemic for a while yet.

Going into 2021, operators were equally as concerned with slow consumer spending as they were with staffing. Going into 2022, while slow consumer-spending remains in the top three concerns, it is of less importance as operators gain confidence in the long-term resilience of their businesses.

With the increased interest in the outdoors and new audiences taking the plunge to head outside, adventure park operators have been able to maintain strong business levels despite the challenges.

Regardless, operators have proven their ability to weather challenging conditions, and that's a positive sign for future success. ■

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