WHAT IS THE NEXT BIG THING IN YOUTH TRAVEL?

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• Market features
• Market overview
• Drivers & trends
• NEXT BIG THING
MARKET RESEARCH

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.*

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

NICHE MARKET?!

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

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**YOUTHTRAVEL 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
Source: StudentMarketing, 2012
YOUTH TRAVEL MARKET

Industry performance

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

Youth Travel – 196 million arrivals
YOUTH TRAVEL MARKET

Purpose of travel

Purpose of the last main trip

- Explore: 34%
- Relax and fun: 28%
- VFR: 17%
- Study abroad: 9%
- Work abroad: 7%
- Volunteer: 3%
- Language course: 2%

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

- Higher Education
- English Language Travel

Competition increases

USA – market shared 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.

MARKET OVERVIEW
Backpacking/Flashpacking

Top 10 preferred destinations

- New Zealand
- China
- Australia
- Thailand
- UK
- Germany
- Italy
- Spain
- France
- USA

Share of youth on backpacking

- New Zealand: 79%
- Australia: 76%
- South Africa: 70%

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

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: Volunteer Tourism: A global analysis, 2008

MARKET OVERVIEW
Youth travel accommodation

Hotels vs hostels

<table>
<thead>
<tr>
<th>Year</th>
<th>Hostels</th>
<th>Hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>50%</td>
<td>63%</td>
</tr>
<tr>
<td>2008</td>
<td>48%</td>
<td>60%</td>
</tr>
<tr>
<td>2009</td>
<td>56%</td>
<td>55%</td>
</tr>
<tr>
<td>2010</td>
<td>57%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Average price of a hostel overnight

<table>
<thead>
<tr>
<th>Year</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>22</td>
</tr>
<tr>
<td>2007</td>
<td>30</td>
</tr>
<tr>
<td>2008</td>
<td>29</td>
</tr>
<tr>
<td>2009</td>
<td>36</td>
</tr>
</tbody>
</table>

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

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DRIVERS AND TRENDS

Growth contributors

• Emerging markets
• Youth travel agencies
• Mergers & acquisitions

• Governmental engagement
• Diversification
• Less barriers
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
Emerging countries catching up – international arrivals in global tourism

Source: UNWTO World Tourism Barometer, January 2012
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 underpines 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
Youth and student travel brands in TUI portfolio

Youth and student travel

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

TUI Portfolio
- 297 brands
- c. 20% offering youth & student travel

Source: www.tuitravelplc.com
Mergers and acquisitions
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

More youth travellers
More stakeholders
More arrivals
More revenues

Source: StudentMarketing, 2012
Low-cost carriers fuel grow in YT

Source: iata.org, airneth.nl
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


196 million arrivals
US$ 173bn

300 million arrivals
US$ 320bn
THANK YOU

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Assistance for organisations to succeed at international youth travel market.