



WHAT IS THE NEXT
BIG
THING IN YOUTH TRAVEL?

studentmarketing
Research & Business Development

Samuel Vetrak
StudentMarketing, Ltd.
March 8, 2012



PRESENTATION OUTLINE

- Market features
- Market overview
- Drivers & trends
- NEXT BIG THING



MARKETRESEARCH

Market research can reveal answers
crucial for the future growth of any enterprise.

Good marketing decision guided by market research
leads to **25% - 50% increase in revenues within 3 years.***



*Source: D. V. L. Smith, J. H. Fletcher: The Art & Science of Interpreting Market Research Evidence



YOUTH TRAVEL MARKET

Fast facts

Market size: 196 million trips

Market value: US\$173 billion

Target group worldwide: 1.8 billion

Average spending per trip: US\$1,000 - US\$6,000

Average length of trip: 10 to 53 days

Number of associations: 300

Number of businesses involved: 40,000

Number of industry events: 150 pa

Source: UNWTO, 2012; Youth Travel Matters, 2008; UN Population Division, 2011; StudentMarketing, 2011



YOUTH TRAVEL MARKET

Industry value



Source: UNWTO, 2001 – 2011; Youth Travel Matters, 2008;

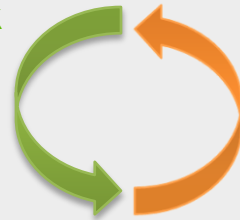


YOUTH TRAVEL MARKET

Global tourism vs youth travel

Two-way relationship

Global tourism is a framework
in which youth travel exists



Youth traveller of today is
the global tourist of the future

US\$40,000 – US\$120,000

Estimated long-life budget

Youth travel currently accounts for 20%

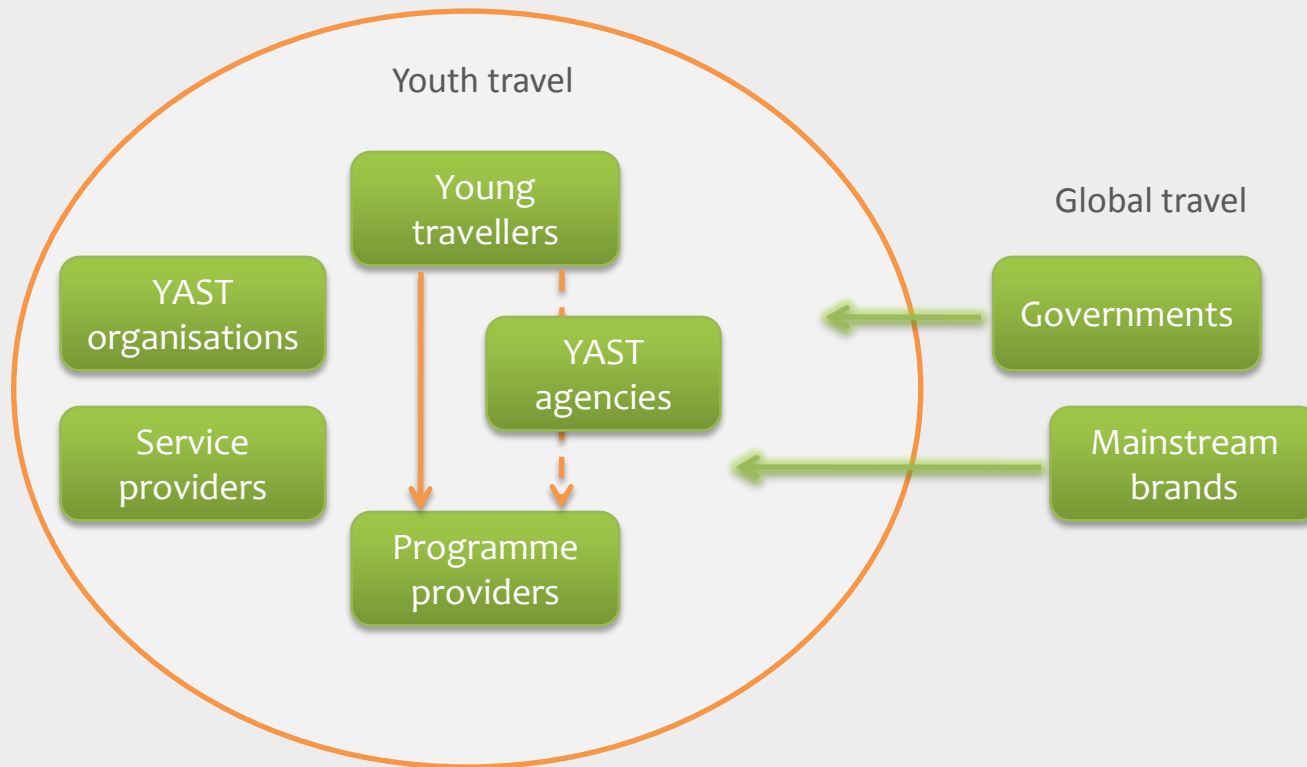
of the global market and is expected to be 25%.

Source: Youth Travel Matters, 2008, StudentMarketing, 2012



YOUTH TRAVEL MARKET

Industry scheme

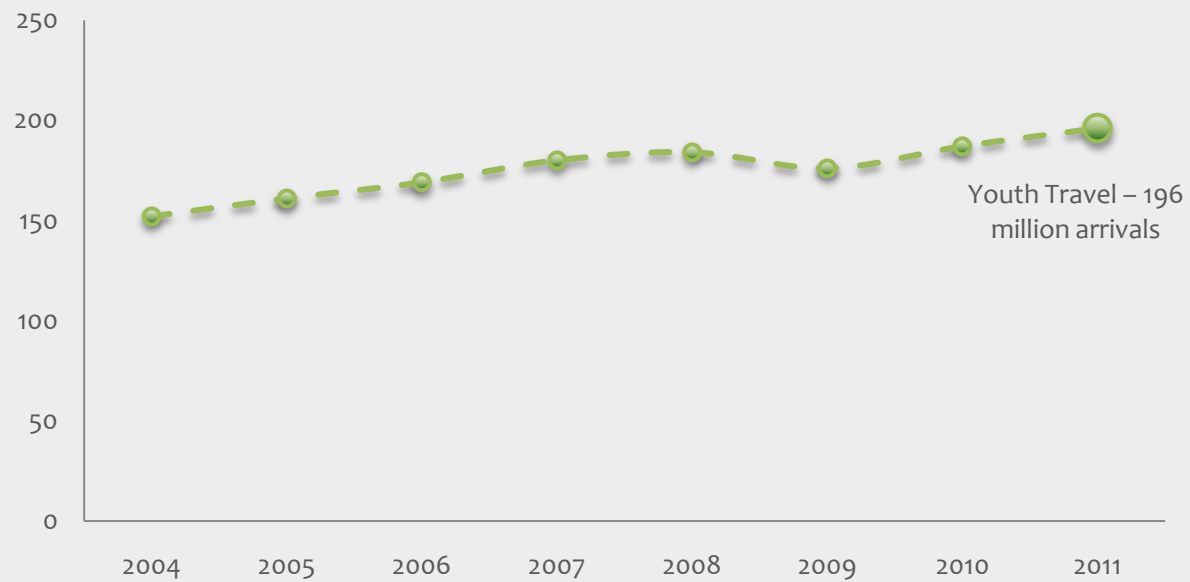


Source: StudentMarketing, 2012



YOUTH TRAVEL MARKET

Industry performance



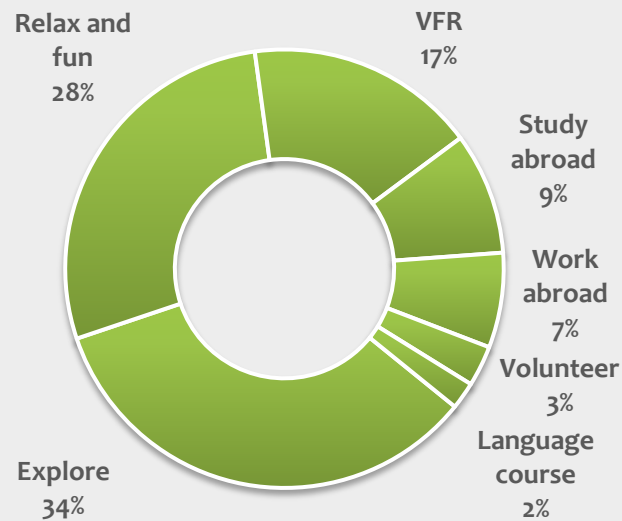
Source: UNWTO, 2005 – 2012; Youth Travel Matters, 2008



YOUTH TRAVEL MARKET

Purpose of travel

Purpose of the last main trip

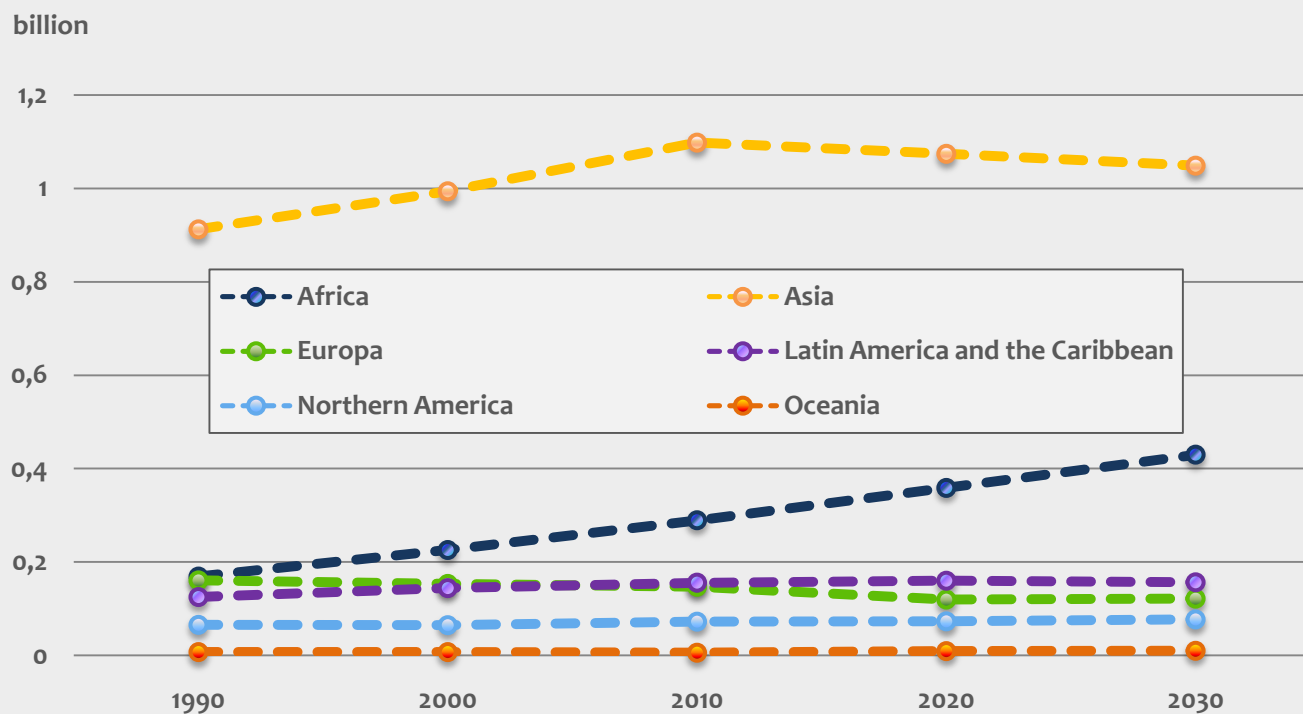


Source: WYSE Travel Confederation Independent Traveller Survey, 2007



YOUTH TRAVEL MARKET

Population prospects (15-30 years)



Source: UN Population Division Prospects, 2011



THE NEXT BIG THING

Next big thing in youth travel?

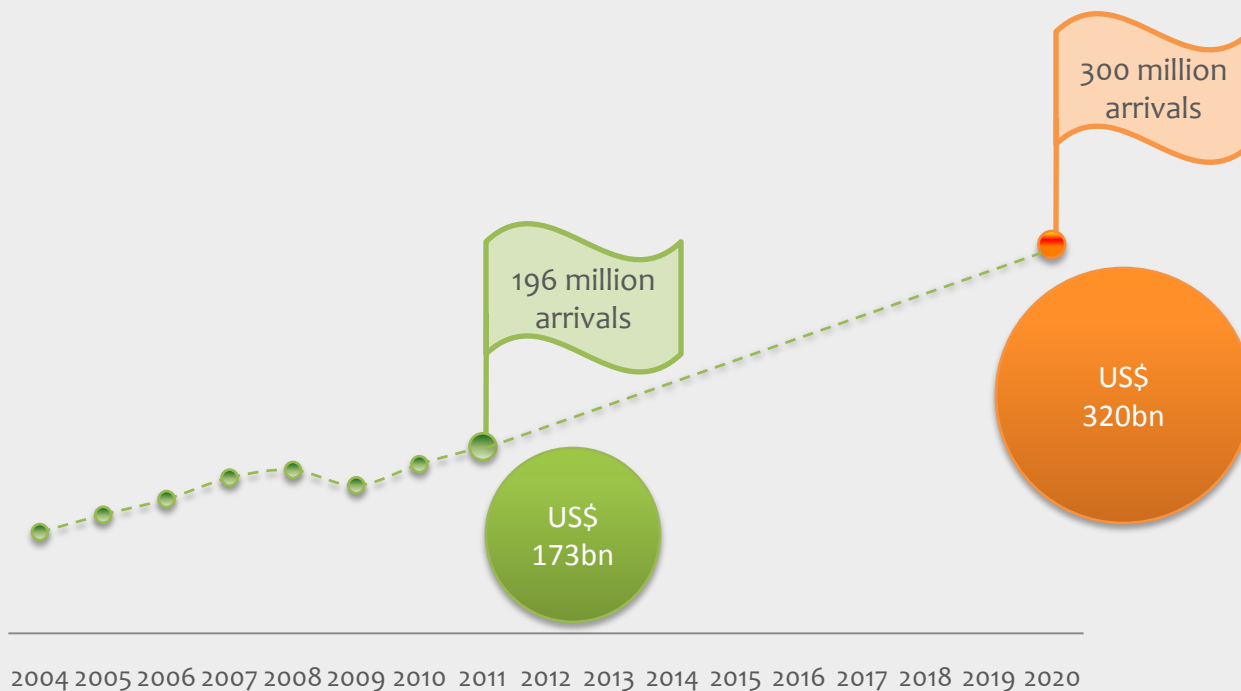
PROGRESSIVE

GROWTH



THE NEXT BIG THING

Next big thing in youth travel?



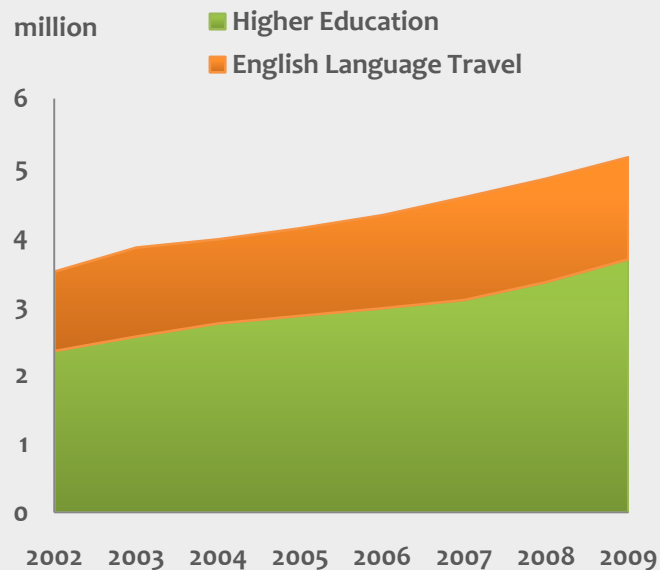
Source: UNWTO, 2011; Youth Travel Matters, 2008, StudentMarketing, 2012



MARKET OVERVIEW

Educational travel

Performance



Competition increases

USA – market share declined 28.6% from 2001 to 2009 (IHE)

UK – market share declined 34.1% from 2005 to 2009 (LT, student weeks)

Traditional destinations are losing, new destinations are increasing.

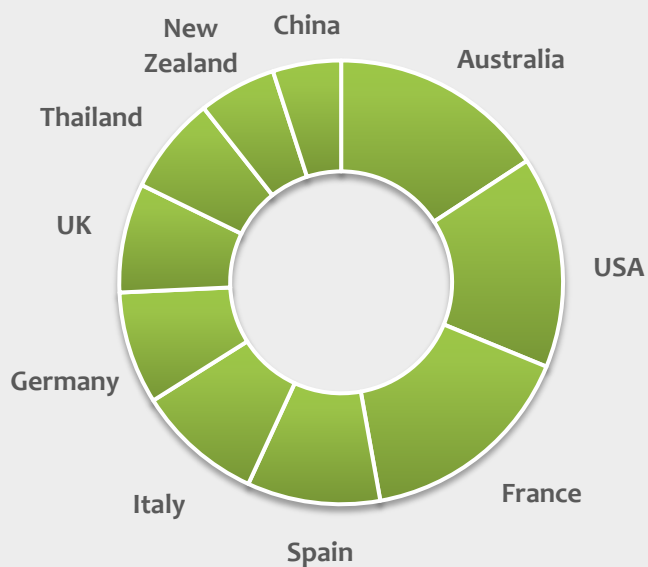
Source: Institute of International Education, 2011; Global Education Digest, 2011, Language Travel Magazine, 2004 - 2010



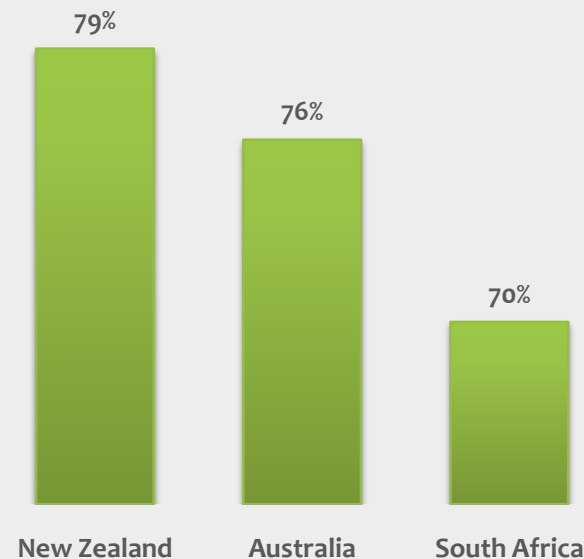
MARKET OVERVIEW

Backpacking/Flashpacking

Top 10 preferred destinations



Share of youth on backpacking



Backpacking and budget travel on rapid increase

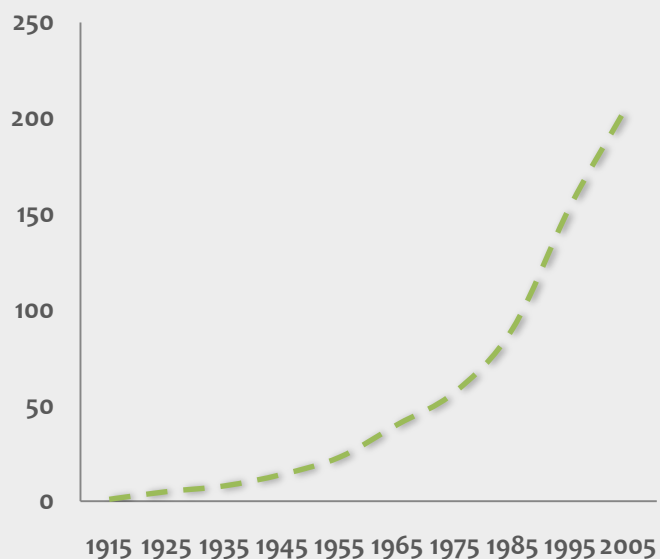
Source: 2009 Snapshots: Backpacker accommodation in Australia, 2009; Ministry of Economic Development New Zealand, 2010; Backpacking and Youth Travel in South Africa, 2007; Youth Travel Matters (ATEC Symposium), 2009



MARKET OVERVIEW

Volunteer travel

Evolution of volunteer organisations



Source: Volunteer Tourism: A global analysis, 2008

Case study

GoAbroad.com – number of volunteer programmes offered:

- 2005 – 698 programmes
- 2007 – 3,036 programmes
- 2011 – 6,398 programmes
- 2012 – 6,599 programmes

845% increase over the last 7 years

Source: Novelli, M., 2005; Coppage, J., 2007; GoAbroad.com, 2011, 2012



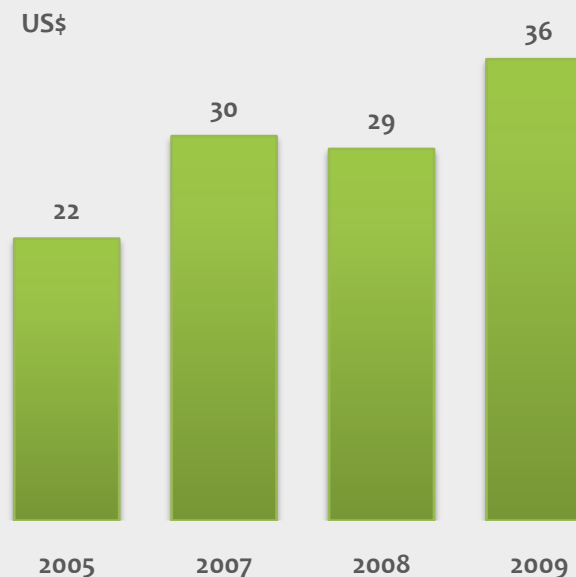
MARKET OVERVIEW

Youth travel accommodation

Hotels vs hostels



Average price of a hostel overnight



Source: Youth Travel Matters, 2008; The STAY WYSE Youth Travel Accommodation Industry, 2008, 2009; The STAY WYSE Youth Travel Accommodation Industry Survey, 2010



DRIVERS AND TRENDS

Growth contributors

- Emerging markets
- Youth travel agencies
- Mergers & acquisitions

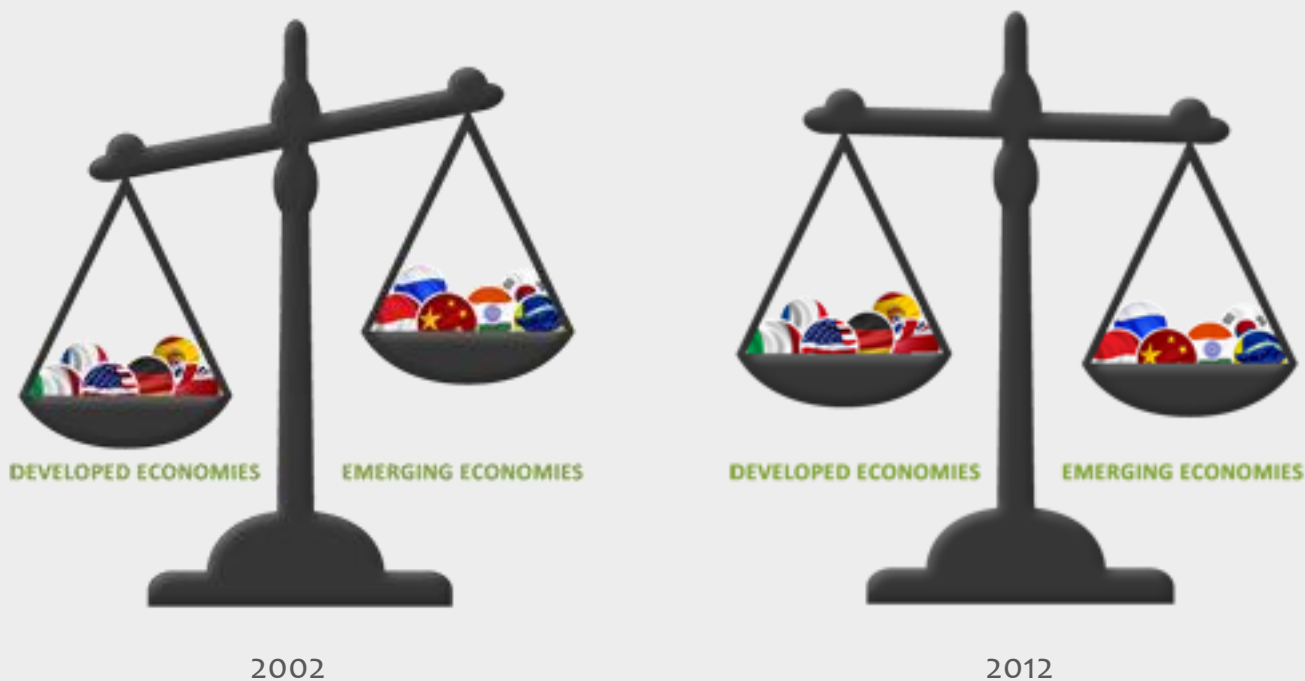
- Governmental engagement
- Diversification
- Less barriers



DRIVERS AND TRENDS

Emerging markets

Economic impact = shift in the industry?



DRIVERS AND TRENDS

Emerging markets

Middle class booming in emerging markets



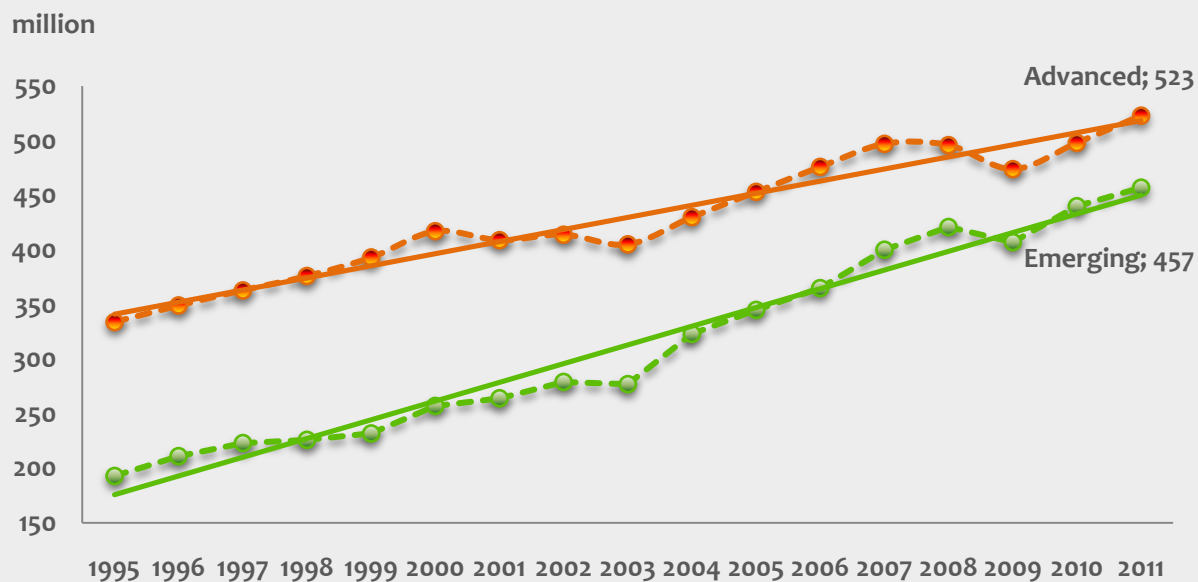
Source: Standard Chartered Bank Research, 2010; IATA Industry Outlook, 2010; OECD, 2010



DRIVERS AND TRENDS

Emerging markets

Emerging countries catching up – international arrivals in global tourism

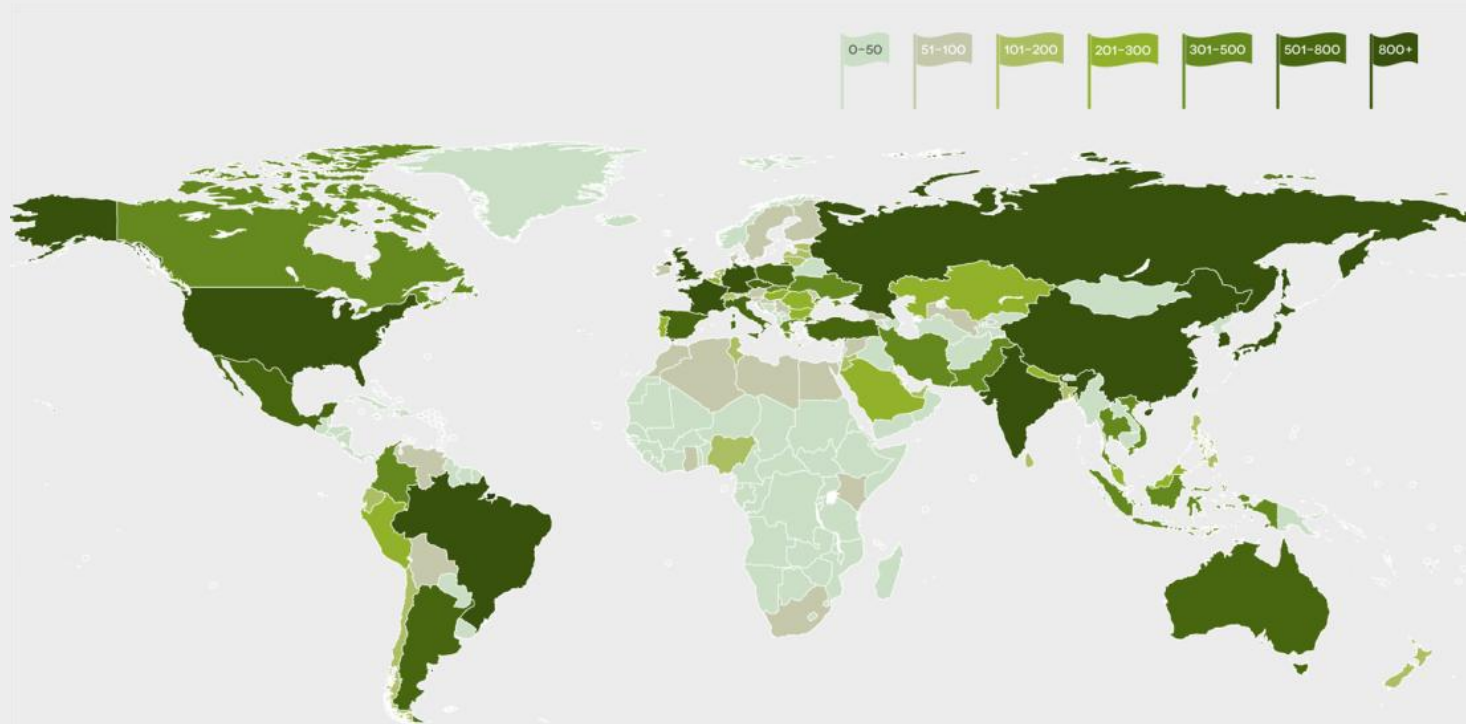


Source: UNWTO World Tourism Barometer, January 2012



DRIVERS AND TRENDS

Youth travel agencies



26,000 retailers, over 50% bookings, increasing share

Source: StudentMarketing, 2012



DRIVERS AND TRENDS

Mergers and acquisitions

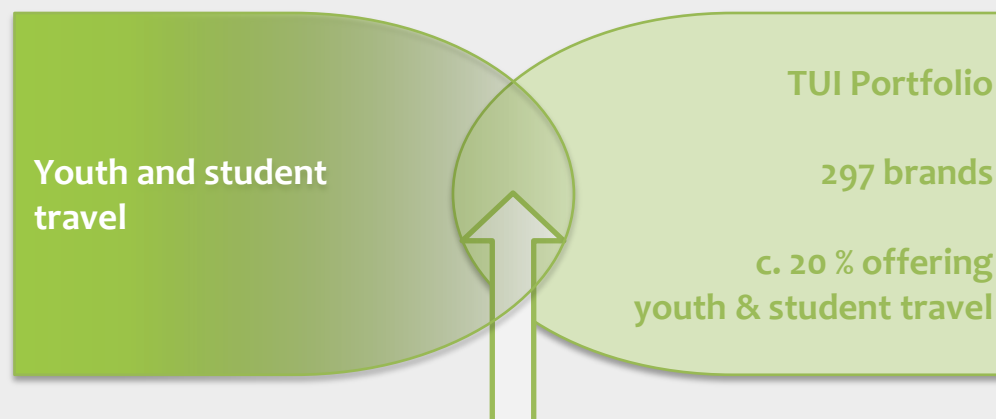
- Young travellers tend to **travel for a reason**, are not “escapists” and many programmes include assistance to local communities what underpins importance of the industry
- Due to increase in share on global travel, **governments and international organizations** have started to recognize the size and significance of this industry (UNWTO initiatives, EU - European Year of Volunteering)
- Organisations active on the market are successfully **bringing in partners** from different spheres (Microsoft, ManUtd, TUI)
- Industry is becoming more and **more documented**



DRIVERS AND TRENDS

Mergers and acquisitions

Youth and student travel brands in TUI portfolio



Educational travel

StudentCity
 Manchester Academy of English
 Educators
 English Language Centre York

Adventure travel

MasterClass Sports Tours
 Interpid Travel
 Gecko's Adventures English
 Jumpstreet Tours

Volunteer travel

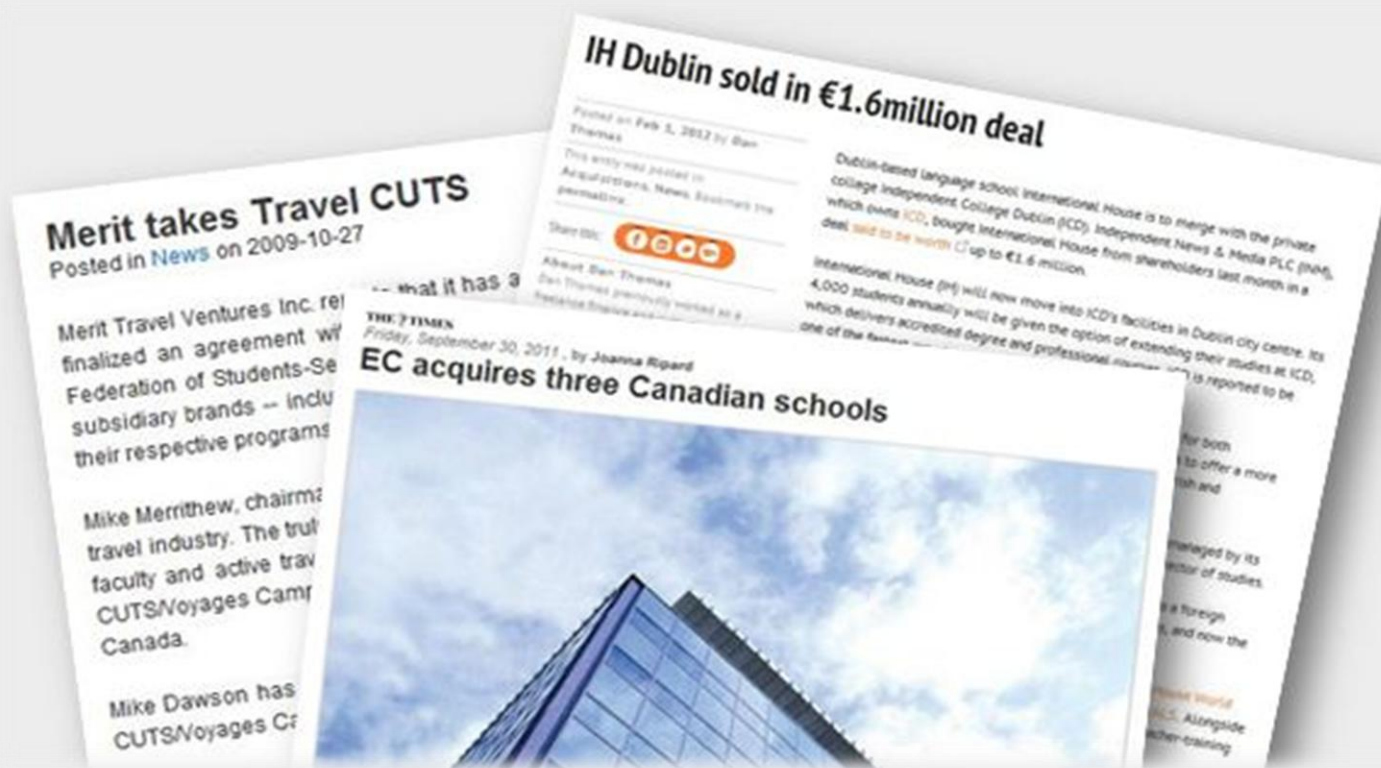
i-to-i volunteering
 Real Gap
 Inspired Breaks

Source: www.tuitravelplc.com



DRIVERS AND TRENDS

Mergers and acquisitions



Source: www.thepienews.com, 2012; www.timesofmalta.com, 2011; www.travelpress.com, 2009



DRIVERS AND TRENDS

Governmental engagement

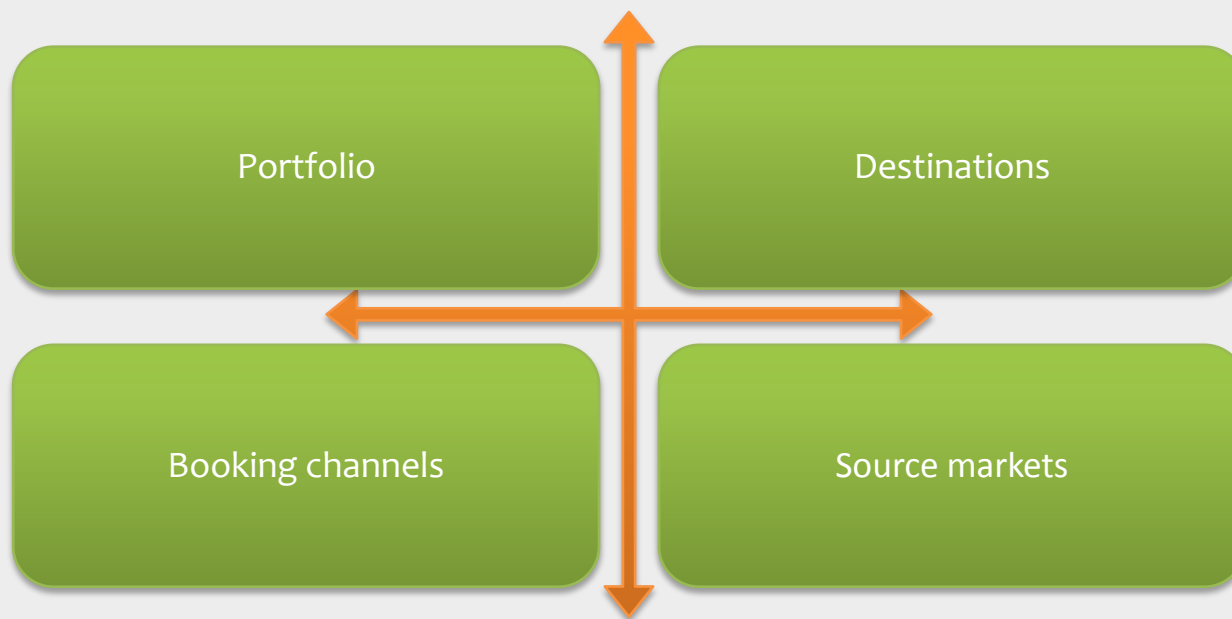
Traditional destinations currently dwell in a re-evaluation phase, reappraising regulations, policies and standards.

Emerging destinations, intensive marketing investments and easing regulations to gain more market share and international students.



DRIVERS AND TRENDS

Diversification



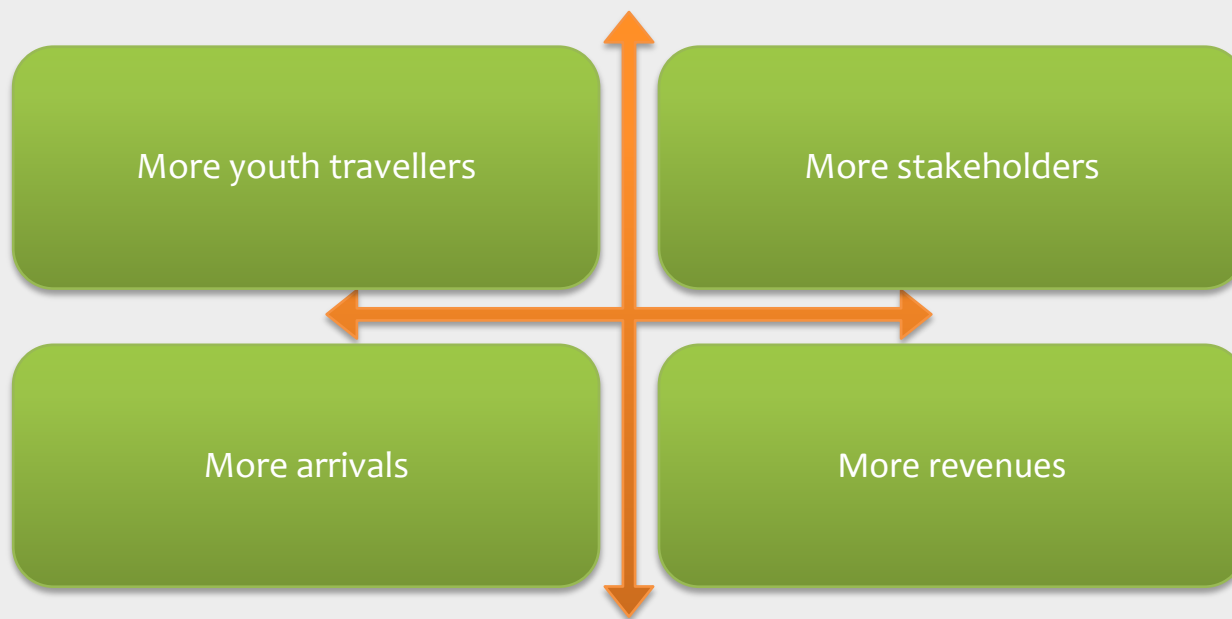
Source: StudentMarketing, 2012



DRIVERS AND TRENDS

Diversification

Four aspects of the future growth



Source: StudentMarketing, 2012

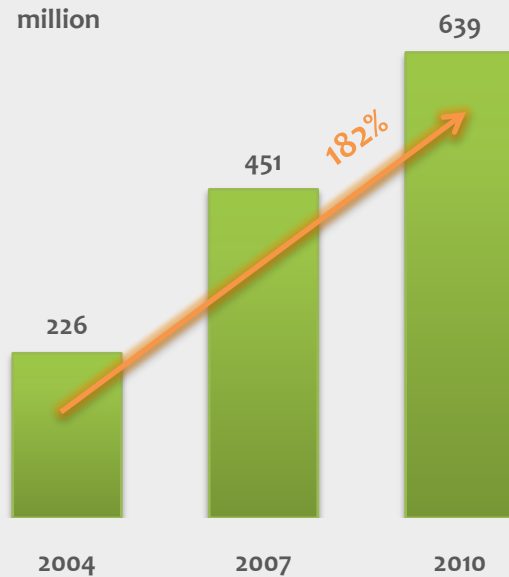


DRIVERS AND TRENDS

Less barriers

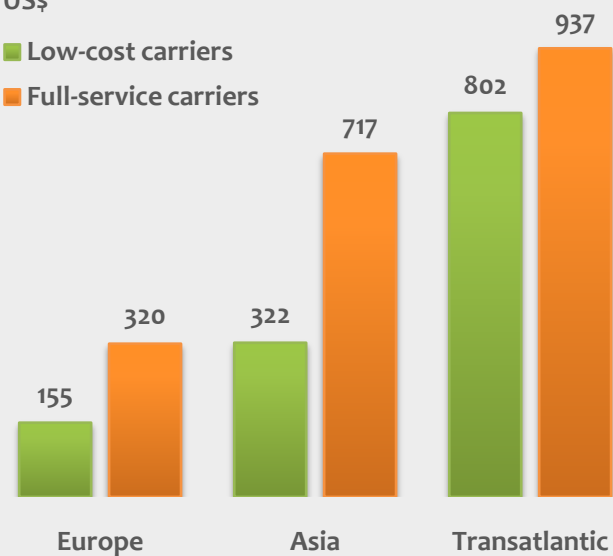
Low-cost carriers fuel growth in YT

million



US\$

■ Low-cost carriers
■ Full-service carriers



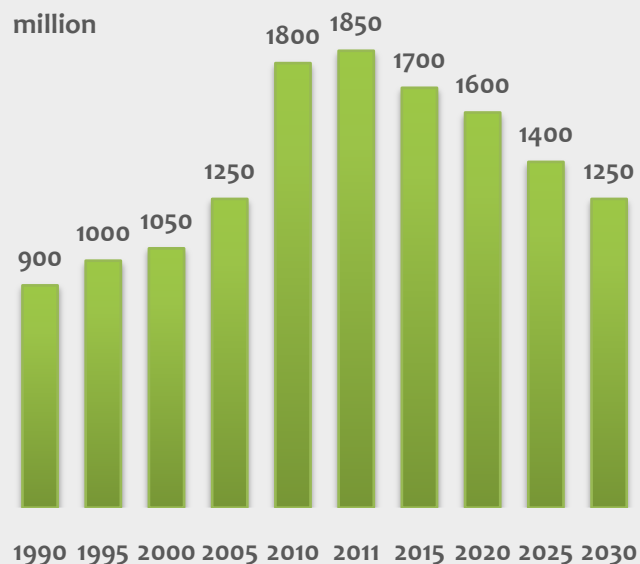
Source: iata.org, airneth.nl



DRIVERS AND TRENDS

Less barriers

Critical mass already speaking lingua franca



Language abilities give current youth travellers rather different options and opportunities than to their parents.

Source: British Council, 2006



DRIVERS AND TRENDS

Less barriers

Technological leap

- 80% online
- 50% word of mouth
- Young first purchasers of overseas services

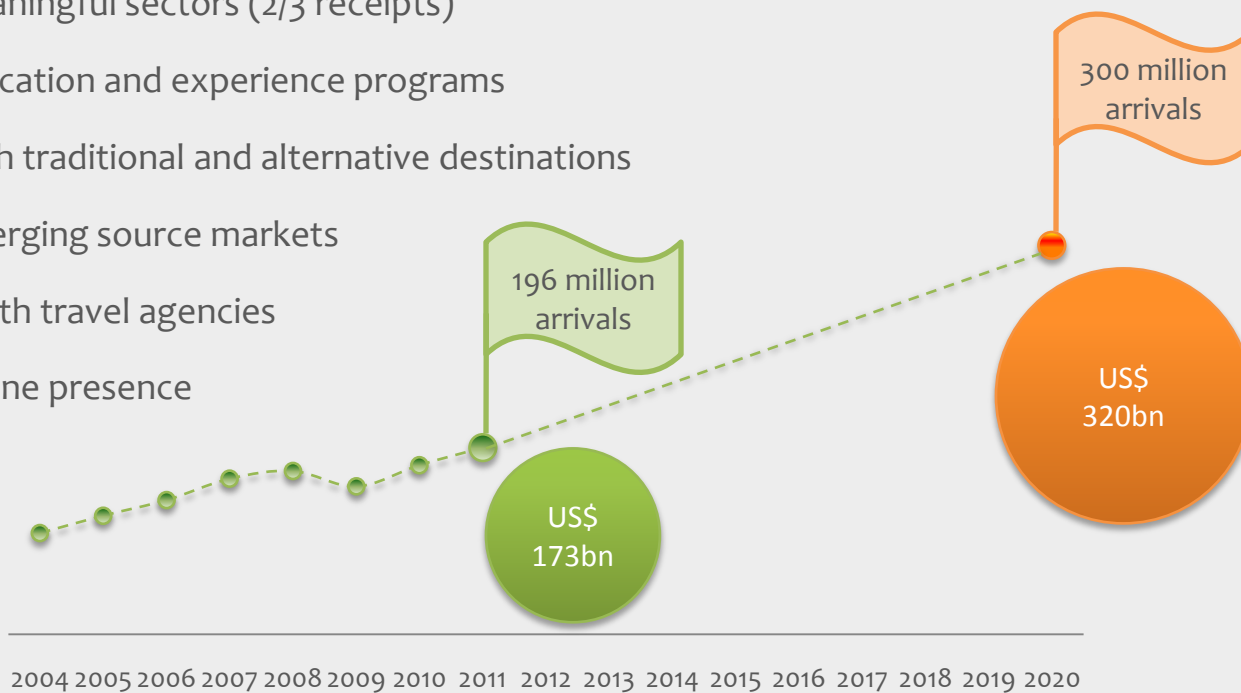
- Information sharing & visualization
- Customer reviews
- Product knowledge



THE NEXT BIG THING

Youth Travel

- US\$ 100 bn market potential by 2020
- Meaningful sectors (2/3 receipts)
- Education and experience programs
- Both traditional and alternative destinations
- Emerging source markets
- Youth travel agencies
- Online presence



THANKYOU

studentmarketing

Research & Business Development

www.student-market.com

- **Market intelligence**
- **Market studies**

- **Trade missions**
- **Business solutions**

Assistance for organisations to succeed at international youth travel market.

