CAST
CREATIVE ACCELERATORS FOR SUSTAINABLE TOURISM

Mapping of European Financiers Report

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1.1 What is CAST?

CAST stands for Creative Accelerators for Sustainable Tourism and is a project co-financed by EU programme COSME, under the Grant Agreement number 806917, taking place between July 2018 and June 2020.

CAST supports companies in the tourism sector via business incubators and accelerators. The goal is to support the businesses from creation to development and scaling up. The incubators and accelerators involved in the project bring together creativity, art and design skills with cutting-edge technology and science. Their expertise will support businesses in the tourism sector, boosting their capacity for technological innovation and creativity. Cross-sector collaboration aims to support over 100 enterprises in a trial exchange of skills and knowledge. Planned activities will include, among others international events on creative business solutions, locational challenges, regional boot camps as well as investment pitches.

The partnership consists of the following seven organisations which are based in Belgium, Cyprus, Denmark, Germany, Ireland, Italy, UK and Spain:

WestBIC, Galway, Ireland (Co-ordinator)
Lazio Innova, Rome, Italy
Centros Europeo de Empresas e Innovación in Burgos, Spain
Centros Europeo de Empresas e Innovación Cádiz and Murcia, Spain
Creative Business Cup, Copenhagen, Denmark
CYRIC, Nicosia, Cyprus
EBN, Brussels, Belgium
Media Deals, Berlin, Germany
D2S, Leeds, United Kingdom.

1.2 Introduction

The following report on Mapping European Financiers provides a snapshot at the beginning of the CAST project, helping the consortium to develop a first overview of key actors in sustainable tourism, of the start-ups on one hand and of the financiers engaged in investing in these companies on the other hand. We want to understand investor interests and sweet spots, possible areas of specialisation, as well as attractive industry trends and business models. Are some countries more active in sustainable tourism than others? Can we identify investor and start-up profiles? Do some funds even focus on investing in particular tourism sub-sectors or in enterprises in a particular niche?

The report’s objective is to lay the foundation for a European Investor Network which builds on all consortium partners’ networks. Furthermore, some of the listed start-ups or investees can potentially benefit from the CAST acceleration programme. At the same time, identified investment cases might inform case studies for the training workshops, some of the investors could be invited to the CAST Investment Forums. That said, the Consortium uses this report as a live document which will be updated throughout the Project duration in order to map as many relevant enterprises and investors as possible – in other words, to attempt drawing-up a dynamic ecosystem.

As a consequence of the way the Consortium is composed, the information on investors and start-ups is closely related to the respective location of the Project Partners. Thus, even though aiming for an international coverage, the gathered data reflects in some cases more investment activities which took place in the Partner country or region. This means that the datasets are not representative and their significance is of a more qualitative than quantitative nature.

The following Deliverable 5 analyses data related to 85 investments made across Europe that was provided by all Partners of the CAST Project and which was compiled during the first nine months of the Project. Main criteria for the selection of start-ups was their engagement in and compliance with the 17 UN Sustainable Development Goals[1].

Graph 1 UN Sustainable Development Goals

The results of this report will inform not only the mentioned Building of an Investor Network (D4.1), it will also contribute to developing a Training Workshop Methodology (D4.2).

[1] The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Additionally, the researched information and contact details will support M8 First Investment Readiness Workshop Complete as well as M11 First Investor Workshop Complete. Ultimately, the underlying network database will be extremely useful for facilitating investment at the two Investment Forums planned in the middle of 2020 (M24) and of 2021 (M36).

1.3 Makro trends in international investment in travel start-ups

Before concentrating on our area of interest, sustainable tourism, we want to develop a sense of orientation and better understand which general and global market as well as investment trends we can see today.

A report[2] from PhocusWire's[3] sister brand Phocuswright monitored 1,900 travel start-ups over a time period of 10 years. In this period $84 billion went into travel start-ups through either funding rounds or acquisitions[4]. Two main reasons for investment appetite are on one hand the adoption of new technologies (like AI, VR and machine learning, Chatbots and SaaS tools) and the expansion of potential geographical areas for start-ups to do business (the commoditisation of software and hardware development has democratised the creation of technology companies. In fact, 44% of the total VC investment in travel tech in Quarter 2 of 2018 has been in Asian start-ups)[5]

Three developments are interesting to underline:

- The report announced mid 2018 that funding of new travel start-ups decreased over the past few years.
- while the amount of investment flowing into maturing businesses saw a significant increase.
- At the same time, some travel start-ups that appeared on the market eight to ten years ago 'exploded' from which success stories are rising which attract most of the funding.

This trend towards acquisitions and funding rather than founding began in 2015. Since then 87% ($73 billion) of the total amount being invested in the market were raised. This might be an indicator of a maturing market.

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[2] "Travel startups: What's the ten-year investment, growth and failure picture?", by Kevin May, August 21, 2018; https://www.phocuswire.com/Travel-startups-2018-report-Phocuswright

[3] PhocusWire is a comprehensive daily news companion for the industry, powered by Phocuswright, a respected travel research authority and events brand in the world. With an existing arsenal of deep, research-driven assets at its disposal, PhocusWire provides daily exposure to sought-after research, valuable industry data and expert analysis. https://www.phocuswire.com

[4] In fact, according to the research, since 2015 just six companies - Uber, Lyft, Airbnb, Ola, Grab and Didi - have raised $57 billion between them.

[5] http://traveltechreport.co/travel-tech-industry-in-2018/

1.3.1 Which type of start-ups are most attractive for investors?

"Startups creating solutions to make travel more efficient, frictionless and interconnected received a record amount of venture capital funding in 2017: At $25.45 billion, it was a substantial 32% increase over investments made in 2016.

And the 2018 figure could be even higher. An analysis by Lufthansa Innovation Hub found that funding in the first two months of 2018 reached more than $6.5 billion across 76 deals – a pace that could bring a new record by the end of the year. These early year investments also signal another trend – mega-rounds of more than $100 million are becoming the norm in the travel and mobility technology sector. And most of the money is funnelling to late-stage startups rather than angel and seed-funding rounds. Of the $6.5 billion invested through February 28, the majority of it went to just eight companies, including Singapore-based ride hailing company Grab ($2.5 billion), Indonesian ride-hailing and payment company Go-Jek ($1.5 billion), Uber ($1.25 billion) and Cabify ($160 million).

Investors are showing increasing preference for travel and mobility tech startups based in China and India. In 2017, 70% of global venture capital funding went to companies based in one of those two countries, while just 23% went to companies based in the United States and 3% to Europe. That's a dramatic change from just three years earlier when Chinese and Indian companies attracted just 14% of the total funding for the year, and 68% went to US-based startups."[6]

Against this backdrop it might not be surprising that the U.S. Travel Startups Incubator launched its own Travel Technology Investment Platform in August 2015, "a digital hub for travel tech startups in the incubator to connect directly with prospective investors. The platform also connects founders with TSI's own growing network of 'Innovation Partners'— enterprise-level travel companies seeking business development deals for their APIs and services, and travel companies looking to acquire or license new technology from the incubator's startups."[7]

CBInsight's[8] researchers confirm:

- that AI, Blockchain, and other technologies are driving innovation in Travel Tech.
- With 348 investment deals, 2017 was a record-breaking year for travel tech and represented the fifth consecutive year of deal growth.
- While new companies continue to see funding, the share of Seed/Angel deals has been decreasing between 2013 and 2017, which could signal some maturation of the sector.
- China and India take their fair share, the U.S. remains the largest single country, while European countries such as France, the UK, and Germany, which are among the most visited countries in the world, attracted between 6% and 7% of global deals each.

[6] "Venture capital investments in travel tech could hit record highs in 2018", by Mitra Sorrells, March 28, 2018; https://www.phocuswire.com/Lufthansa-Innovation-Hub-venture-capital-report

[7] https://www.travelstartups.co/travel-startups-incubator-launches-travel-technology-investment-platform-connecting-travel-tech-startups-directly-with-investors/

[8] CBInsight aggregates and analyses massive amounts of data and uses machine learning, algorithms and data visualisation to help corporations replace the "three Gs (Google searches, gut instinct and guys with MBAs) so they can answer massive strategic questions using probability not punditry." https://www.cbinsights.com

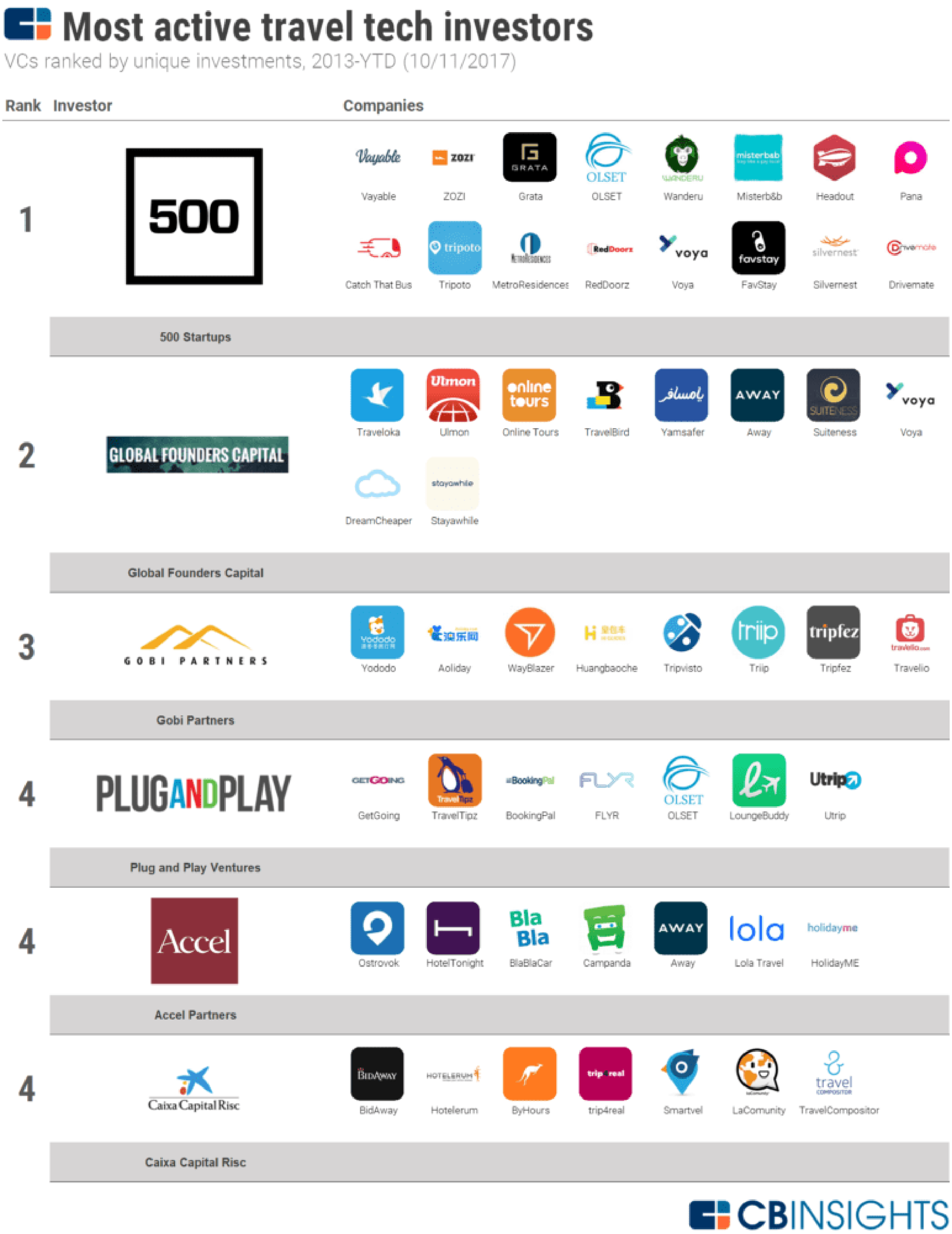
- With 4 out of the 6 most active VC investors located outside of the U.S., travel tech appears to attract an international crowd of investors.
- Start-up investments with corporate participation soared from just 18 deals in 2013 to 88 in 2017. China-based Tencent is the most active corporate investor followed by Amadeus Ventures, the travel venture fund of Amadeus.
- Expedia and other online travel agencies use start-ups to stay relevant: Expedia and TripAdvisor are the most active online travel agencies followed by China-based Ctrip and Priceline.[9]

CBInsights ranked the most active investors into unique travel tech start-ups since 2013, including venture capital and corporate venture investors. The key findings show that:

- "The most active VC investors are generalist VCs with a focus on early-stage (seed and Series A) investments. The notable exception here is Accel Partners, which also invests in later-stage companies.
- With half of the 6 most active investors located outside of the US, travel tech is booming in regions such as Asia and Europe.
- In keeping with this, less than half of the 52 portfolio companies listed are based in the US (19). Europe and Asia are home to 14 companies each.

[9] Germany-based Trivago was acquired by Expedia while Priceline bought UK-based Momondo Group. Ctrip expanded outside of China by acquiring UK-based flight comparison platform Skyscanner.

Graph 2 Most active investors into unique travel tech start-ups btw. 2013-Nov 2017



"**500 Startups** is the most active VC investor in travel tech, with 16 start-ups in its portfolio since 2013. Its investments span from the US to Southeast Asia to Europe Corporate Investment Activity.

Global Founders Capital, the Rocket Internet venture investing arm, ranks second with 10 unique travel tech investments between 2013 and 2017 YTD.

The third most active VC in the travel tech space since 2013 is China-based **Gobi Partners**, with 8 unique investments since 2013.

The fourth position is shared between **Plug and Play Ventures**, smart money investor **Accel Partners**, and Spain-based **Caixa Capital Risc**, with 7 unique travel tech investments each."[10]

1.3.2 Investors views on investment opportunities, challenges and company valuation

For its report 'Phocuswright's State of Travel Startups' (2018), PocusWhright asked for "insights from three experienced, and active, venture capitalists - Erik Blachford, Chris Hemmeter and Christian Saller - to find out what's on their radars, the challenges facing startup entrepreneurs and how they evaluate the pitches that land on their desks."[11] Here some of the key takeawys on the current state, on opportunities, challenges, evaluations and common mistakes:

- "the core value chain of everything related to travel and transportation - is really being reinvented, and in our view we're just getting started. On the other hand, on the consumer side of the world, the top of the travel funnel or anything that depends on discovery and search is just an incredibly difficult place to launch a business unless you are a wizard fundraiser and can manage to sustain a capital strategy that can give you enough juice to reach escape velocity.
- There's a lot of investor appetite for travel companies fuelled by some of the big exits that have been happening in that space - Skyscanner, Kayak, Trivago and so on. And then, there's a lot of entrepreneurs that have big visions on the companies they want to build. I know of one […] that would have been able to sell for $500 million to Expedia, and they decided to hold on because they thought they can build bigger if they hold on. That's something we haven't seen in the past.
- It's also really interesting in Europe where the fragmentation in the lodging space is so different than in the United States, so attacking the lodging tech opportunity is very dynamic and interesting.
- We believe the whole hospitality technology stack is in play. We have an investment in a company called Mews Systems in Prague that is specifically focused on the international opportunity, operating in 37 countries, growing very fast, 100% cloud-based PMS (property management system). We see lots of interesting opportunities for software and services and tech out there.
- A lot has happened in alternative accommodations. Specifically vacation rental metasearch is one area we've seen a lot of activity. And in tours and activities - GetYourGuide being the most successful, but also Tiqets and some others that have been able to build businesses. Multimodal search company OMIO (former GoEuro) has proven it's possible to get a lot of investor excitement. The latest area where there

[10] https://www.cbinsights.com/research/travel-tech-startup-top-investors/
[11] https://www.phocuswire.com/Startups-part-1-investors-39-perspective

is a lot of activity is in individual travel, adventure travel - going to South Africa and doing a safari there. And then I've seen a couple of startups that have tried to do some things using AI and data points from social media to better target travel and find more individualized offers.

◆ The investment climate is a little overheated, but that's across startups in general. Valuations are probably higher than they should be. And there's too much money floating around. A lot of seed investors - I certainly feel like this - are being very careful right now because once you get a lot of money in a market like this, it gets a little scary. […] You can invest in a perfectly good company with great founders and a great market, but if your competitors have too much money and they'll spend it irrationally - hoping Expedia buys them or something - it's very hard to make a return. That's what I mean by scary, because you can't control that at all.

◆ I'm usually looking at, how do you acquire customers, and what's the marketing channel that's scalable and allows the company to become big?

◆ It's incredibly stressful to be a founder. You see how they respond under stress, you see how they respond to competition they didn't expect and you learn for next time. After a while you are like, "Yeah, this is one of the people who can make it happen." Without that feeling I don't invest. There's no way.

◆ The things I think are important are, first, a really well-defined understanding of the total adjustable market [TAM] that the company is focusing on. Small TAMs are difficult, because there's very little flexibility if the company's initial effort is off target to pivot and support the company, where larger addressable markets create more opportunity to do experimentation and discovery.

Companies need to define in very clear terms the pain, the inefficiencies, something that's clearly not working, the nature of their innovation - their core product - and their competitive dynamics. Long-term competitive dynamics, not just who's doing it now and why your startup is better. The chessboard involves anticipating moves four or five years down the line. How might incumbents respond? Are there parallel players in other industries that might move over? And then the final three steps in my view are team, financials and then progress. Every time a startup speaks with an investor, they should be able to articulate clearly the progress they've made in the last 90 days, because over time you provide evidence that you are capable of getting stuff done.

◆ In travel in particular, it helps if it is people who have been in travel before, who have ideally built a successful startup before. Travel is rather specific and complex, so it helps if someone has been there before and knows what they are doing.

◆ The classic thing is expanding too quickly. The most important thing is to have a product and to feel it has validation with the customers you want. Product-market fit. Companies that spend money and start growing before they are sure of that, it always go sideways. The other thing is in travel specifically, a lot of companies start in the consumer market without properly understanding how difficult it is to get the marketing right.

◆ The truth of the matter is, it's hard to build a business to profitability, period. We see thousands of deals to make 10 investments, and then we're wrong 40% of the

time. So it’s not typically because someone’s made a mistake, I think one of the great factors of success is timing. And timing is a function in some ways of luck.
There have been some studies that have shown what differentiates successful entrepreneurs from entrepreneurs that don’t break through are the number of failures they’ve overcome. So it really is a function of taking at bats. Very, very few people have just nailed it on their first attempt.

Key learnings in travel tech:

- Travel Tech is the segment in the hospitality industry that is most thought after by investors.
- Technologies like AI, VR, Machine Learning, Chatbots, SaaS tools, Blockchain are the key drivers of innovation in the sector.
- An organic potential to scale (large in markets like India and China) is preferred.
- A precondition for investment is a very well-defined understanding of the total adjustable market [TAM] that the company is focusing on. Small TAMs are difficult, because there is very little flexibility for pivoting the business model or for experimenting.
- The most important thing is to have a product market fit, a clear validation with the target customers. The second most relevant aspect is to get the marketing right.
- The fragmented European lodging space offers opportunities for lodging tech.
- Alternative accommodations specifically vacation rental metasearch show a lot of investment activity as well as segments like tours and activities. Areas like individual travel and adventure travel are getting attention. Using AI and data points from social media to better target travel and find more individualised offers, is another area of investor interest.
- The investment climate is a little overheated. Especially seed investors are currently cautious.

1.3.3 Incubator and Accelerator programmes for the travel and sustainable tourism industry

In spring 2018, Travel Weekly[12] estimated that we might have a global total of 15 incubator and accelerator programmes that focus on travel. Currently their start-ups seem to focus on mostly “improvements to travel planning, search, booking, customer service and more behind-the-scenes revenue management-type of problems that startups are solving." David Kolner, senior vice president, Global Member Partnerships at **Virtuoso**[13], said, “evolutionary gains in technology, versus revolutionary change, work for Virtuoso, especially when it means

[12] Travel Weekly and TravelWeekly.com are the most influential B2B news resources for the travel industry. Via a multimedia portfolio of products, Travel Weekly and TravelWeekly.com deliver all the late-breaking news, analysis and research that travel professionals need to succeed. https://www.travelweekly.com/Travel-News/Travel-Technology/Travel-startup-incubators-Evolution-not-revolution-sets-pace-of-innovation
[13] Founded in 2015, Virtuoso Incubator guides young travel tech companies in refining tools to boost advisor productivity and client service. The Virtuoso Incubator helps the network’s travel agencies span the gap between traditional consultants and today’s technology-savvy advisors, enabling them to stay ahead of the competitive curve. https://www.virtuoso.com/Marketing-Landing-Pages/Virtuoso-Incubator

increased efficiency for advisers, such as what itinerary management platforms began bringing to the trade several years ago.

"In the world of efficiency, we have a view at Virtuoso that a lot of what counts as innovation is sometimes smaller things," he said. "Yeah, it doesn't create the multibillion-dollar market cap of a company like Airbnb or Uber or super disruptive unicorn-type technology, but the reality is there is lots of innovation that is happening, and it's incrementally moving the entire industry forward."

TroopTravel[14,] a big data analytics startup, writes on its website: “Travel Tech is a buzz word these days. Big players like Google and Amazon are focusing on Travel Tech […] The importance of travel tech and innovation at the leading travel and start-up conferences is getting more and more as well.” The young companies which are showcased at start-up and pitching events are trained and prepared in a growing number of international accelerators. TroopTravel selected their top 15 programmes which include players like **Plug&Play Travel & Hospitality, Booking.com Booster, Airbus BizLab**, or **Amadeus for Startups**. For the complete list please refer to the Annex.

TACC Salzburg (which stands for Tourism ACCelerator) launched in December 2018 in Austria. Europe’s first independent start-up accelerator focused on tourism and the leisure industry has expanded its scope to include start-ups in other sectors, such as fintech, blockchain, healthcare, or mobility – as long as they have a tourism-related component. Start-ups from around the world are welcomed to apply for the first program which will support 6-8 companies in “driving business development using big data analysis, behavioural economics, and machine learning. The accelerator also provides access to markets and customers, and helps start-ups to find mentors, investors, and exit partners from its highly developed network, significantly increasing start-ups’ chances of success.”[15]

Behind TACC is Next Floor Venture Capitals in Salzburg. “Next-Floor curates a European, highly committed network of experts dedicated to the success of innovative young companies. The network supports the success of companies through capital, expertise and entrepreneurial know-how. The focus of this "Trusted Investors Network" is on the areas that naturally belong to the core competencies of the Salzburg region: art & culture and tourism. In a second focus, the network supports companies in the fields of med tech, health care and social impact.”[16]

Also in the subsegment of sustainable tourism we do find an increasing number of influential acceleration programmes among which is the **1st UNWTO Tourism Startup Competition**.[17] It is a pioneering initiative that has identified emerging companies at the forefront of the transformation of the tourism sector and the promotion of innovation ecosystems through tourism. It is organised by the World Tourism Organization (UNWTO) in partnership with Globalia, the leading tourism group in Spain and Latin America and attracted 3,000 entries from 133 countries.

14 https://www.trooptravel.com/top-travel-tech-accelerator-programs-2018/
15 http://tacc.next-floor.at/
16 http://www.next-floor.at/
17 1st UNWTO Tourism Startup Competition

In its press release of December 2018, the Organisation stated: "The competition sought innovative startups capable of changing the way people travel and experience tourism, while adhering closely to the principles of sustainability (economic, social, and environmental). […] Each project's uniqueness, viability, potential impact, business model and scalability, along with the profile of the team, were the criteria for selecting the 10 finalists.

The finalists are notable for proposing innovative projects that redefine the way people plan trips or live tourism experiences, while promoting sustainability and community participation. All this is combined with the application of technology to revolutionize business models and the management of companies in the sector.

Following the model applied on World Tourism Day, the winner has the opportunity to carry out a pilot project with the Globalia Group and the finalists will have access to the leading actors in the world tourism sector."[18]

Refundit is the winner of this inaugural edition of the Competition. The Israeli company offers an app that facilitates VAT refund for tourists visiting the European Union. The refund process is carried out through the app itself. The organisers recognized The Freebird Club as the project with the greatest sustainability impact. The platform connects seniors, providing them with opportunities to travel to different countries and meet new people in the network. Investment partner Portugal Ventures has selected Pruvo, The Freebird Club and E-bot7, supporting their project development in Portugal.[19]

Another specialised accelerator programme for travel technology start-ups in sustainable tourism is the annual **Booking Booster**, for the third time starting its three-week accelerator programme in Amsterdam in May 2019. This year, the Booking Booster programme focuses on four key areas of innovation, to address specific sustainability issues within the travel industry in need of a solution. Up to 10 social enterprise start-ups are selected and invited to the programme to help solve issues like:

1. Spreading the benefits and effects of tourism more evenly
2. Creating economic opportunities for women through travel technology
3. Promoting inclusive growth for under-resourced local communities
4. Protecting the environment

[18] http://www2.unwto.org/press-release/2018-12-10/10-finalists-announced-1st-unwto-tourism-startup-competition-collaboration-

[19] http://www2.unwto.org/press-release/2019-01-25/refundit-wins-1st-unwto-global-tourism-startup-competition

1.4 Key Trends in Sustainable Tourism

1.4.1 Overcrowding and what travellers prefer

The UN Environmental Program estimates that only $5 of every $100 spent on holiday by tourists, stays within the country and benefits the local community. Yet, 65% of travellers say they would rather seek local products over tourist souvenirs, while 53% say they'd prefer experiences organised by local communities.[20]

Booking.com research reveals that over half of global travellers are willing to stay outside of a city centre (51%) or travel during off-peak seasons (68%) to dodge overcrowding. On top of that, 47% are willing to skip major tourist attractions to seek lesser-known alternatives, with 54% stating they'd extend their stay to venture farther from tourist areas. Thus, there is opportunity for a start-up to develop a creative solution that would encourage travellers to discover under-visited areas, offering support to more local businesses in these areas.[21]

"With deeper interrogation from travellers into the sustainable practices of both their destination and accommodation choices, fuelled by their desire to travel with conscience, investment in sustainable start-ups will be considered ever more imperative. Expect to see a number of new travel start-ups and individual enterprises committed to shaping a new future for our planet's destinations emerge in the coming year, with intriguing technology at the core of their solutions."[22]

Sharry Sun, Global Head of Brand, at Travelzoo - a global publisher of exclusive offers and experiences for members[23-] presented a new international Consumer Survey on 'Overtourism: The Global Tourist's View' at ITB Congress in Berlin on 6th March 2019.

The survey focuses on 'Overcrowding' of destinations which "means that too many tourists are travelling to the same destinations, leading to environmental and social problems. The problem was first covered in 2017 in a report by McKinsey & Company and the World Travel & Tourism Council (WTTC), 'Coping with success: Managing overcrowding in tourism destinations. By 2020, the 20 most popular countries will add more international arrivals than the rest of the world combined. Now, in partnership with ITB, the world's most important tourism industry conference, and advised by Professor Dr. Roland Conrady, Scientific Director of the ITB Berlin Congress, Travelzoo has conducted an international survey[24] to gather and analyse the feelings and opinions of travellers on the subject of 'Overcrowding'.

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[20] https://www.webintravel.com/applications-now-open-for-the-2019-booking-booster-programme-focused-on-sustainable-tourism-and-social-enterprise-startups/

[21] https://www.webintravel.com/applications-now-open-for-the-2019-booking-booster-programme-focused-on-sustainable-tourism-and-social-enterprise-startups/

[22] https://globalnews.booking.com/bookingcom-reveals-8-travel-predictions-for-2019/

[23] Travelzoo® provides our 28 million members insider deals and one-of-a-kind experiences personally reviewed by one of our deal experts around the globe. With 25 offices worldwide, we have our finger on the pulse of outstanding travel, entertainment, and lifestyle experiences. For over 15 years, we have worked in partnership with more than 2,000 top travel suppliers—our long-standing relationships give Travelzoo members access to the very best deals. https://press.travelzoo.com

[24] * The global and representative online survey was conducted in January 2019 by the market research institute Norstat. 8,000 people consumers aged 18 and over in Canada, China, France, Germany, Japan, Spain, the U.K., and the U.S. Multiples answers were possible for some questions.

Travelzoo's and ITB's survey of 8,000 consumers in Canada, China, France, Germany, Japan, Spain, the U.K., and the U.S. found:

- 69% believe that protecting the local environment from tourists' damage is one of the most important issues of our time
- 52% of consumers are more concerned about the effect on local residence and infrastructure than a degraded travel experience for themselves
- 65% of consumers said they'd be open to travelling at less busy times of the year
- 43% of consumers said they are interested in supporting local brands, local small businesses, and local culture

The survey also found travellers are willing to pay a premium to tackle the problem of 'Overcrowding':

- 76% of Germans, 69% of the French, and 61% of the Spanish would pay an extra EUR 100 to EUR 300 to stay away from overcrowded destinations
- 42% of Japanese would pay an extra JPY 30,000 to stay away from overcrowded destinations
- 41% of Canadians would pay and extra CAD 500 to stay away from overcrowded destinations
- 31% of Chinese would pay an extra CNY 4,000 to stay away from overcrowded destinations
- 28% of British would pay an extra GBP 500 to stay away from overcrowded destinations
- 19% of U.S. travellers would pay USD 1,000 to stay away from overcrowded destinations"

Sharry Sun concluded that "these results show it will become increasingly important for consumers to see alternative choices of destinations. […] The interesting insight for us from the data is that a significant number of consumers are willing to pay more to stay away from overcrowded destinations."[25]

[25] https://press.travelzoo.com/travelzoos-global-head-of-brand-sharry-sun-to-present-consumer-survey-on-overcrowding-at-itb-berlin/

2 Methodology - Process

For compiling the necessary data for the Mapping European Financiers Report, which focuses on financiers investing in start-ups in the area of sustainable tourism, we applied the following methodology:

- Extensive secondary research has been undertaken by the Partnership to identify relevant investors in Europe with a focus on sustainable tourism. Data was collected between July 2018 and March 2019.
- Media Deals created a Database for the Partners to fill with information coming from their networks.
- The form was designed to capture details on the type of investors (lead investor or other), their country, respective investment phases, rounds and amounts, on the start-up names, short descriptions, sub sectors as well as products or services, websites, years of creation, and the names of their founders.
- The data was sent back to Media Deals, who compiled and synchronised the information, analysed the facts and created statistics for this report.
- Media Deals contacted its own investor network and conducted desktop research using platforms like Crunchbase[26], AngelList[27] and the European Investment Project Portal (EIPP)[28].
- The final version of the consolidated data sets is presented in the current report.
- A Summary and Conclusions at the end of the report highlights key finding of this research.

2.1 CAST Partners providing Research Data

The following CAST Consortium Partners, listed in alphabetical order, researched and submitted data as part of the Mapping of European Investors Report:

[26] Crunchbase is the leading platform for professionals to discover innovative companies, connect with the people behind them, and pursue new opportunities. Over 50 million professionals—including entrepreneurs, Investors, market researchers, and salespeople—trust Crunchbase to inform their business decisions. www.crunchbase.com

[27] AngelList is a U.S. website for startups, angel investors, and job-seekers looking to work at startups. Created in 2010, the platform has a mission to democratize the investment process and to help startups with their challenges in fundraising and talent. It started as an online introduction board for tech startups that needed seed funding. Since 2015, the site allows startups to raise money from angel investors free of charge. https://angel.co

[28] The European Investment Project Portal (EIPP) was established by the European Commission in order to provide greater transparency about EU investment opportunities. It is part of the Investment Plan for Europe and is designed to support investment in the real economy.
The Portal offers EU based private and public project promoters a convenient way to boost the visibility of their investment projects by simply filling and submitting a project form. EIPP will show-case these projects in a structured user-friendly way and will thus attract investors worldwide, who will be able to reinforce their own pipelines with more European projects. https://ec.europa.eu/eipp/desktop/en

Table 6 Partners contributing to the Mapping of European Investors

Creative Business Cup	**CBC:** Creative Business Cup is the global initiative for entrepreneurship and innovation Creative Business Cup empowers entrepreneurs in the creative industries, connects them to investors and global markets and strengthens their innovative capabilities to the benefit of industry and society. Ultimately, Creative Business Cup is about change and empowerment, supporting entrepreneurs around the world.
ceei BURGOS	**CEEIB**: CEEI BURGOS was founded in 1994 as a tool specializing in local development under the model, quality criteria and sponsorship of the European Commission, and promoted by regional and local organisations and institutions with a strong commitment to boost the social and economic development of our territory.
ceeiM CENTRO EUROPEO DE EMPRESAS E INNOVACIÓN DE MURCIA	**CEEIM**: CEEIM, the Business Innovation Centre of Murcia, was born in 2007 with the mission of supporting innovative business initiatives and promoting the consolidation and modernization of companies through innovation. It works every day in the support, encouragement and promotion of entrepreneurship, especially on high technology fields, innovation and creativity.
CyRIC	**CyRIC BIC**: CyRIC is a Research and Innovation Center developing disruptive products for the world markets and providing unique, high quality services to the industry. CyRIC is also the certified Business Innovation Center EU-BIC supporting the Cyprus entrepreneurial ecosystem. It offers Research and Innovation Services for its customers in the fields of engineering design and prototyping, electronics, communications and networks and IT/Software solutions. In addition, a number of specialised consultancy and entrepreneurship services are offered to startups and SMEs including investment and funding opportunities.
ebn innovation network	**EBN**: EBN is a network of around 140 quality-certified EU|BICs (business and innovation centres, incubators, accelerators and other support organisations) and approximately 100 Associate Members that support the development and growth of innovative entrepreneurs, start-ups and SMEs. EBN is a community of professionals whose day-to-day work guides these businesses to grow in the most effective, and efficient way, delivering sustainable impact.

LAZIO INNOVA	**Lazio Innova:** LAZIO INNOVA, an in-house company of the Lazio Region, also a subsidiary of the Chamber of Commerce of Rome, works to the benefit of businesses and local public administration in the provision of incentives based on regional, national and / or European resources; in supporting credit and issuing guarantees; in interventions in risk capital; in services for internationalization, promotion of business networks and regional excellence; in services for birth and business development; in measures for social inclusion. It also performs specialist technical assistance to the Lazio Region, with particular reference to the implementation of European and national programming.
mediadeals	**Media Deals**: Media Deals is a pan-European investor network gathering business angels and early-stage venture capital funds focusing on Creative Industries and digital media. Since its creation in 2008, Media Deals has been promoting and encouraging early-stage equity investment in high-growth startup companies Audiovisual, Digital Tools, Disruptive Models and Cutting-Edge Media Technologies.
WestBIC	**West BIC**: WestBIC is your support partner to drive and deliver high quality start-ups. Established in 1997, WestBIC is the Official EU Business and Innovation Centre for Irelands Border, Midlands and Western Region. On a Public Private Partnership basis, WestBIC has already invested in making the global standard of innovation support available in the Region to start ups, early-stage SMEs and to our wider stakeholder networks.

3 Who Invests In Start-Ups In Sustainable Tourism?

3.1 Introduction

Typical investment in European start-ups shows a strategical build-up and occurs in three main phases:

Pre-Seed: the founding team receives a small investment before an MVP (minimal viable product) is established while the business model still needs finetuning. The funds are used for reaching a critical milestone, often for hiring additional key expertise to develop a prototype.

The invested amounts researched for this report vary a lot and can be as low as 10K euros and as high as several hundred thousand euros. Common Investors are friends and family, early-stage business angels, and start-up accelerators.

Seed: the funding supports the product development with the goal to achieve first market traction, to test pricing policies, ideally even generate first revenues. In this phase, start-ups collect crucial feedback from target customers which helps them to adjust products and services and to potentially modify their business model.

According to the provided data, investments made in sustainable tourism companies typically range from 100K euros to just below a million euros. Traditional investors are business angels and angel syndicates, early-stage VCs, and start-up accelerators.

Series A: when readying for their round A, start-ups can prove that their products and services are market fit and supply a growing demand. Their ability to attract new customers leads to increasing revenues which indicate a growth and scale potential of the company, provided it can quickly expand its sales by opening-up new sales and marketing channels.

Reported investment amounts vary between 200K euros to 25 million euros. Investors at this stage are business angel syndicates or individuals so-called ‘super angels’, and of course VCs. Once young companies have successfully survived these typical start-up phases, they can ideally begin to scale their business. This is possible e.g. if they can expand into different market segments. **Series B** investment by VCs and late-stage VCs facilitate this growth. Large scale expansion (often geographically) which requires hiring specialists or opening new offices in other countries are financed through **Series C+** rounds, undertaken by late-stage VCs, private equity firms, hedge funds, and banks.

In the context of this report’s subject of mapping European investors active in financing sustainable tourism companies, investment was done predominantly at the first three stages of Pre-Seed, Seed and Series A.

3.2 Quantitative Data Analysis

3.2.1 Which kind of investors invest in Sustainable Tourism and how much?

Out of a total of 85 investments, in 56 cases CAST Partners could identify for this report information on the types of investors and the amounts they invested in tourism start-ups with a sustainable profile.

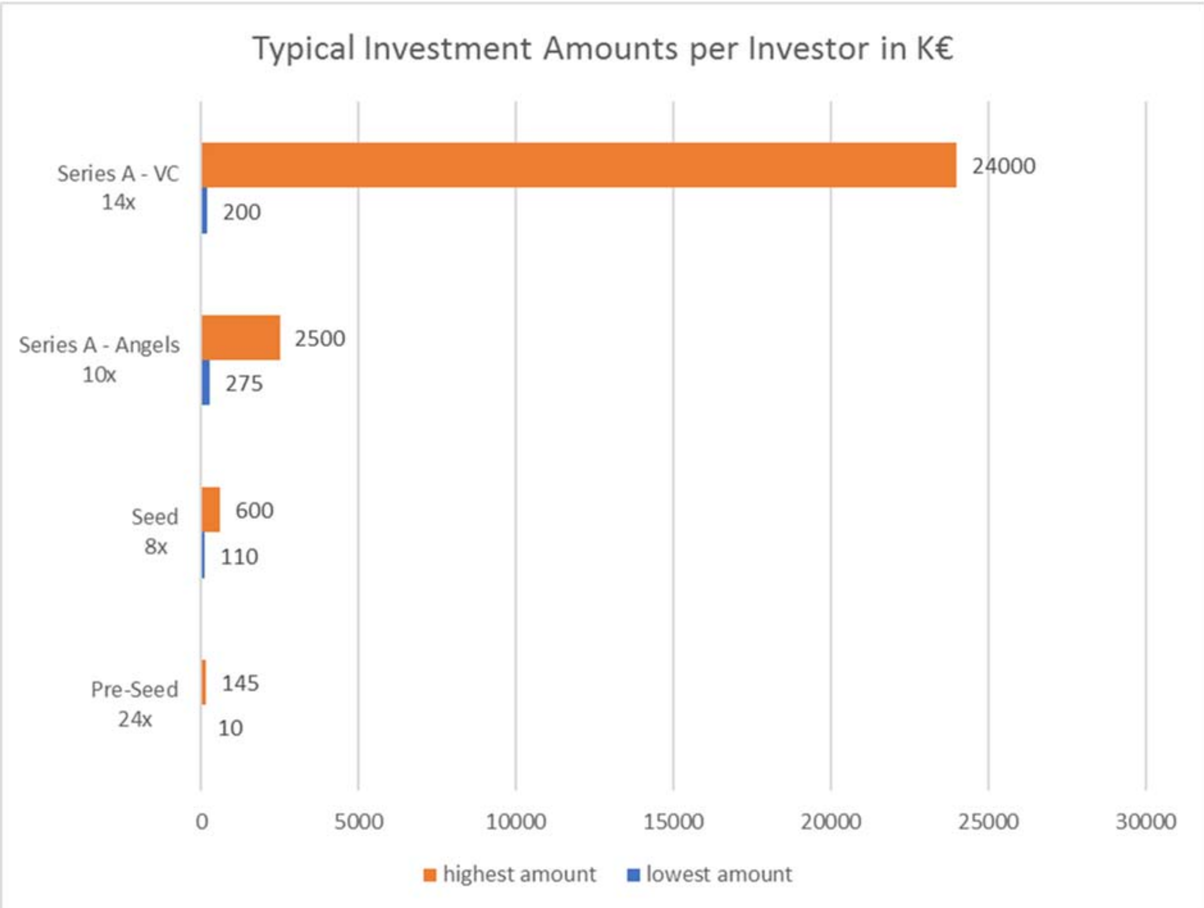
In the Pre-Seed phase 24 investors invested between 10K euros to 145K euros, with one exception of 2million which was led by U.S. investor Sequoia Capital with HV Holtzbrinck Ventures being the European partner.

Seed Investment was flowing into 8 companies with the lowest ticket size of 20K euros and the rather typical amounts ranging from 110K euros to 600K euros.

Series A investment was provided by Business Angels in 10 cases with investments between and 275K euros to 2.5M euros.

But also 14 VCs engaged in Series A investments. Their lowest ticket overlapped with the size of angel investments and started at 200K euros, reaching as far as 24M euro. In this category we could see another exception driven by U.S. financier Level Equity, an 80M euros investment into Spanish company Evaneos.

Table 1 Typical Investment Amounts per Investor in K€



The table above shows that the highest number of investments were done in the Pre-Seed phase of start-ups (24). The second most transactions were undertaken by Venture Capital firms for Series A investments (14). This general picture corresponds with investment rounds in other European industries and is not sector specific but very typical for equity investment in Europe.

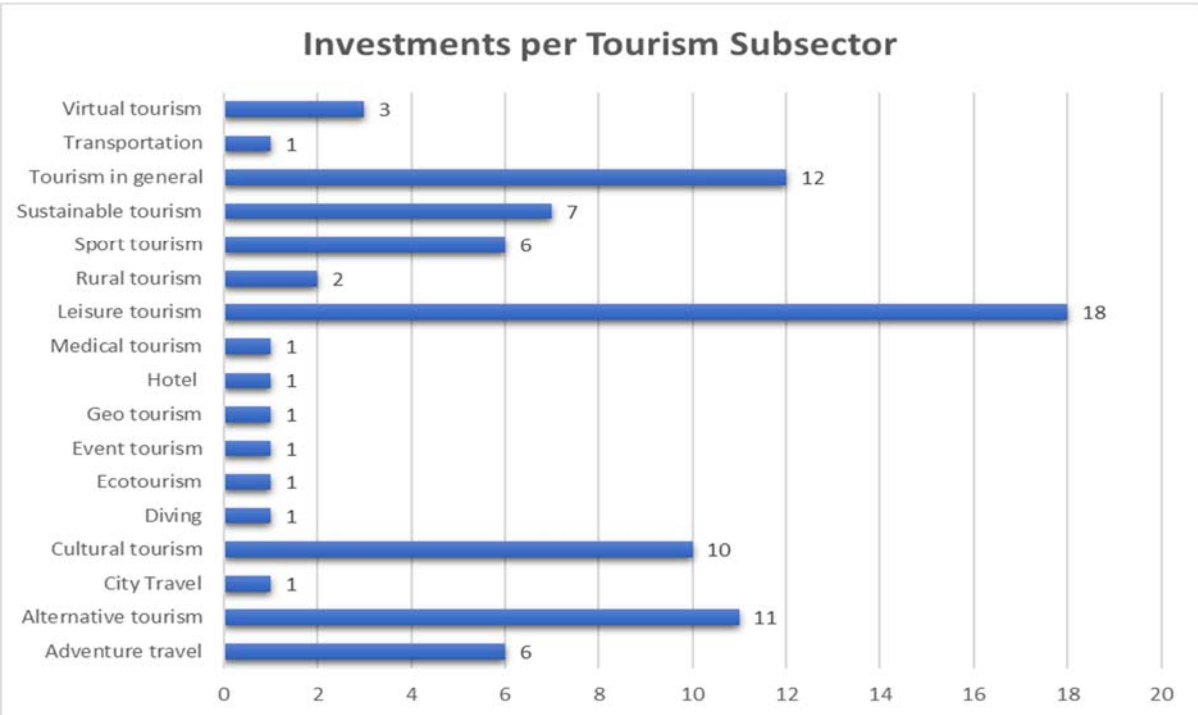
The investment amounts show a trend towards blurring the lines between the typical funding rounds. This development seems to be caused by more actors engaging in start-up investments and many more start-ups looking for finance. Today it is not unusual to see VCs active in Pre-Seed investment, the classic domain of Accelerators and Business Angels, as the example given above confirms. In search for the next big champion, risk capital providers' willingness to enter early-stage thus higher risk investment is growing and increases the competitiveness among financiers. This rising pressure makes it more difficult for characteristic pre-product investors to attract promising start-ups and makes it more important than ever for them to highlight tangible benefits for founders to opt for their funds.

3.2.2 In which subsectors did investors invest in?

The tourism industry has defined several official subsectors: Alternative Tourism, Adventure Travel, Atomic Tourism, Bicycle Tours, Cultural Tourism, Ecotourism, Geotourism, Industrial Tourism, Medical Tourism, Railroad Attractions, Religious Tourism, Rural Tourism, Space Tourism, Sport Tourism, Sustainable Tourism, and Virtual Tourism. We included a category Leisure Tourism and adopted descriptions and definitions of start-ups in cases where an attribution to a given subsector was not possible otherwise.

Of the total of 85 identified investments, information on the financed tourism subsector was provided in 83 cases. Table 2 below shows a clear preference of investors who favoured Leisure Tourism (18 investments) or Tourism in General (12) over other segments. The next attractive subsectors are Alternative Tourism with 11 and Cultural Tourism with 10 investments. A third group is led by Sustainable Tourism (7) and adventure as well as Sport Tourism each with 6 investments. Virtual Tourism (3) leads the remaining sectors with Rural Tourism (2) and each one investment in eight other categories from City Travel or Diving over Eco- and Geo to Medical Tourism and Transportation.

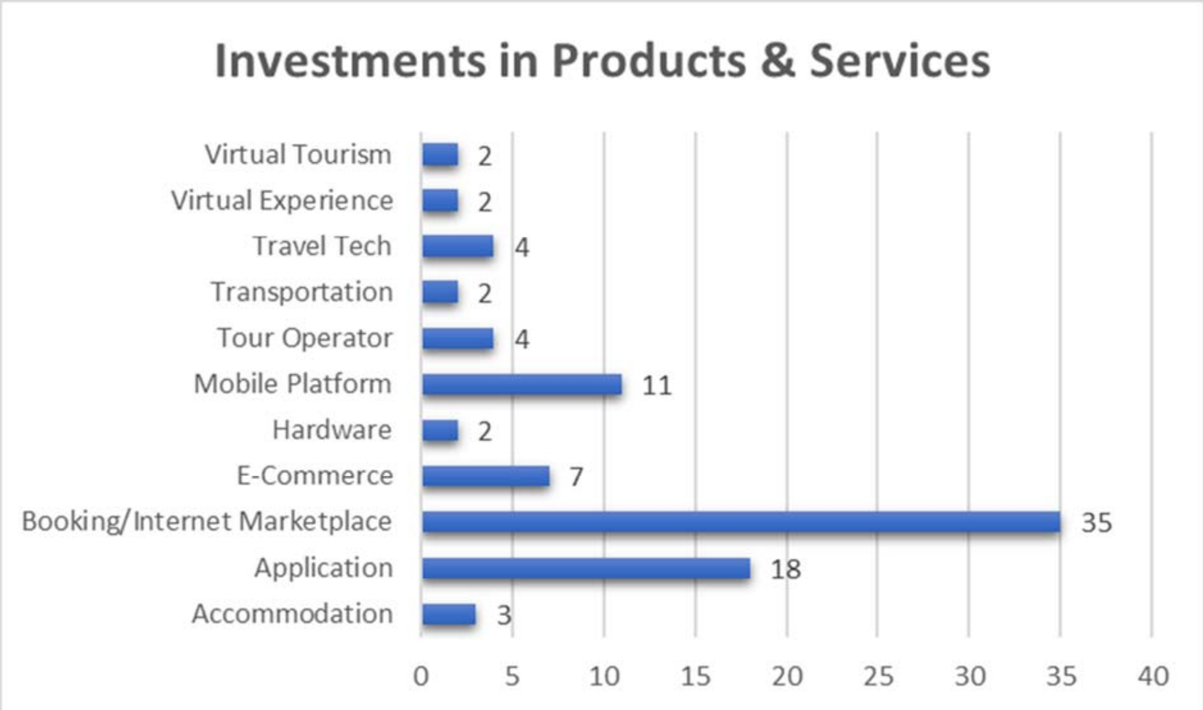
Table 2 Investments per Tourism Subsector



3.2.3 In which Products and Services did investors invest in?

We tried to label the different products and services researched start-ups are offering by creating the following categories: Application; Accommodation; Booking/Internet Marketplace; E-Commerce; Hardware; Mobile Platform; Tour Operator; Transportation; Travel Tech; Virtual Experience; Virtual Tourism. When a product or service was rooted in several categories, we mention them in several areas (such multiple nomination occurred five times).

Table 3 Investments in Products & Services



The result of the categorisation offers a clear picture: investments predominantly went into Booking Platforms and Internet Marketplaces (35). With some recognisable distance, the second most interesting investment group is Application (18) which stands for mobile software solutions. These two groups represent 46 of the total 90 classifications (and of 85 investments) thus show a clear preference among investors.

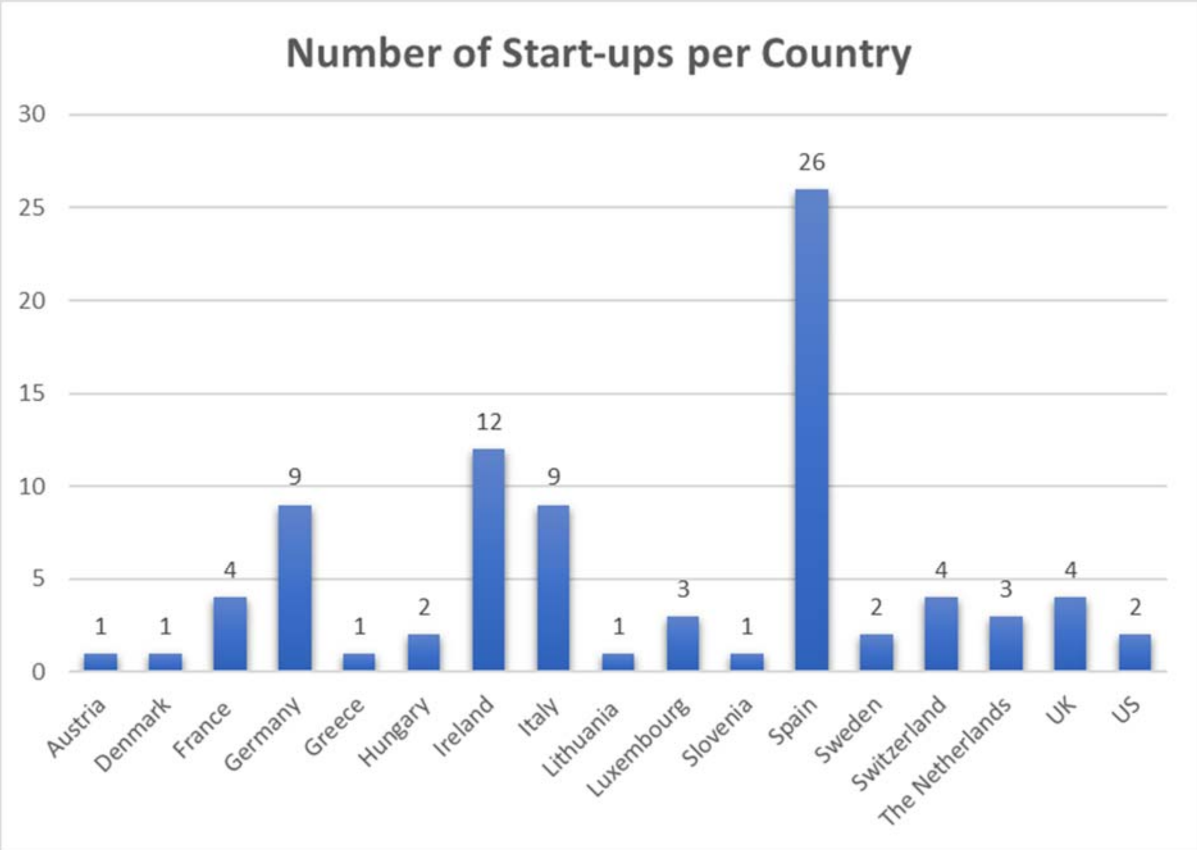
The second half of products and services which attracted investment begin with 11 cases labelled as Mobile Platform (platform solutions in B2B or B2C), show 7 investments in E-Commerce solutions 4 investments each in Travel Tech start-ups and Tour Operators. It is interesting to see that 4 start-ups in the area of 'virtuality' were supported of which two offer Virtual Experiences and two Virtual Tourism more generally.

3.2.4 In which countries are the start-ups located?

Our research shows that the 85 investments were spread across 17 countries. Due to CAST Partners' particularly local information sources it is no surprise to see that most investments went into start-ups in Spain (26). Irish companies received investments in 12, Italian and German founders in 9 cases. Four times investments went into companies in each France, Switzerland and the UK. Our database shows 3 investments going into Luxembourg and The

Netherlands and 2 investments in each Hungary, Sweden, and the U.S. One investment occurred each in Austria, Denmark, Greece, Lithuania, and in Slovenia.

Table 4 Number of Start-ups per Country



3.2.5 From which countries are investors originating?

Below graph shows from which countries respective lead investors come (investors leading a group of investors from different nationalities or being the only single investor).

Most investors come from Spain (16) followed by 12 investors out of Ireland which underlines the earlier mentioned 'partner effect' on the collected data. The second strongest group is led by The Netherlands (8 investors), Italy with 7 and Switzerland with 5 investors.

The third group sees Germany and Luxembourg equally with 4 lead investors each, followed by 2 investors from the U.S. The 6 remaining countries each showed one investment.

Again, these numbers are by no means representative, they give us a first sense of orientation of who is active in the European market place. The data confirms however, that start-up investment is mostly local also in the area of sustainable tourism.

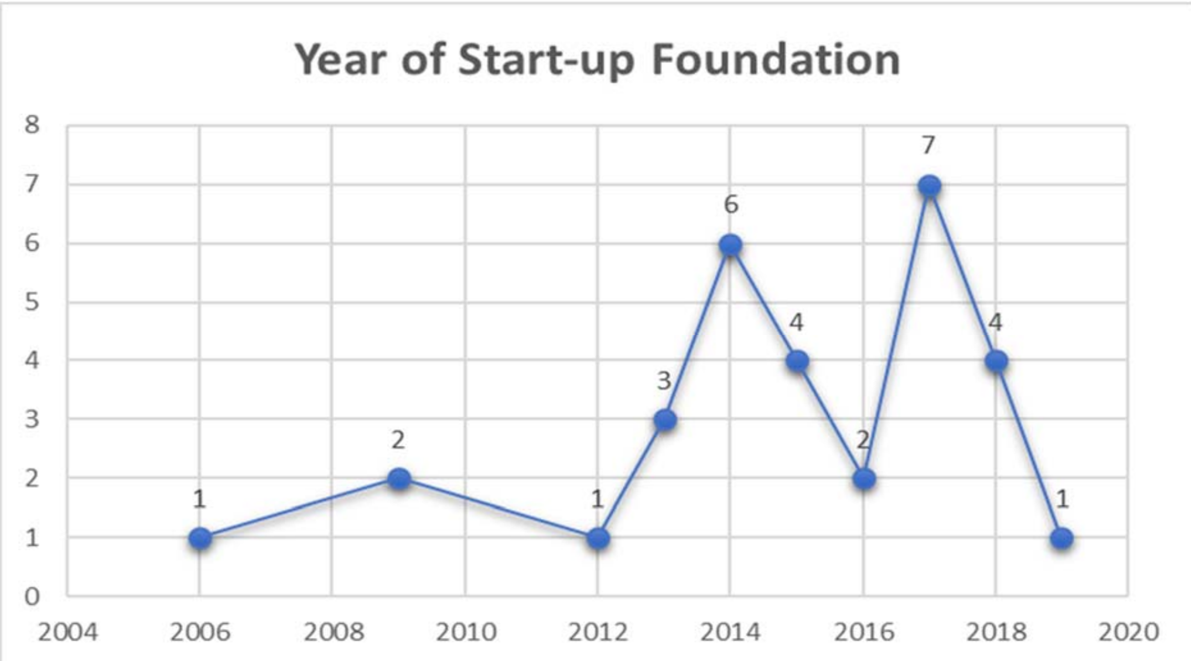
This phenomenon is linked to the nature of early-stage financiers who tend to invest in markets they know best and, especially in the case of Business Angels, offer young founders their sector expertise through mentoring or as a board member, therefore need to be physically close to the management team.

Table 5 Countries of Lead Investors as of March 2019

3.2.6 When were the Start-ups founded?

In only 31 out of 85 investments information was provided on the year of the start-up foundation. Below graph shows that investors financed mostly companies founded in 2017 (7) and in 2014 (6). With only 36% available foundation dates, this curve expresses no relevant investment decisions. However, it shows that the CAST Partnership covers businesses which go back until the year 2006 and include one company created as recent as in 2019.

Graph 3 Year of Start-up Foundations



3.3 Qualitative Data Analysis

3.3.1 Investors' Who is Who

In this section we try to identify potential specialists in sustainable tourism. Below table offers an overview of the lead investors we could identify per deal, grouped by the countries of their origin and of investors they partnered with in some of the investments they made.

Investors Active in Sustainable Tourism

grouped by county

Countries	Lead Investor	Lead Investor Description	Partner Investors
Austria	Pioneers Ventures	Pre-seed investor empowering outstanding start-ups with a global network of corporates, industry experts and entrepreneurs.	Ringier Digital (Switzerland) invests into innovative digital start-ups, which offer a clear unique selling proposition in the consumer internet space combined with business model innovations.
Czech Republic	J&T VENTURES	J&T VENTURES is an early stage venture capital fund that invests in promising technology start-ups from CEE, SEE, Nordics and Baltic region.	
Denmark	Sunstone Capital	Venture Capital Fund	NGP Capital (U.S.), Highland Europe (Switzerland), Battery Ventures (U.S.), H14 (Italy), Spark Capital (U.S.), KKR & Co. (U.S.), Atlantic Labs (Germany)
Estonia	Change ventures		
Germany	TA Ventures	early-stage VC fund focused on investments in Mobility, Digital Health, and AI/ML.	Howzat Partners (Luxembourg), Digital Tech Fund (Luxembourg), BA4V Fonds I GmbH & Co. KG (Germany)
Switzerland	Redalpine Ventures		Howzat Partners (Luxembourg); HR Ventures (Germany)
Switzerland	Polytech Ventures	Early stage VC investing in software companies aiming at creating a bridge between Switzerland and the US	
Switzerland	GoBeyond	Family and friends' pre-IPO round (Switzerland)	
Switzerland	Techstars, Venture Kick,Leadx	Seed Funding	Unspecified
Ireland	HBAN	Angel Syndicate	State and Private Investors

Ireland	Enterprise Ireland	State Investor	Angel Syndicate
Italy	LUISS ENLABS	Impact Hub Milan	Pre-Seed Financiers
Italy	Lventure Group	Seed Round Venture Capital Fund	Cavallo Consulting, USA
Italy	Lazio Region	Institutional	
Italy	Family Investor	Private, Business Angel	
Italy	Invitalia	Venture Capital Fund	
Luxembourg	HOWZAT Partners	Seed, Series A, Venture	Danish Growth Fund, VF Venture (Denmark), Crowdfunding, Business Angels in Oresund Region
			Tranquility Capital (Sweden); Entreprenör Invest (Sweden); Almi Invest (Sweden) is a venture capital company that invests in Swedish companies with scalable business models.
			Verve Capital Partners (Switzerland), Polytech Ventures (Switzerland), HR Ventures (Germany), Swiss Life Lab (Switzerland), Cavalry Ventures (Germany)
			IBB (Germany), Tengelmann Ventures (Germany), MairDumont (Germany)
Spain	Iberaval	Private financiers	
Spain	City Hall of Burgos	Public founds	
Spain	Venturcap	Funding round	Caixa Capital RiscyAlsa ES
Spain	Top Seeds Lab	Direct investment	
Spain	Caixa Capital RiscyAlsa	Funding round	Big South (Spain)
			Fides Capital (U.S.); Faraday Venture Partners (Spain); Pinama Inverstartups (Spain)
Spain	Venturcap	Funding round	
Spain	Ona Capital	Funding round	
Spain	Lanzadera Accelerator	Seed Round	Angel Capital finds and supports entrepreneurial leaders capable of leading a business project.
Sweden	I Love Lund AB	Angel Group	Equity group

Switzerland	Redalpine Ventures	Funding round	Howzat Partners (Luxembourg); HR Ventures (Germany)
Switzerland	Polytech Ventures	Early stage VC investing in software companies aiming at creating a bridge between Switzerland and the US	
Switzerland	Techstars, Venture Kick,Leadx	Seed Funding	Unspecified
The Netherlands	Booking.com B.V	Booking Booster - Scaling grants of up to €500k (tot. €2 million fund) as part of the Booking.com Booster Programme	
UK	Founders Factory	Seed Funding	
USA	Level Equity	Venture Capital	Isai, Xange, Partech
USA	Sequoia Capital	Venture Capital	HV Holtzbrinck Ventures (Germany), Spark Capital (Germany)
USA / Germany	Accel Atlantic Labs	Angel Round; Series A *Accel:* is an early and growth-stage venture capital firm that powers a global community of entrepreneurs. *Atlantic Labs*: Early backing of mission-driven founders working on transformative technology ventures.	Groupe Arnault (France)

The table shows that several private funds added start-ups to their investment portfolio which are operating in the area of sustainable tourism. Five equity providers were mentioned several times:

- Howzat Partners in Luxembourg engaged in 7 investments, in 4 of which as a lead investor, in 3 cases as a partner in a bigger investor group. Preferred co-investors come from Luxembourg, Germany, Switzerland and Sweden.
- Booking Booster invested in 7 start-ups through its acceleration lab in Barcelona (powered by Booking.com).
- HBAN, the State Investor and Angel Syndicate supported 5 companies in Ireland.
- Top Seeds Lab invested in 5 Spanish start-ups.
- Caixa Capital Riscy Alsa was also active in 4 investments in Spain.
- HR Ventures partnered in 2 cases with Swiss and German equity partners.

This picture confirms that investment is typically local – like in most cases of early-stage investment - and that we can see trusted relationships between financiers once bigger syndicates are formed.

The two most active investors are the Barcelona-based accelerator from Booking.com called Booking Booster which offers grants and venture capital provider Howzat Partners with operations in Luxembourg and London:

HOWZAT Partners currently holds a portfolio of 79 companies:

Howzat Partners is a venture capital firm specializing in incubation, seed, start up, growth capital, early stage, and mid venture investments. The firm seeks to invest in digital businesses with a focus on internet, digital media, e-commerce companies. It invests globally. It acts as a sounding board. The firm also makes co-investments. Howzat Partners was founded in 2006 and is based in Luxembourg and London.

"HOWZAT Partners doesn't have oodles of money, so we have been very selective about our investments. We try to invest in outstanding, early-stage companies with demonstrable evidence of real traction, where we believe we can add value and bring skills which complement those of the talented teams which we actively support."

Investment Stage: Convertible Note, Early Stage Venture, Seed

Number of Exits: 11

HOWZAT Partners' most notable exits include trivago, WAYN, and Wool and the Gang. trivago is an online hotel search platform that compares prices from various hotels on booking sites worldwide.

https://www.howzatpartners.com

Booking Booster

Booking Booster is a 3-week, zero-equity accelerator programme and €2 million fund to support scale-ups to grow their sustainable tourism venture.

"In 2017, we launched the Booking Booster Programme, which brought 10 top scale-ups[29] to Amsterdam in order to support the development of their businesses and growth plans over the course of three intensive weeks. We believe that by supporting startups and scale-ups at different stages in their journeys and by offering the right kind of guidance and assistance when they need it most, we can work together toward a more sustainable future for the global travel industry.

In 2018, we hosted our second Booking Booster Programme. 10 more sustainable tourism scale-ups joined us in Amsterdam to put their business plans and impact to the test. To learn more about who participated and the outcome, visit our blog. As we go into our third year,

[29] Out of the 10 selected companies only 7 start-ups meet our criteria of being located in the Member States of the European Union.

Booking.com is calling startups from around the world that are building technology-driven solutions to sustainable travel challenges to apply to participate in the 2019 Booster and compete for a share of our €2 million fund."

Booking Booster has made 2 investments. Their most recent investment was on June 1, 2018, when they invested $330K in Wheel the World, U.S. https://booster.bookingcares.com

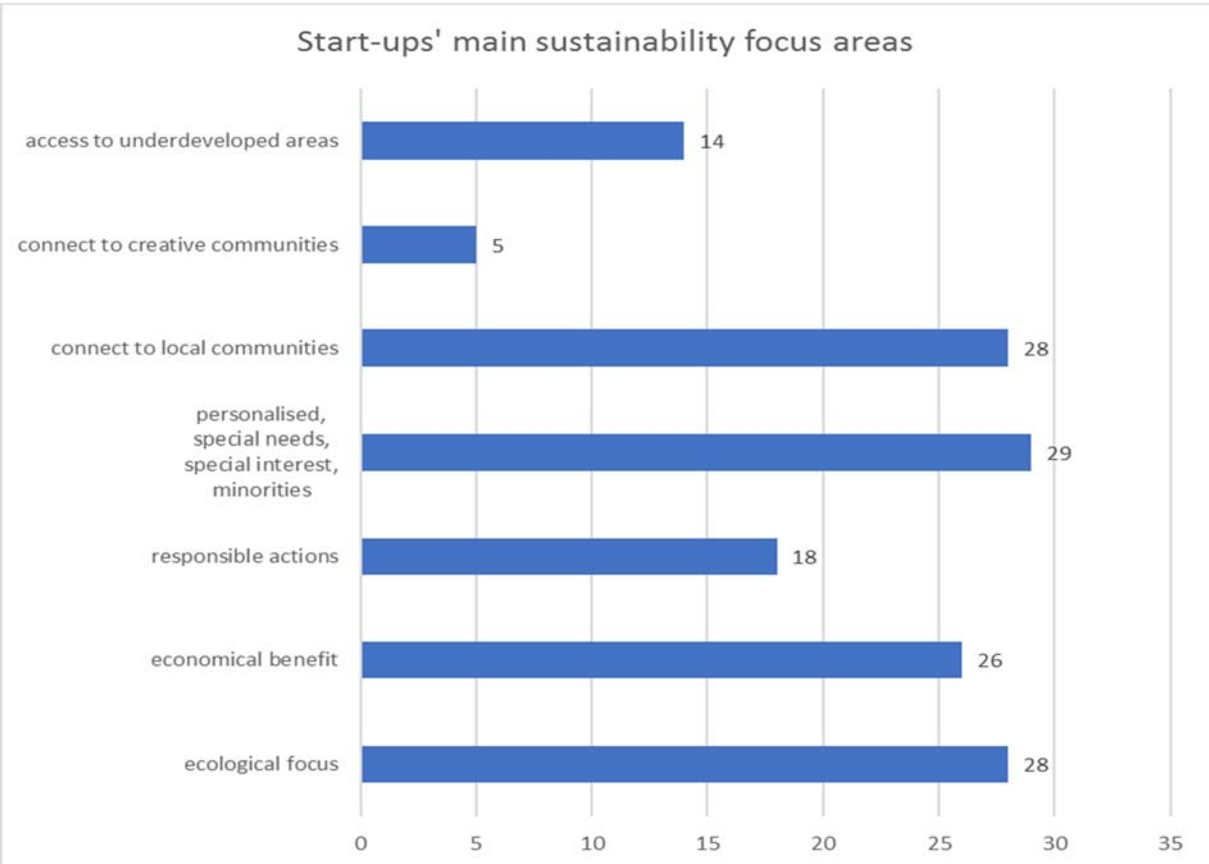
3.3.2 Which areas of sustainability do start-ups focus on?

Even though it is not easy to categorise the areas in which the researched start-ups offer sustainable products and services without being at risk of over-generalising their propositions, we tried to create an overview according to the specialisation they choose. Multiple nominations helped to better understand intercorrelations between focus areas.

The clustering results into seven groups:

1. an ecological focus,
2. economic benefit,
3. responsible actions,
4. personalised offers that cater to special needs or interests or to minorities,
5. a connection to and empowering local communities,
6. opening access to creative communities,
7. and allowing access to underdeveloped, 'hidden' locations.

Table 6 Start-ups Main Sustainability Focus Areas



We can see that new offers in sustainable tourism are based on combining personalised services and products (29) with access to local communities (28) and with ecological responsibility (28). In other words, the majority of start-ups has identified a particular type of customer among travellers and provides tailored, ecological services and products by engaging local communities and specialists. Because of this blend, the companies are able to recommend exactly those travel experiences which their clients are interested in on one hand. On the other hand, their business proposition convinces investors as it meets a growing demand in the market and comes with attractive economic benefits (26) for the paying traveller (costs savings) as much as for the community (new sources of income).

Many start-ups underline their value of responsibility in their product and service descriptions (18) and several build their business models around offering access to underdeveloped, remote or 'hidden' locations (14).

Thus, on one hand these young companies respond to the needs of travellers with particular interests (e.g. sports and adventure travellers, LGBT community, etc.) or with special needs (e.g. people with mobility problems or in wheelchairs, etc.). On the other hand, they service tourists who are looking for authentic experiences, are conscious of their responsibility for communities and their environment, who are not after mass tourism attractions and favour an individual local guide helping them to explore a destination from an insider perspective. This type of traveller is interested in connecting with local and creative communities, with likeminded people and, at the same time, is very budget-conscious and expects seamless web and mobile solutions for organising the booking and payment procedures as well as the trip itself.

3.4 Alternative financing sources: Crowdfunding

3.4.1 Introduction

"As the crowdfunding industry continues to grow exponentially year on year, it is no surprise that one of the world's most prevalent industries has started to take note of the potential that lies in crowdfunding, and more and more we are beginning to see projects appear from the travel sector."[30]

Alternative financing through the crowd had multiple success stories in the travel industry with hotels and developers raising the necessary capital for their projects through the crowd. One of the first to pioneer this trend was TribeWanted (http://www.tribewanted.com/), a sustainable, off-grid tourism company that has multiple sites around the world. They launched a crowdfunding campaign back in 2006 when crowdfunding itself was still in its infancy, raising around $120,000 for a property in Fiji by selling off a week to each backer at $120 per person. Already in 2015, the first crowdfunding round for turning the estate Weissenhaus at the coast of the Baltic See into a 5-star luxury resort launched already 2015 on Berlin based platform Companisto. In 2016 Weissenhaus raised a second round of €6.3m from crowdfunding from more than 1400 investors to fund an expansion of their property.

[30] https://www.leocrowd.com/blogs/Crowdfunding-and-Tourism

Crowdfunding helps innovative tourism ideas succeed often more than banks to fund their visions. This breaks down the barriers between consumers and business owners, creating a sense of shared purpose between fundraiser and investor. Thus, crowdfunding can be useful for sustainable development and ethical tourism businesses. Below case-study highlights one such success story from last year.

3.5 Crowd-financing Case Study - SRPR.ME

Crowdfunding case study on surprise online travel agency srprs.me.

Description: srprs.me want to make passengers aware of their footprint and invest in a product to make it more sustainable. With a part of the raised money, srprs.me wants to offer new sustainable products, such as eco-friendly accommodation, train travel and travelling by the electric car. The company also suggests encouraging travellers to compensate their CO2 emissions for a complete journey.

Number of financiers: 489 funders

Investment target: € 750.000

Funds raised as of Nov 2018: € 885.650, exceeding the target by € 13.565

Use of funds: growth capital to increase srprs.me's market share, to automate the booking system and make the supply more sustainable and to expand into The Netherlands, Belgium and UK.

Type of funds: convertible loans on crowdfunding platform Oneplanetcrowd, with an interest rate of 7 per cent and a term of 58 months. https://www.oneplanetcrowd.com

Next planned funding round: € 2 million

Website: https://srprs.me/

4 Summary, Conclusions and Outlook

The CAST Partnership collected data on 85 investment cases whose start-up foundations go back until the year 2006 (with one company being created in 2019) and that allow us to sketch a first overview of who is investing how much into which kind of companies.

We see that most investments by Accelerators, Public Funds and Business Angels went into the Pre-Seed phase of start-ups followed by transactions undertaken by Venture Capital firms for Series A investments. Invested amounts show a trend towards blurring the lines between the typical funding rounds:

- Pre-Seed: 10K euros to 145K euros;
- Seed: 110K euros to 600K euros;
- Series A provided by Business Angels: 275K euros to 2.5M euros;
- Series A provided by VCs started at 200K euros, reaching as far as 24M euro.

The data shows that investors favour start-ups in Leisure Tourism or Tourism in General over other segments with the next attractive subsectors being Alternative Tourism and Cultural Tourism.

By a majority, investments went into Booking Platforms and Internet Marketplaces followed by Applications. These two groups account for 46 of the total 90 classifications, thus showing a clear preference.

The data confirms, that investment in start-ups active in sustainable tourism is mostly local due to early-stage financiers' profiles and expected personal engagement.

Information provided on the investors or investor syndicates shows the appearance of two specialists:

- Howzat Partners, founded in 2006 with offices in Luxembourg and London, is a globally active venture capital firm specializing in incubation, seed, start up, growth capital, early stage, and mid venture investments. The firm seeks to invest or co-investment in digital businesses with a focus on internet, digital media, e-commerce companies.
- Booking Booster was founded in 2017 and is a 3-week, zero-equity accelerator programme and €2 million fund to support scale-ups to grow their sustainable tourism venture.

Investees develop sustainable offers for travellers with particular interests (e.g. sports and adventure travellers, LGBT community, etc.) or with special needs (e.g. people with mobility problems or in wheelchairs, etc.). They service responsible travellers looking for authentic experiences outside mass tourism, who want to explore destinations as insiders through individual local guides, who like to connect with local and creative communities and likeminded people. These start-ups develop seamless web and mobile solutions for easy booking and payment procedures as well as for recommending customised travel experiences. Furthermore, companies understand the cost awareness of their customers, thus providing new pay-per-use models (e.g. hotel room charges per hour) or travel packages which are reasonable because they directly link travellers and locals.

We might conclude that the analysed data suggests trends in the area of sustainable tourism that correspond with the trends, reports, surveys quoted in chapter 1.3 und 1.4. Investors trust start-ups which have a precise solution for their target customer's problems. As a consequence, these companies build products and services that facilitate:

- automated still personalised services,
- being local anywhere,
- authentic, local, story-driven experiences,
- curated, creative content and recommendations.

Investors seem to be attracted by technology solutions that are designed to exactly solve target travellers' problems as mentioned above. Start-ups' ability to clearly identify the pain points of their clients, to add value to their tourist experience, maybe to even exceed their expectations by offering highly individualised services enabled by artificial intelligence convinces financiers.

Equally important is the added value start-ups deliver to those who are running hospitability services like hotels, tour operators, or guides, etc. They all need precise and targeted performance analytics to optimise their products and services. Investors acknowledge the growing importance of an individualised, sensible and responsible tourism and of start-ups which build smart technologies, digital platforms, marketplaces and apps that cater to the needs of conscious travellers and of sustainable tourism destinations and their dedicated hospitability specialists. Like in any other start-up segment, investors expect to work with management teams who are fully dedicated to boost their companies' potential to scale.

4.1 Outlook - Which trends will we see in 2019?

In October 2018, Booking.com revealed 8 travel predictions for the year 2019. "From cultural exchanges and eco activism, to virtual agents and a 'less is more' mentality – here are the biggest travel trends" that are relevant in the context of this report:

1. **The Appren-trip**

When looking at the most popular kinds of trips with purpose, 68% of global travellers would consider participating in cultural exchanges to learn a new skill, followed by a volunteering trip (54%) and international work placements (52%).

2. **Easy does it**

The winning innovations will be those that can seamlessly offer these technologies as a practical solution to travellers. Think keyless room-access with your phone, personalized travel tips or a robotic concierge who can communicate with guests in their mother tongue.

The innovations that will have us truly excited won't be the most futuristic or exotic, with travellers more enthusiastic about real-time luggage tracking through a mobile app (57%) and having a single app for all their planning, booking and travel needs (57%) than the prospect of using self-driving transportation in their destination (40%). The extremely complex will power the seemingly simple for whole new levels of travel confidence and flexibility. 2019 will also see more tech developed for use pre-trip at research stage. Almost a third (31%) of global travellers like the idea of a 'virtual travel agent' in their home, using voice-activated assistants to answer travel queries, and one in five want to see technology such as augmented reality helping to familiarize themselves with a destination before they arrive.

3. Watch this space – uncharted territories

Four in ten travellers (40%) confirm they are excited about the prospect of space travel in the future and are open to considering the experience themselves (38%).

Until space travel becomes a reality, this brave new mentality will also translate to travel slightly closer to home with a desire to explore uncharted territories here on Earth. Of most interest is under terra firma, with six in ten travellers (60%) confirming they want to stay in accommodation under the sea. 2019 will likely see new, seemingly impossible types of holiday home and hotels out of our imagination start to emerge before our eyes.

4. Up close and personal

A third of travellers (34%) want someone or something to do the hard work and make travel recommendations for them and around two fifths (41%) want travel brands to use technologies such as AI to make travel suggestions based on past travel experience. In fact, over half (52%) would be excited about tech travel innovations such as a digital tour guide, bringing them a truly bespoke experience. As importance deepens on personal, individual recommendations that unlock the most out of every trip, expect producers of rich and professional travel content to find even better ways of distributing this through the use of AI as we move through the coming year, reaching us exactly when we need it most.

5. Conscious travel

Currently almost half (49%) feel social issues in possible travel destinations are of real importance when choosing where to go and over half (58%) choose not to go to a destination if they feel it will negatively impact the people who live there.

And as travellers increasingly seek new and authentic experiences, they also want to ensure that they can travel in safety, regardless of their gender, ethnicity or sexual orientation. Platforms such as Destination Pride are harnessing the power of multiple data sources to provide travellers with a ranking of how LGBT+ friendly their chosen travel destination is, while destinations and organizations will increasingly step up their support for women traveling alone.

6. Plastic not-so fantastic

In 2019 environmental concerns will turn into greater environmental action. Millennials and Gen Z travellers will look for sustainable experiences in their destination, while accommodation providers will look to reduce their plastic usage and increase their sustainable credentials. An overwhelming majority of global travellers (86%) say they would be willing to spend some time on activities that offset the environmental impact of their stay, with over a third (37%) willing to clear plastic and litter from a beach or other tourist attraction.

7. The experience curator

for almost two thirds of travellers (60%) experiences are now valued higher than material possessions. As we all continue to lead busy lives, experiences will help to ease the burden of stressful adult life. In 2019, two fifths of travellers (42%) plan to visit a destination that makes them feel like a kid again. We'll see properties looking to add more childlike and playful touches such as ball pits and bouncy castles for adults to cater for a Millennial and Gen Z audience, who are the biggest groups who travel to feel like a child again.

8. Maximizing the micro

Over half of global travellers (53%) report they plan to take more weekend trips in 2019. It's a year that's predicted to be all about made-to-measure, bite sized travel with more curated travel itineraries squeezed into shorter time frames. The micro trip will become more varied and tailored, making shorter trips more personal and rewarding. We'll also see a continued surge in desire to stay in unique and remarkable types of accommodation, which offer the chance to make a serious travel statement, even on the shortest of getaways.

5 APPENDIX

TroopTravel's Top Travel Tech Accelerator Programs 2018

1. **Hangar 51** – Intensive 10 weeks travel tech accelerator program to develop business and product. The program runs in Madrid and Barcelona and is supported by IAG. It's third program will launch soon.
2. **Conector Travel Accelerator – Launched at FITUR** about a month ago, is a new travel tech accelerator program in Spain. They are looking for startups at seed stage with a launched MVP and first metrics. It's program will launch within the next 2 to 4 weeks.
3. **Travelport Labs** – based in Denver, CO – US, helps early stage travel tech startups. The focus is to help rapidly establish product-market fit, develop a passionate user base, and drive product adoption.
4. **Plug&Play Travel & Hospitality** – Plug and Play is one of the biggest startup accelerators in the world. They started its operation in 2012. Their travel and hospitality arm is looking at scalable ideas to join their three weeks acceleration programs.
5. **Starburst** – Calls themselves the number 1 aerospace accelerator with 8 locations all over the world. They provide access to funding as well as connections to key players in the travel space.
6. **Avro Accelerator** – Many airlines are running their own accelerator program. This is Qantas contribution to the travel tech space. They look at startups and scale-ups. The program is currently closed and should be re-open by mid-2018.
7. **Booking.com Booster** – Booking.com, one of the biggest OTAs in the world, is looking at early-stage startups in sustainable tourism. They offer a three week program and weekend programs for to growth hack together with Booking.com experts.
8. **Airbus BizLab** – An accelerator run by Airbus which is not limited to the aerospace domain. They look as well as satellite imagery services, artificial inteligence, data analytics and more.
9. **Intelak** – This is Emirates and Dubai's travel tech accelerator hub. They are looking for individuals with up to 5 team members with ideas focusing on anything from home to airport to the skies.
10. **Cockpit** – An industry venture fund looking at supporting and investing in entrepreneurs with disruptive technologies in digital travel, aviation and aerospace. It is supported by Lufthansa and El AL.
11. **Amadeus for Startups** – Amadeus for Startups is an industry-first program that supports startups with technology and expertise enabling them to tap into applications for travel reservations, and connect and serve customers effectively and efficiently.
12. **Virtuoso Incubator** – Is a program connecting innovative technology to travel agencies and advisors which are part of the Virtuoso network.
13. **Propeller SNN** – Ireland's contribution to the travel tech space. They are looking for early-stage startups working on disruptive tech, innovative ideas with domain

expertise and strong entrepreneur / innovator traits that are solving real problems in aviation, airline, travel tech and UAV.

14. **MIST** – This is the Mekong region's tourism and travel tech accelerator focusing on travel tech startups in Cambodia, Lao PDR, Myanmar, Thailand and Vietnam
15. **Marriott Test Bed** – Run by the Marriott Hotel Group, it is a travel tech accelerator program trying to find cutting edge technologies that can transform hotel guest experience

https://www.trooptravel.com/top-travel-tech-accelerator-programs-2018/