

Tapping the Youth Travel Market

ALL AROUND the world, millions of young travellers are taking to the road.

Global youth travel is on the rise as costs fall, the Internet makes booking easy and young people take time off to travel after either finishing school or college, or between college years. They are setting out to explore different cultures and places, perhaps learn a different language, do some au pair work and tuck some travel experience under their belt before taking on the working and family responsibilities of adulthood.

These young people are the targets of groupings like the Federation of International Youth Travel Organisations (FIYTO) and the International Student Travel Confederation (ISTC) which met in Dusseldorf, Germany, in September 2000 for their joint annual bash called the World Youth and Student Travel Conference (WYSTC). Also at the WYSTC were a number of smaller groupings affiliated with FIYTO and/or ISTC, like the International Au Pair Association and Association of Language Travel Organisations.

The WYSTC brings together accommodation centres, adventure travel companies, au pair agencies, home-stay organisations, educational travel groups, theme parks and restaurants, student travel bureaux, youth hostel associations and many others with an interest in the promotion of youth travel. It is the only conference of its kind anywhere.

Mr. Jack Coronna, the immediate past president of FIYTO, estimates that the youth market comprises 20 percent of mainstream tourism. In 1999, the 353 members of FIYTO served 16 million young travellers, generating an estimated turnover of US\$8 billion and selling over seven million air and surface transport tickets.

FIYTO member organisations also employ about 28,000 full-time staff and another 70,000 people on a part-time or seasonal basis. They own and manage about 600,000 beds in hotels, hostels, holiday and accommodation centres throughout the world.

Born in 1951, mainly to bond erstwhile trans-Atlantic wartime enemies, FIYTO's aim has been to promote educational, cultural and social travel among young people. To the travel trade, international and government organisations, FIYTO campaigns for the special identity of young travellers and their right to affordable travel and travel-related services.

The other organisation, ISTC, groups together associations serving primarily the student travel market, like those providing air tickets and insurance services. One of its most important functions is the issuance and administration of the International Student Identity Card (ISIC – more about this below). Though there is considerable overlap between the membership and philosophies of FIYTO and ISTC, they have been kept separate because their cultures are essentially different.

Growth in the youth market has not been free of problems. The young are proficient Internet users which means that many established companies that once specialised in handling their travel arrangements risk redundancy. Young people are also prone to security and health risks because of their love for adventure and a desire to visit off-the-beaten-track places.

While the industry wants the young to travel because it improves their prospects of getting jobs, many countries impose strict visa and work permit restrictions, even though many young people bring language and other qualifications that few local citizens could match.

The Surprising Lack of Interest from the PATA Region

So far, the youth market is dominated by travellers from the industrialised countries. From the PATA region, this includes the USA, Australia and Japan. But a huge future potential lies in wait, especially when considering the emerging markets of India and China (PRC). Add to that Korea (ROK), Chinese Taipei and the economically-recovering countries of the Association of Southeast Asian Nations, and handling youth travel becomes a major growth opportunity. Sadly, it is one that most PATA countries have not yet taken seriously.

Before FIYTO and ISTC merged their annual conferences into the WYSTC in 1992, FIYTO had convened in Asia several times, including Pattaya and Beijing. Indeed, the last annual WYSTC took place as recently as September 1999 in Bangkok. In spite of that, interest from Asia has been slow to take off. At the WYSTC 2000 in Dusseldorf, total delegate turnout from Asia was less than 50 out of a total attendance of nearly 800.

Only the Japanese are beginning to show considerable interest in line with the growth in Japanese youth travel worldwide. The Tourism Authority of Thailand took up half a booth to maintain the profile in the aftermath of the 1999 Bangkok conference and distribute supporting material. But the lone Thai seller was a small Bangkok youth hostel which took advantage of a special opportunity for smaller exhibitors to take a table top for only US\$100.

One regular Asian buyer/seller at the WYSTC is Mr. D. Ramchand, Chief Executive of MSL Travel, Malaysia. He set up MSL Travel in 1975 and became a member of FIYTO in 1987. He has attended most of the FIYTO conventions since then, and all the WYSTCs.

Mr. Ramchand believes Asian governments need to institutionalise youth travel. He says that in the industrialised countries, students and youth travel discounts are part of the system, along with special rates for pensioners and handicapped people. In Pacific Asia, he says, none of the major Southeast or South Asian countries have such facilities.

Mr. Ramchand says serving Malaysian students going abroad and student/youth inbound business makes up about 60 percent of his total business. As a licensee of the ISIC card in Malaysia, Mr. Ramchand turns out 12,000 cards a year. Expanding awareness of the ISIC card and gaining acceptance is an on-going process. The card

TRENDS DRIVING GLOBAL YOUTH TRAVEL

- Increasing access to information about global travel, especially in the Internet age
- Growth in desire to study English abroad
- Increased affordability as prices fall
- Stronger marketing by holiday destinations
- Young people want to take a break between years of study
- Travel experience, language knowledge and familiarity with foreign cultures increases chances of a better job

OPPORTUNITIES FOR PACIFIC ASIA

- Standardise what age group "youth" means and create a culture of travel
- Build a greater spirit of intra-Asian travel in order to broaden source markets and reduce dependence on traditional markets in industrialised countries
- Allow young people to work and train in regional countries under relaxed work-permit terms
- Take advantage of the International Student Identity Card and expand the growing strength of its value. Help product suppliers to add more benefits to the card
- Strengthen relations with international groupings like ISTC and FIYTO and tap into their research
- Hold more youth and student travel marts and conferences
- Do more intra-regional market research on youth travel trends and preferences and make it available to the public
- Encourage the formation of regional youth travel groupings
- Bring universities and other learning institutions into the fold

delivers 50 percent discounts on Air Asia, 25 percent on Pelangi Air and 20 percent discounts on airport coach transfers from Kuala Lumpur International Airport to the city.

He says Asian governments need to make a start by first clearly identifying what youth travel is. In Europe "youth" is defined as being under 26 but in India it is under 30 and in Malaysia under 40, which would comprise 40 percent of the population. He says efforts have been made to set up a Pacific Asia chapter of FIYTO, but it has not worked out. He suggests that youth and student travel groups need to raise their profile at regional and international travel shows such as the PATA Mart and ASEAN Tourism Forum.

Asian Card Licensing Reps Meet

Efforts to do something about the poor Asian attendance at the WYSTC are under way. For the first time at the WYSTC 2000 in Dusseldorf, Asian licensing representatives of the International Student Identity Card from Singapore, Chinese Taipei, Vietnam, Malaysia and Japan met to discuss ways to work together and raise Asia's profile.

The main focus of the meeting was the ISIC, formerly just a means of identification but now gaining increasing power as a marketing tool because of the access it provides to names and addresses of youth travellers worldwide. In 2000, about 3.9 million cards are estimated to have been sold, up about 6 percent on 1999. The top five issuers – companies in Brazil, USA, Germany, Canada and Spain – represented 47 percent of sales. About a nine percent increase in orders is projected for 2001.

In some of the PATA countries, card licensees face problems with importing the documentation and brochures to support sales. Complicated paperwork and high tariffs sometimes mean the documents get stuck in customs for days on end. The Asian group got together and swapped sob stories but found that little could be done, in spite of having received previous support from the International Student Travel Confederation in the form of representation to various governments.

Mr. Lim Joon Kiat, the Singapore-based Group Director Asia of STA Travel, a major handler of youth travel, agrees with Mr. Ramchand that more awareness is needed of the importance of youth and student travel. He also supports the idea of FIYTO and ISTC doing some marketing via trade shows in Asia. At the 1999 ITB Berlin, a special hall was taken up for the first time to promote youth travel. Mr. Lim says doing the same at Asian trade shows would go a long way towards raising the profile there.

Australia Knows the Potential

In Australia, young travellers from all over the world stay far longer and spend far more than mainstream travellers. Mr. Rodney Harrex, Manager, Market Development, Europe/South Africa/Middle East of the Australian Tourist Commission, presented the following figures from the 1998 International Visitors Survey (Bureau of Tourism Research):

1998 INTERNATIONAL VISITORS SURVEY		
	Length of Stay	Expenditure
EUROPE		
Mainstream Leisure Traveller	39 days	AU\$ 2,390
Young People	65 days	AU\$ 3,785
AMERICA		
Mainstream Traveller	25 days	AU\$ 2,070
Young People	78 days	AU\$ 4,560
JAPAN		
Mainstream Traveller	11 days	AU\$ 1,347
Young People	80 days	AU\$ 4,203
ASIA		
Mainstream Traveller	26 days	AU\$ 2,499
Young People	82 days	AU\$ 5,908
NEW ZEALAND		
Mainstream Traveller	15 days	AU\$ 1,177
Young People	42 days	AU\$ 2,132

How the British Tap the Potential

The British Tourist Authority (BTA) is one of the most aggressive promoters of youth travel, capitalising on the drawcard of London as one of the most attractive cities in the world for the young. BTA research shows that Britain is perceived among young people as "tolerant, expensive, multi-cultural, confusing, fashionable, exciting, a young place full of culture and tradition" – mostly the kind of words which strike the right chords in the minds of the young.

The BTA projects that about 20 million young people worldwide at any given time have the resources for international travel and could potentially visit Britain. After visiting once, they could come back three or four times during their lifetime. Hence, a global marketing campaign is under way to win lifetime customers.

It began in 1996 with a snazzy, modern and "sometimes controversial" magazine called *UK The Guide* with the "U" typefaced as the "@" e-mail symbol. Produced in French and Spanish in addition to English, the publication featured Britain's nightlife, music, people and fashion. Written to appeal to the young, it still has a focus on "coolness and fashionability."

Circulation has risen from an initial 385,000 to 500,000. Research conducted of French readers said up to 50 percent of them had been "definitely influenced" by the magazine, eight percent had been persuaded to stay longer and 46 percent persuaded to visit more places in Britain. Australian readers similarly researched indicated that up to 21 percent had been "definitely influenced" by it, 17 percent had decided to stay longer and 75 percent to visit more places.

The magazine has since been put on the Internet and the number of languages expanded to Portuguese and German. The heart of the site is called "UK Cool." Other sub-sites allow options for research, bookings and updates on what is going on every month.

Ms. Sandie Dawe, the BTA's Marketing Communications Manager says a visit to Britain can enhance job CVs for young people, especially from non-English speaking markets. Indeed, there are many advantages of targeting the young: they travel year-round, focus on London but travel country-wide, make more use of youth hostels, university accommodation and other budget-style hostels, use public transport and also enjoy home-stays.

In addition to the Internet, the campaign also covers advertising and direct mail, campus shows, radio competitions, e-mail campaigns, press trips and many more. The future idea is to build more partnerships with suppliers and build on research and trend information to shape future campaigns.

The BTA says it will have to be mindful of some emerging issues in marketing to the young. Research is showing that young people are beginning to resent the fact that they are a walking target for marketers of every product and service in the world. They are also noticing signs of the world moving into a "post-materialistic" phase with a greater desire for a simplified life. Also, young people do not just want to travel, they want to explore. Most significantly, word-of-mouth advertising is the best means of enhancing the credibility factor.

Check Out the German Youth Market

In 1998, Germany had nearly 22 million people aged six to 25, of which about 4.7 million people were aged 14-19, or about 7.4 percent of the total population. According to the well-known local travel research monitor *Reiseanalyse*, 78.2 percent of teenagers travelled for at least five days. About 3.7 million took 1.3 tours per year, which equates to about 4.7 million holiday tours. Total expenditure was estimated at DEM4.9 billion.

Because of changes in population shifts and smaller families, the number of young people is declining every year. Over the last 10 years, the percentage of young people in Germany shrunk three percent. German tour authorities note that of all young people's trips, 77.6 percent are out of the country, but they have no particular objection, noting that foreign travel makes German youth more tolerant and appreciative of foreign cultures and provides a strong counter-balance to the threat of racism and extremism.

German tourism authorities note that one very important segment of the travel industry for young people is that organised by some 30,000 non-profit organisations such as charities, foundations, church groups, social and environmental watchdogs throughout Germany. Though most of them book no more than 50 people a year, they are considered a "still undiscovered and most interesting source of tourists."

In 1997, a new association emerged: the German Forum for Youth and Children's Travel. Most of its 15 members are state-wide umbrella organisations, but each specialises in a certain field such as sports or nature. Some have a church background. Private companies are also involved. Funding help is coming from the federal ministries for youth, economy and employment.

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