The Billion Dollar Independent Youth Market

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Independent Youth Tourism: Key Questions

1. Why bother? *(High yield, high dispersion, strategic tourists)*
2. Who are they? What types of travel do they undertake? What motivates them to leave home?
3. What is driving the growth in independent youth tourism?
4. What is the business model behind youth tourism?
5. How did the “billion dollar industry” in Australasia evolve and what can Silk Road destinations learn from it?
6. Are Silk Road destinations suitable for this segment?
7. How to develop your destination for the high yielding youth segment? *(Frame conditions)*
Independent Youth Tourism and the New Tourism Economy

• New Tourism vs Old Tourism
• Independent Travel:
  – A form of travel where the participants maintain the maximum amount of control over the elements of their trip
    – * Where they go
    – * How they get there
    – * When they go
    – * What they do
The Independent Youth Tourism Ideology”


- **(a) Maintaining freedom and flexibility**
  - Traveller vs tourist mentality
  - Micro packaging trip components

- **(b) Gaining an authentic cultural experience**
  - Off the beaten track – Local people and experiences
  - Outside the tourist bubble – longer term travel
  - Use of existing transport for locals

- **(c) Meeting ‘like minded’ people**
  - Social environment is crucial (Gaining status)
  - Hostels vs Hotels

- **(d) Experiencing personal development**
  - Challenging experiences
What Travellers Want: Uzbekistan 2016

Source: M.Apart (2016)
What Travellers Want: Western Mongolia 2016
Source: M. Apart (2016)
Authenticity: The local silk road bus in Mongolia
(50 hours to Ulaanbaatar) Source: M.Apart (2016)
What is the ‘Contemporary’ Independent youth travel business model?

• **Basically it is a business model that facilitates high economic returns from low capital investment for suppliers. (Supply)**

• **It also facilitates cost effective travel options for travellers who are willing to ‘typically’ share facilities. (Demand)**
  – This ‘model’ has spread throughout the world from the mid 1980’s as it has low barriers to entry.

• **Historic Links to the 1960’s “Hippie trail” .**

• **Has been driven by technology (Boeing 747) and globalisation**
Independent Youth Tourism (IYT)
Backpacking/Flashpacking as a global system. (Why has it developed?)

Vinn din Drömresa! Tävla på: dromresa.kilroy.se
### Tourism Economics: Inbound yield by market

Source: Tourism Research Australia (TRA) 2017

**NB: Backpackers Year Ending Sept 2016 worth $4.269 Billion (2.6x Japan)**

<table>
<thead>
<tr>
<th>Market</th>
<th>Year ending September 2015</th>
<th>Year ending September 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>7,722</td>
<td>9,099</td>
<td>18%</td>
</tr>
<tr>
<td>United States of America</td>
<td>3,114</td>
<td>3,749</td>
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<td>United Kingdom</td>
<td>3,535</td>
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<td>Japan</td>
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<td>1,619</td>
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<td>Korea</td>
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<td>1,609</td>
<td>34%</td>
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<tr>
<td>Germany</td>
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<tr>
<td>India</td>
<td>1,071</td>
<td>1,151</td>
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<tr>
<td>Taiwan</td>
<td>716</td>
<td>872</td>
<td>22%</td>
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</tbody>
</table>
Research on Independent Travellers in Australia
(Jarvis, J, Melbourne 2016) N= 133, currently on a WHM visa 18-31

• What is your interest in travelling to the following destinations/regions in the future?

  • **Desire to travel the Silk Road** 42.1%
    – Georgia 24.8%
    – Iran 18.9%
    – Kazakhstn 21.0%

• **Potential market = 623,000 =**
• **261,660 potential Silk Road Travellers**
What is a “Free and Independent Youth Traveller”?  
Pearce, P. The Backpacker phenomenon: Preliminary answers to basic questions, Department of Tourism, James Cook University. 1990, Townsville.

• “The Ultimate Free and Independent Traveller”
  > A preference for budget (Value) accommodation
  > An emphasis on meeting other travellers
  > Have an independently organised and flexible travel schedule
  > Prefer longer rather than short holidays *
  > Place an emphasis on informal participatory activities
Who are the Independent youth travellers?

• “In general they are future pillars of society, on temporary leave from affluence, but with clear and unwavering intentions to return to normal life”

• Age: Varies, generally seen as 18-35

• Nationality: “European/Western” dominance, emerging Asian independent youth market
‘Contemporary’ Independent travellers

• **Tourists stay in Hiltons, travelers don’t. The traveler wants to see a country at ground level, to breath it, experience it – live it.**

• **This usually requires two things the tourist can’t provide – more time and less money”**[1]

Are you a backpacker or a 'flashpacker'? Research shows adventure seekers now prefer that little bit of extra comfort

- 75% now admit extra luxuries make them more like 'flashpackers'
- Wine tasting and boutique hotels have been added to backpacking
- Modern day backpackers are professionals that have new expectations

By JOHN HUTCHINSON FOR MAILONLINE
PUBLISHED: 11:02 GMT, 1 January 2015 | UPDATED: 09:44 GMT, 2 January 2015
Luxury hostels target flashpackers and grey gappers

Hostels no longer mean sparsely furnished dormitories where cash-strapped young backpackers lay their heads and queue to use communal bathrooms. A new breed of upmarket hostels is competing with boutique hotels to offer chic accommodation at bargain prices, attracting savvy holidaymakers of all ages.

I Wanna Be a Flashpacker: When Backpackers Grow Up or Get Rich

Amanda Kendle  March 14, 2013  Features, Gear  65 Comments

In my twenties, I was a truly budget backpacker. I traveled with few plans other than a need to be somewhere by a certain date, usually months ahead — perhaps to start a job, or to catch a plane to another continent. I carried everything I needed on my back in one pack, tied my hair back unattractively each day and didn’t bother too much if my clothes got dirty. Getting a cheap night to stay somewhere was important; buying a new handbag was not.

Now that I’ve hit my thirties, I’m almost afraid to say. I’ve noticed my travel habits changing a little bit. These days I’ll pay a bit more for a private bathroom and a room of my own often opting for a cheap hotel, rather than lining up with everyone else; but I don’t mind if this is a private room in a hostel. Sometimes I travel with a suitcase rather than a backpack. And I tend to wear clothes that I wouldn’t be ashamed to be seen in at my local supermarket late on a Friday night.
Independent youth traveller strategic benefits

1. High Yield
2. High Dispersion (Regional areas)
3. Long(er) Stay
4. Low(er) marketing costs & Brand advocacy via digital platforms
5. Low(er) economic leakage (Local vs global)
6. Return Potential/Repeat visitation
7. Developmental role for regions
8. Stimulate product development
9. Can play a role in ‘poverty alleviation’ if managed
10. A more sustainable form of tourism, lower demands on host societies
Some contemporary Independent youth traveller driving forces…..

• (a) Socio-Cultural
  – Gap year phenomenon (Especially ex UK)
  – Career breaks (Changed work environment)
  – Globalization (travel = investment in future career)
  – University Internationalisation (Exchange programs)
  – The rise of the New 30s (Delaying children, marriage)

• (2) Economic
  – World GDP growth (or decline)
  – Declining ‘real’ costs of travel eg: STA $A1399 RTW

• (3) Political
  – Visas (eg: Visa freedoms, Expansion of WHMs)

• (4) Travel Industry
  – Specialist agents (Eg: STA, Kilroy Travel)
  – Airline alliances & Round the World (RTW) airfares
  – Global-budget airlines (Cut costs of travel)
“Travelling like Ants”: Key tips for industry development

• Independent youth travellers “travel like ants” – Route tourism – dislike going backwards

• Work with the industry, look for the nearest ‘cost effective’ large transport/airline hub Eg: Dubai, or the Trans Siberian Train. Consider partnerships with youth agents in source markets

• Social accommodation hubs are crucial important to facilitate hostel development - “Traveller ghettos”

• Micro packaging – purchase short trip components ‘on the road’, if they are value for money. (Don’t over package)

• Information sources are crucial, work with the industry and guidebooks, Bradt, Lonely Planet, and research on line sources

• Eg: [http://www.travelindependent.info/asia-central.html](http://www.travelindependent.info/asia-central.html)
Outbound Industry Drivers
Case Study: Kilroy Travel (Sweden)
https://www.youtube.com/watch?v=OBW6Ryq4U5U
KENYA & TANZANIA OVERLAND
10 days, Nairobi to Nairobi

10 days
Nairobi to Nairobi

From €1529
was €1799

Trip Code: DKTO
Linking with the outbound youth industry

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What Travellers Want: Tajikistan 2016
Source: M. Apart (2016)
Micro packaging – Retaining flexibility
Why Independent Youth Travellers are beneficial

- **(A) Economic Earnings**
  - (1) High Yield due to length of stay
  - (2) Dispersion spreads economic benefits
  - (3) Hardy travellers - Constant demand
  - (4) Different segments spread benefits in economy.

  > Eg: Working Holiday Makers (WHMs) & Study Backpackers
Why Independent Youth Travellers are beneficial

- **(B) Economic Development**
  - (1) Consume local goods, low economic leakage
  - (2) Require basic infrastructure, low barriers to entry
  - (3) Stimulate Small Business development
  - (4) Stimulate product and destination development
Why Independent Youth Travellers are beneficial

• (C) Socio-Cultural
  – (1) Return potential, Future links?
  – (2) Lower environmental carrying capacity
  – (3) Local ownership of firms (Local self fulfillment)
  – (4) Local vs Global product development
  – (5) Local reliance vs outside interests
  – (6) Local urban renewal