

## Dynamics of the youth travel market on a global level

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**Abstract:** *The segment of young tourists has been considered a niche market and was treated as a branch of the tourism industry. In the past 10 years, however, its market value has began to increase significantly bringing real benefits to the companies adapting to this segment by developing appropriate strategies and policies. Therefore, the aim of this project is to analyse the dynamics of the youth travel market, on a global level, taking into consideration the international youth arrivals, youth accommodation units and the behavioural habits of young tourists, serving as a starting point in the strategy development process.*

**Key-words:** *youth tourism, market, marketing, market dynamics, tourism, global level.*

### 1. Introduction

As part of the tourism industry, the segment of young tourists has been considered a niche market and has not drawn the attention of researchers or marketing specialists for many years. In the past 10 years, however, its evolution has been remarkable, generating a yearly revenue of over 170 billion dollars. This aspect raises the question if this market can still be considered as being small, or should it be treated as a market worth giving attention to, and for which there is the need to develop specific policies and strategies.

In order to develop the appropriate policies and strategies it is necessary to observe the current dynamics of the market to gain a better understanding of it and to predict its evolution in future.

Market dynamics is closely linked to the customers who represent the demand, and whose behaviour must be studied in order to build the products and services that will satisfy their needs, as well as possible.

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Therefore, the aim of this project is to analyse the dynamics of the youth travel market on a global level, taking into consideration the international youth arrivals, youth accommodation units and the behavioural habits of young tourists.

This paper provides an insight to researchers, tourism companies and marketers into the 10 year long evolution of the youth tourism market, and may serve as a starting point in developing policies and strategies that can contribute to the further development of this field.

## **2. Literature review**

The young people began travelling after the Second World War, with the purpose of study, self-development, and developing a broader mind-set that allows a better understanding of other cultures. However, there was only a small group of wealthy young people who had the possibility to travel, therefore, not much attention was given to this segment and it didn't represent a significant source of income to any destination.

From the scientific point of view, this subject was first mentioned by Krippendorf (1971, 51) followed by Cohen (1973, 89).

In 1987 tourism packages for the young tourist were beginning to be implemented, however they were proven as inappropriate to satisfy the needs of this segment. (Kale, Mcintyre and Weir 1987, 23). Following these publications, researchers began to study the youth travel market in their country of residence or countries with which they were in contact with. Resulting in researches for Croatia, Yugoslavia (Horak, Crnkovi and Mikaci 1989), France (Méréo 1992, 20), Mexico (Garibaldi and Rebora 1995, 12) Australia (Reisinger, Mavondo and Weber 2001, 65) and Great Britain (Mintel 1991, 2000 and 2001)

In 1990 Hudman (1990, 42) introduced the concept of youth tourism, as we know it today. Point in time, after which several researches were published considering the motivations and preferences of young tourists (Bonvecchio 1991, 161) the dynamic of youth arrivals, demographics and other related trends. (Jefferson 1991, 73)

The importance of Youth tourism was also recognized by Horak and Weber (2000, 38) who conduct the first thorough research at the level of the entire European youth travel market.

The behaviour of the young tourist was studied in detail by Neil Carr, who published 9 studies on this subject.

After the year 2002 international organisations, such as: The World Youth and Student Travel Confederation, began to recognise the importance of youth tourism, and developed in 2003 global studies by Richards and Wilson (2003, 2), Richards and King (2003, 23) followed by Conrady and Buck (2012, 5) and WYSE Travel Confederation (2013, 2)

The World tourism organisation conducted, as well, studies regarding the dynamics of the youth travel market (2009, 3), and defined most specifically the term “youth tourism” as independent trips for periods of less than one year, undertaken by people aged 16-29 who are motivated, in part or in full, by a desire to experience other cultures, build life experiences and/or benefit from formal and informal learning opportunities outside their usual environment. (UNWTO – WYSE 2011, 7)

### 3. Analysis of the market dynamics

During the years, it has been referred to the youth travel product as a one destined for a niche market. However, the size of this market reached, in 2012, the number of 196 million arrivals worldwide, and generated 173 billion dollars (Vetrak 2012, 3), in 2011, representing an increase of 37 billion dollars in 7 years. (Richards 2008, 2) Therefore, raising the question if it can still be referred to as a “small market segment”.

As shown in Figure 1 since 2004 the number of international arrivals of the young people, had a steady growth, with a small decrease in 2009, the year when the effects of the economic crisis could be mostly felt.

It is estimated, by the World Tourism Organisation, for this market to reach 300 international arrivals by 2020 (UNWTO – WYSE 2011, 6).

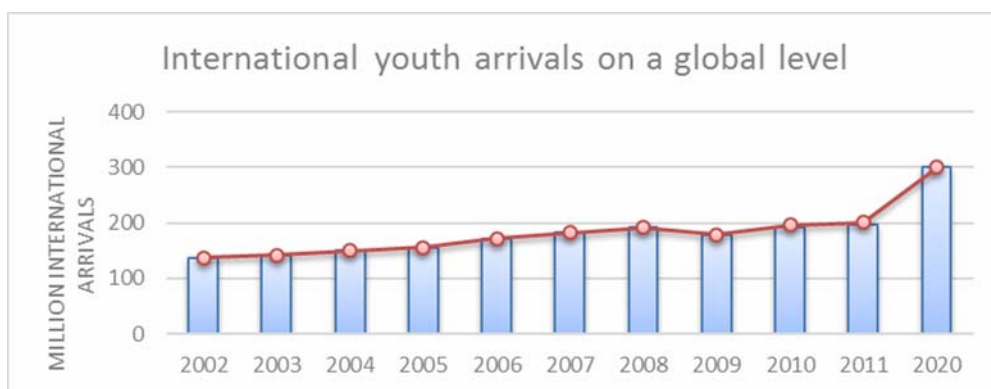


Fig. 1. Dynamics of youth arrivals on global level 2002-2011

Source: Vetrak 2012; UNWTO 2011

It can be noted that the dynamics of the youth travel market is connected to the increase of low-cost airline services that are introducing more routes covering a larger area than 10 years ago.

Another factor influencing the changes that occur in this market is the accommodation facilities where the youth can stay during their trip. From this perspective, the hostels are the favourite accommodation booked by young travellers, used by 65% of them (WYSE Travel Confederation 2013,14), due to the low prices.

According to Figure 2 This trend shifted after the years 2009 and 2010 until the youth was using Hotels as the main paid accommodation method.

In 2007, 63% of the young travellers marked hotels as the accommodation method used by them, while 50% chose hostels. During a 6 year period, this trend changed, Hostels exceeding Hotels with 7% percent.

According to IPK International (2014, 21) tourists younger than 25 tend to choose hostels over hotels while the youth over this age are more likely to book hotels.

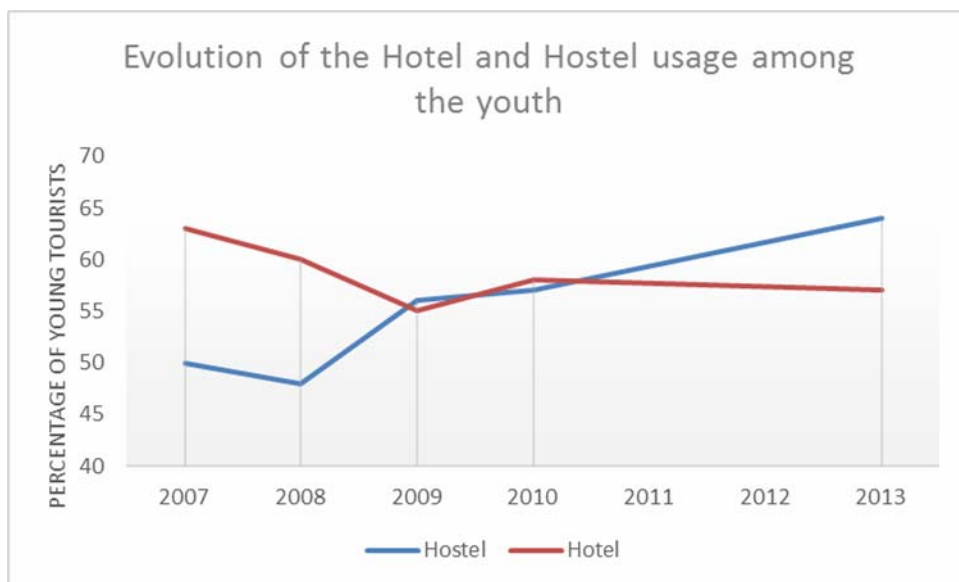


Fig. 2. Evolution of the Hotel and Hostel usage among the youth on a global level 2007-2013

Source: Vetrak ,2012; WYSE Travel Confederation 2013

Aside from budget accommodation, 36% of the youth prefer to stay with friends and family (Richards 2007, 3). Due to their price sensitivity, and their desire to economise money, they are more likely to request the service of local businesses, having therefore a higher local economic impact than other types of visitors. (Richards and Wilson 2003, 28)

On global level, the main purpose of the trips that the youth take is leisure, which has the form of relaxation and free time, followed by the desire to learn languages, study and work. Almost half of the young people who were questioned in 2013, regarding their reason to travel, said that it was to have fun and relax. The motivation behind these travels is mostly the desire to explore new places, meet new people and learn about different cultures. (WYSE Travel Confederation 2013, 13)

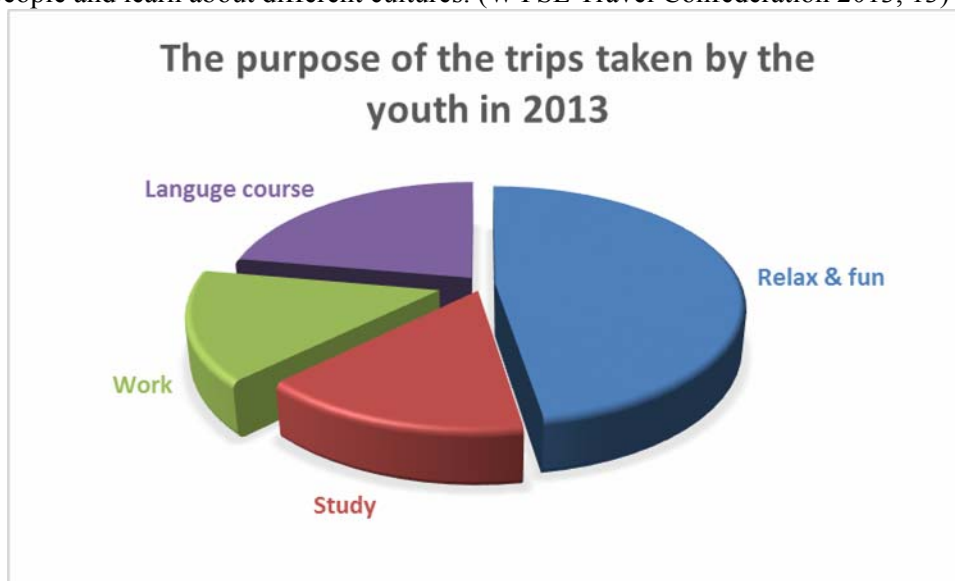


Fig. 3. *Distribution of the purpose of the trips taken by the youth in 2013*  
Source: WYSE Travel Confederation 2013

The ranking established by the youth regarding the purpose of their trip and their motivation to travel, remained the same during the period of 2002-2013. The percentages of the elements has slightly changed from one period to another, however these changes not being high enough for the motivational elements to surpass each other. It can be noted, however, that the percentage of travellers for fun and relaxation has slightly dropped in the recent years, change that can be attributed to the desire and need of the youth to travel for work or education. (IPK International 2014, 20)

According to Richards (2007, 3) women are more motivated by the idea of increasing their knowledge, while men have a higher desire for relaxation and fun.

Regarding age differences, tourists' under 20 are more motivated by having fun and relaxing, while tourists aged between 20 and 29 have a higher desire to explore, and gain experiences.

As the years pass, the experience of the young tourists is increasing when it comes to the number of countries visited in their lifetime. While in 2002 the average number of countries that the young tourists visited, was equal to 6, by 2013 this

number raised to 10. According to Figure 4 there was a significant increase of 3 points between 2007 and 2013, while between 2002 and 2007 the evolution was only one point.

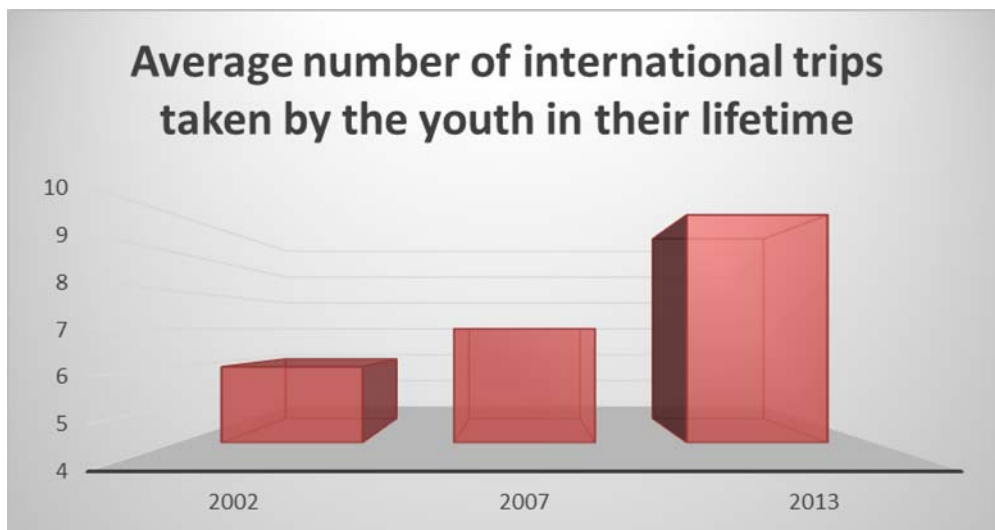


Fig. 4. *Evolution of the average number of international trips taken by the youth in their lifetime 2002 - 2013*

Source: Richards and Wilson 2003, Richards 2007, WYSE Travel Confederation 2013

The youth from Asia-Pacific and North America are traveling more than they did 10 years ago (WYSE Travel Confederation 2013, 13), while the frequency of European travels is steadily increasing. Therefore the increase in the overall average is mostly influenced by the changing behaviour of the non-European regions.

On a yearly timeframe, in 2013 the youth has made in average 1.2 short trips and 1 long trip. (WYSE Travel Confederation 2013, 13). This average declined compared to 2007 when the worldwide average was 1.9 in case of short and 1.7 in case of long trips. (Richards, 2007)

The yearly average is the highest in case of Latin America, followed by Europe and North America.

The young tourists want to travel as cheaply as possible, this being the most important factor that influences their travel decision. The age group of 18-29 years is very price sensitive due to the fact that they don't have highly paid jobs yet, or don't have jobs at all.

The cheap travel requirement is followed by the desire to explore the destination as widely as possible, and by the desire to feel safe at the chosen location.

It is also important to the young tourists to have the ability to do non-tourist activities, to have contact with local people, and to have the flexibility to change their travel plans.

Criteria like meeting other travellers, speaking other languages and going to a different place than homeland, are least important to them.

In spite the fact that many young people travel with the purpose of getting into contact with other cultures, they marked the elements (meeting other travellers, speaking other languages) that are part of this experience as not very important when making their travel decision.

According to Figure 5 the main information source used in the trip planning process is the internet is mentioned by more than 80% of the respondents and increased its popularity with 9 percentage points since 2002.

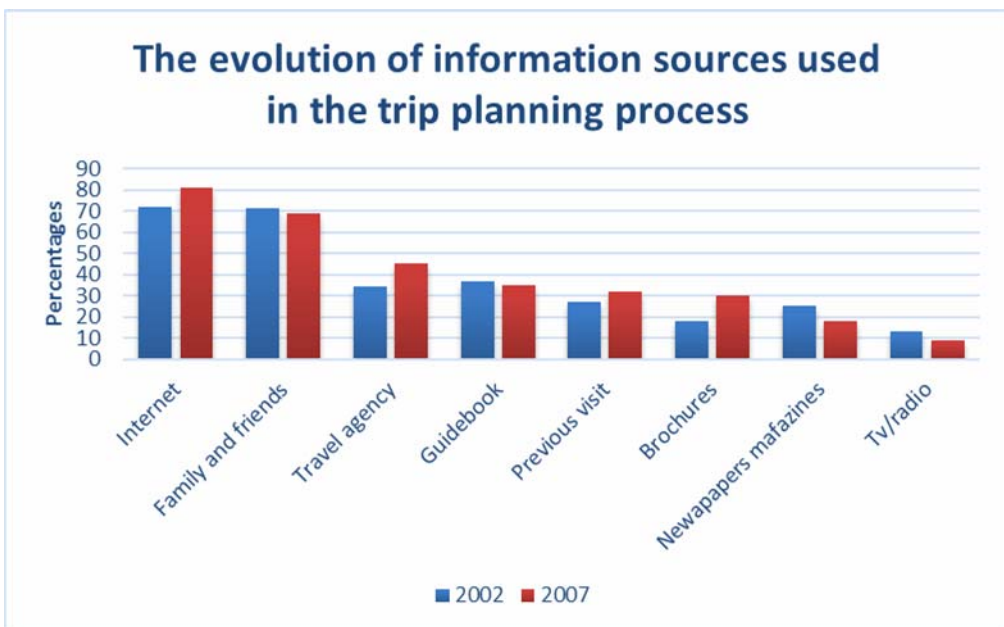


Fig. 5. Evolution of the information sources used in the trip planning process 2002 - 2007

Source: Richards and Wilson 2003, Richards 2007

The second most used information source are family and friends, however they are beginning to be replaced by review websites that provide a broader perspective, vast amount of information, and a higher number of options for the tourist to choose from.

Travel agencies were consulted by more young people in 2007 than in 2002, while the guidebooks and newspapers are losing their popularity.

Considering the overall ranking, the tv/radio broadcasts and the newspapers are the least consulted sources during the trip planning process, therefore using them as an advertising channel to promote tourism among youth is inefficient, while the most efficient channel is, and will remain, the internet.

In case of travel websites, the most important feature for the young tourists is the possibility to compare prices from different companies, followed by providing information about the destinations. Significantly less importance is given to the aspects regarding the possibility to book the entire trip on the website, the existence of youth travel products, and the feature of the website to save the enquiries.

The number of information sources used in the trip planning process increased during the years. In 2002 the young traveller consulted an average number of 3 information sources (Richards and Wilson 2003, 35) while after 10 years the average tripled to 9 sources. (WYSE Travel Confederation 2013, 14). This increase was registered in the last 5 years, and it is most likely a result of the high amount of information that the youth have easy access to.

It can be also noted that the number of information sources that are used in the planning phase is directly proportional with the length of the stay and the level of experience that the tourist has. A longer trip implies a risk (concerning time and money), while a traveller with more experience identifies more elements that need to be reviewed in order to have a successful trip than the less experienced ones. Therefore, the youth with high travel experience, who intend to spend more than 7 nights will use over 9 information sources.

Most commonly used booking method is online, being used in more the 50% of the cases. Over 60% of the youth is using online methods to book their accommodation, 51.7% to book their air travel, while surface travel is booked online by 48.6% (Richards 2007, 26). Travel agencies are mostly used for booking tours, insurance and in some cases surface travel.

It can be noted, that the booking are made on an average 6.5 weeks in advance in case of air travel, and 4.6 weeks ahead in case of accommodation. (Richards and Wilson 2004, 12)

As previously shown in this paper, young tourists are very price sensitive, this being the elements that influences 94.3% of them when making touristic arrangements. The feature regarding the quality of information and services provided by travel agencies is placed at a highly significant distance from the price, and was mentioned by 37.6% of the respondents, followed with similar percentages by the reputation and quality of the travel products, flexibility to change the travel plans, and the ability to book online. Least important factors are buying a well-known brand and having a travel agent close by. (Richards 2007, 27)

Areas such as South East Asia, Australasia, Central America, China/Japan and North Africa are becoming more and more popular and there has been a significant increase in the preference of young tourists towards these destinations since 2002.



However the most preferred tourist destinations remain Southern Europe, Northern Europe, North America and Eastern Europe. (Richards and Wilson 2004, 11)

The top 4 destinations are usually visited by less experienced travellers, while more experienced travellers prefer visiting South America, China/Japan, the Indian Sub-continent or Central/Southern Africa. This phenomenon can be explained by the fact that they have already visited the most popular destinations while building their travel experience, and now have the desire to explore other places, that are not characterised by mass tourism.

The top 3 countries that were visited by the youth, during their trips in 2007, are Australia, U.S. and France, exceeding by over 4% the other countries. (Richards 2007, 25) Australia is known for its promotional efforts and facilities that are aimed towards the youth entertainment, and which highly contributed to its title as the most popular destination for youth tourism.

Getting to the destination is most often achieved by Bus, this method being used by 31% of the respondents, followed by Car and Rail travel. Air travel represented 16% from the total in 2007 while its usage increased with 10% by 2013. (WYSE Travel Confederation 2013, 14).

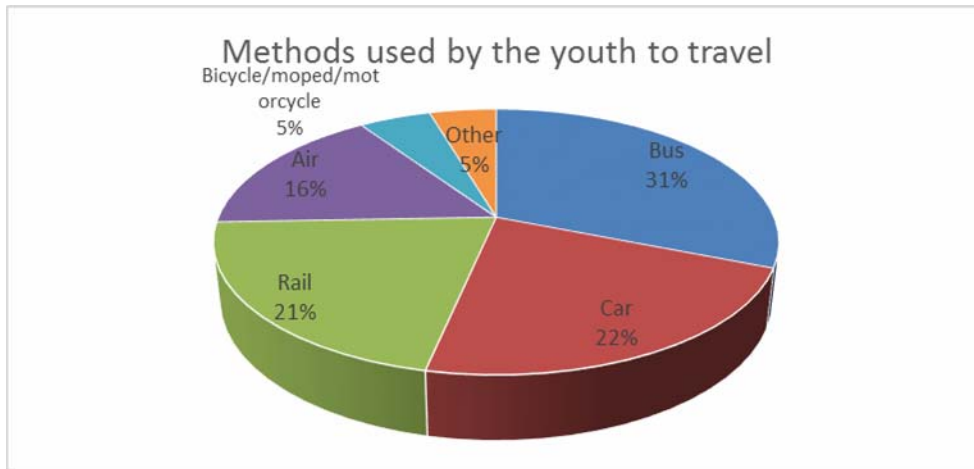


Fig. 6. Distribution of the traveling methods used by the youth in 2013  
Source: WYSE Travel Confederation 2013

Air travel is used mostly for long distances, by more experienced travellers who have a higher income, while busses are used by students and younger travellers with lower income. (Richards 2007, 24) The car is used usually by tourists with a high income or when travelling in groups of 4-5 people.

In 2002 the youth took fewer trips, than in the years to come, however their duration was longer. The average length of the main trip was 65 days in 2002

(Richards and Wilson 2003) and decreased to 53 in 2007, followed by an increase to 58 in 2013. (WYSE Travel Confederation 2013)

The total travel budget averaged 3000 euros in 2013 being a significant increase since 2007 when the average spending was equal to 2142 euros, which reached this value from 721 euros calculated in 2002. (Richards 2008, 2) Naturally, the total spending is highly influenced by the chosen destination and the length of the stay.

According to Richards (2007, 24) the total travel budget is divided 31.5% for transportation to/from the primary destination, 18.1% accommodation, 15.1% Food and drinks, 11.2% activities and entertainment, 9.5% transportation at the destination, 4.1% for communication and 10.6% on other activities.

Due to their price sensitivity, the youth try to access as many discounts as possible from which the most used ones are student discounts and discounts on air travel. (Richards and Wilson 2003)

According to their preferences it would be most important to them to receive discount on accommodation and travel services.

#### **4. Conclusion**

The market of youth tourism has grown beyond its definition as a niche market, and it is forecasted to have over 300 arrivals worldwide, by 2020. The main accommodation type booked by the youth is the hostel, which became more popular after the year 2010, exceeding hotels, due to the lower prices offered together with the possibility of socializing with other travellers.

The young people travel with the purpose of leisure, however travelling for study and work is becoming also an often mentioned motivation.

Due to the increasing number of facilities that are available, the young tourists are becoming more and more experienced having visited an average of 10 countries during their lifetime.

The trip planning process is becoming more complex, the tourist using, on average, of 9 sources, the main one being the internet which became the most efficient promotional channel to address them.

It is also very important to note that this segment is very price sensitive, this being the most important criteria influencing their travel decision, however due to the length of the trip, their average spending reaches 3000 euros, contributing significantly to the development of local tourism related businesses.

Therefore, developing policies and strategies based on the dynamics of this market can bring real value to companies operating in tourism, value that will contribute to the overall development of the country's economy.

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