



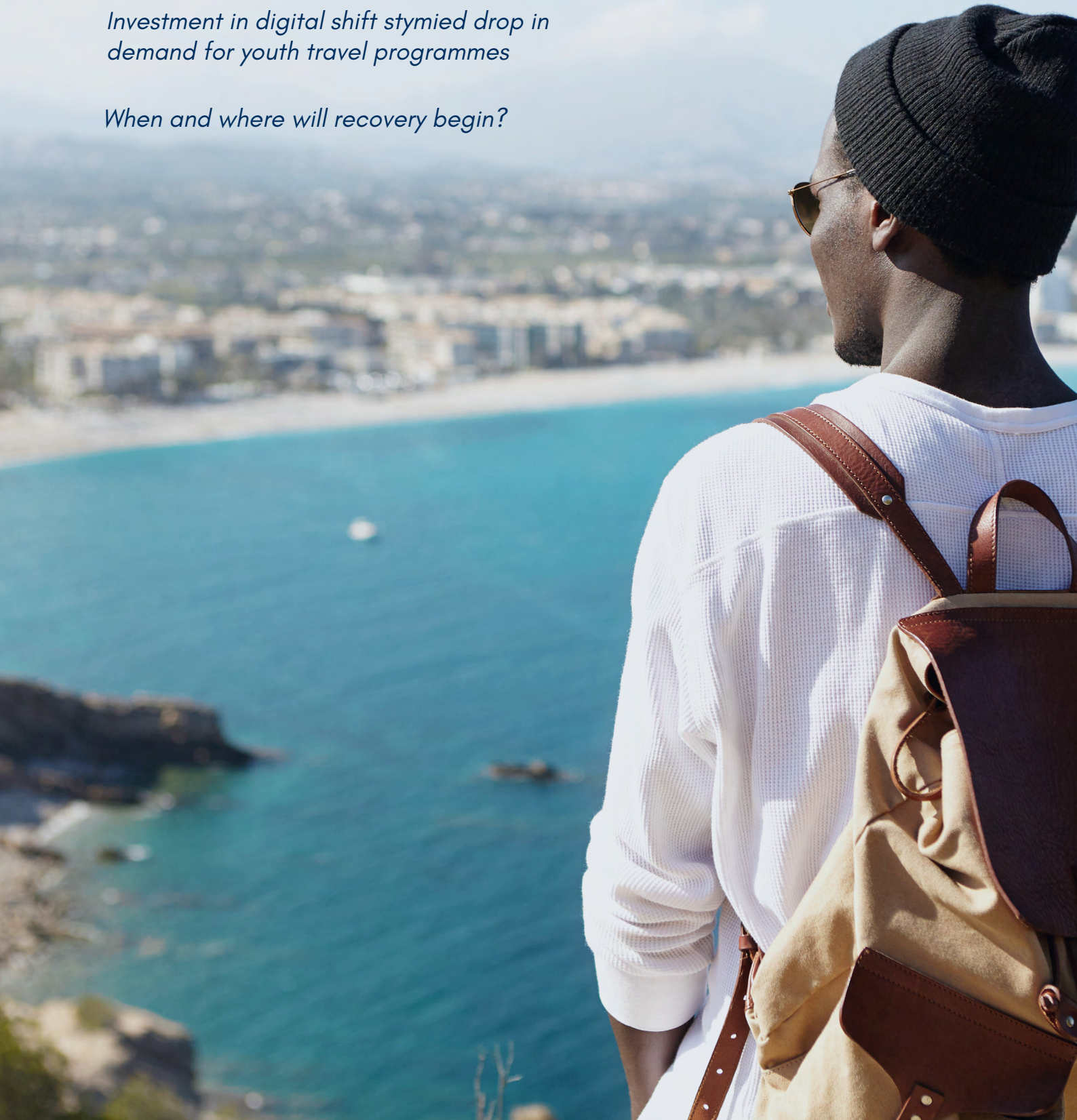
WYSE TRAVEL
CONFEDERATION

COVID-19 TRAVEL BUSINESS IMPACT SERIES

AUGUST 2020

*Investment in digital shift stymied drop in
demand for youth travel programmes*

When and where will recovery begin?



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Young travellers are vital to the travel industry and travel is imperative to a connected, open and peaceful world. In light of the current COVID-19 pandemic and the crisis that it has brought upon our industry, WYSE Travel Confederation is concerned about the future of youth and student travel and the organisations that serve the unique interests and needs of young travellers.

Travel and tourism was an industry growing faster than global GDP. In 2019, the youth travel segment generated tourism receipts for destinations worth approximately USD 330 billion. Twenty-three percent of the world's international arrivals were young travellers under the age of 30. They were holidaymakers, but also international students, au pairs, interns and overseas volunteers and teachers, immersive language learners, cultural exchange programme participants, backpackers, flashpackers, digital nomads and a lot in between.

This report provides a summary of survey results from August 2020. Data for this report were collected between 3 and 13 July 2020 by WYSE Travel Confederation via a web-based questionnaire in English. The survey was the fourth in a series titled COVID-19 Travel Business Impact Survey. The fifth iteration of the survey attracted 370 responses from 70 countries. Three-hundred and fifty-five responses were retained for analysis. Respondents included organisations specialised in youth travel products as well as those representing mainstream travel products, members and non-members of the association.

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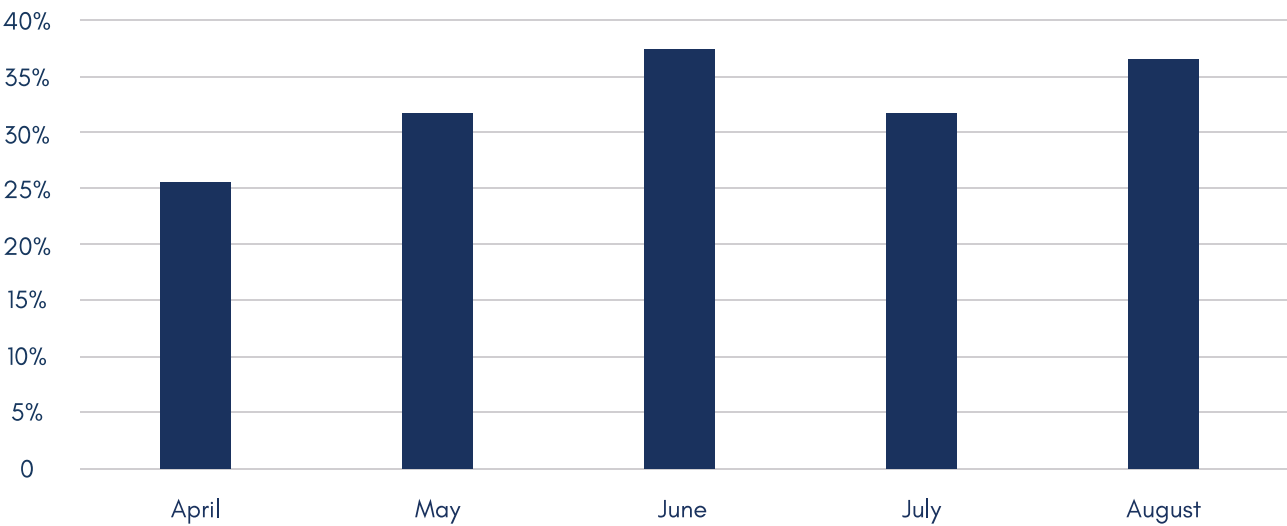
Internships, language immersion courses, study abroad semesters and many other travel-based educational and cultural exchange programmes have adapted for virtual environments due to COVID-19. The August edition of WYSE Travel Confederation’s COVID-19 Travel Business Impact Survey ^[1] takes a look at the extent to which these sectors of the youth travel industry have gone digital this year and what the digital shift for youth travel programmes might look like for 2021.

Moving youth travel programmes online

When asked what proportion of programmes that normally require travel have or would move online in 2020, responses indicate the average ‘digital shift’ for educational and cultural exchange travel programmes was almost 30%. For 2021, an average of 25% of youth travel programmes are slated to run online.

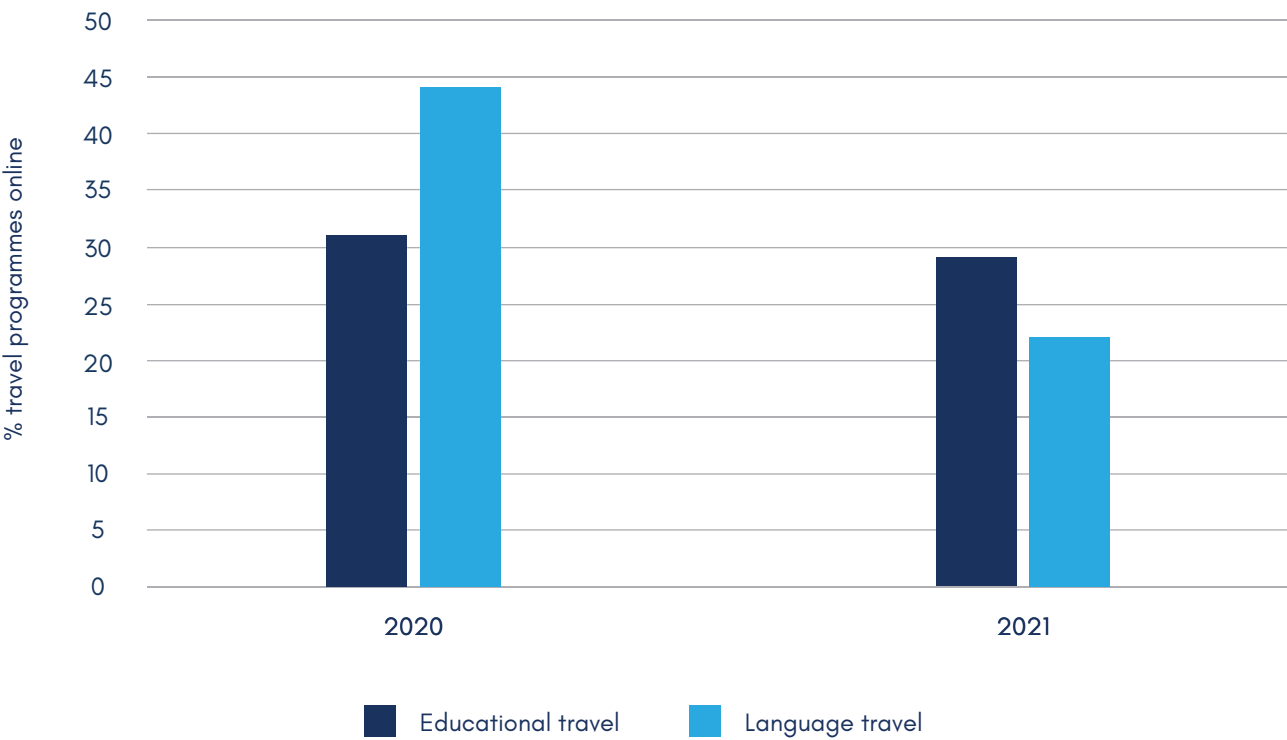
The digital shift has been supported by growing investment in online communication tools. In April around 25% of survey respondents indicated that they were investing in online communication in response to the pandemic, but by August this had increased to 37%.

Invested in online communication tools, April-August 2020



Educational travel and language learning travel are the main sectors where the digital shift is occurring. In these sectors the development of online programmes is currently much more prevalent, with 44% of language travel programmes shifting online in 2020. Even so, language travel organisations anticipate that just 22% of language travel programmes will run online in 2021, suggesting an optimistic view that some travel-based programmes will be able to resume next year.

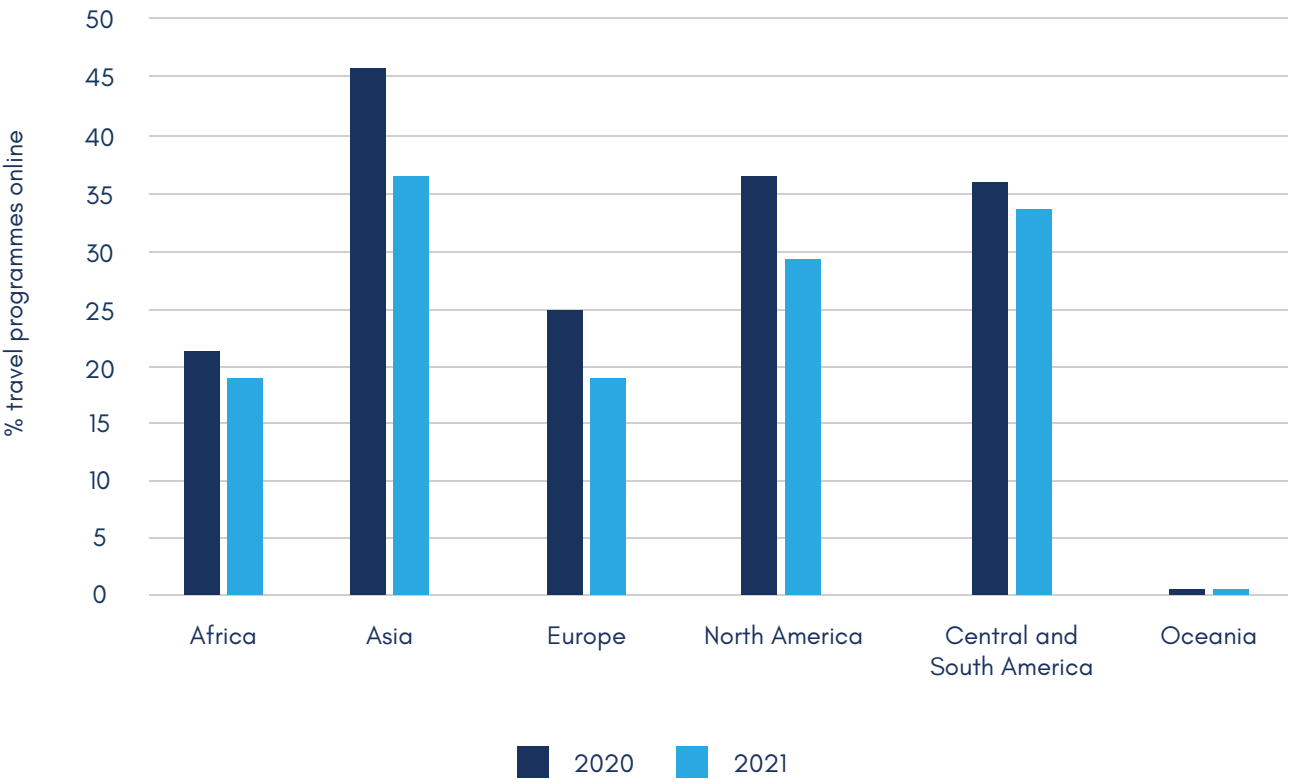
Digital shift of youth travel programmes



The digital shift of youth travel programmes, for 2020 and 2021, is greatest in Asia, followed by the Americas.

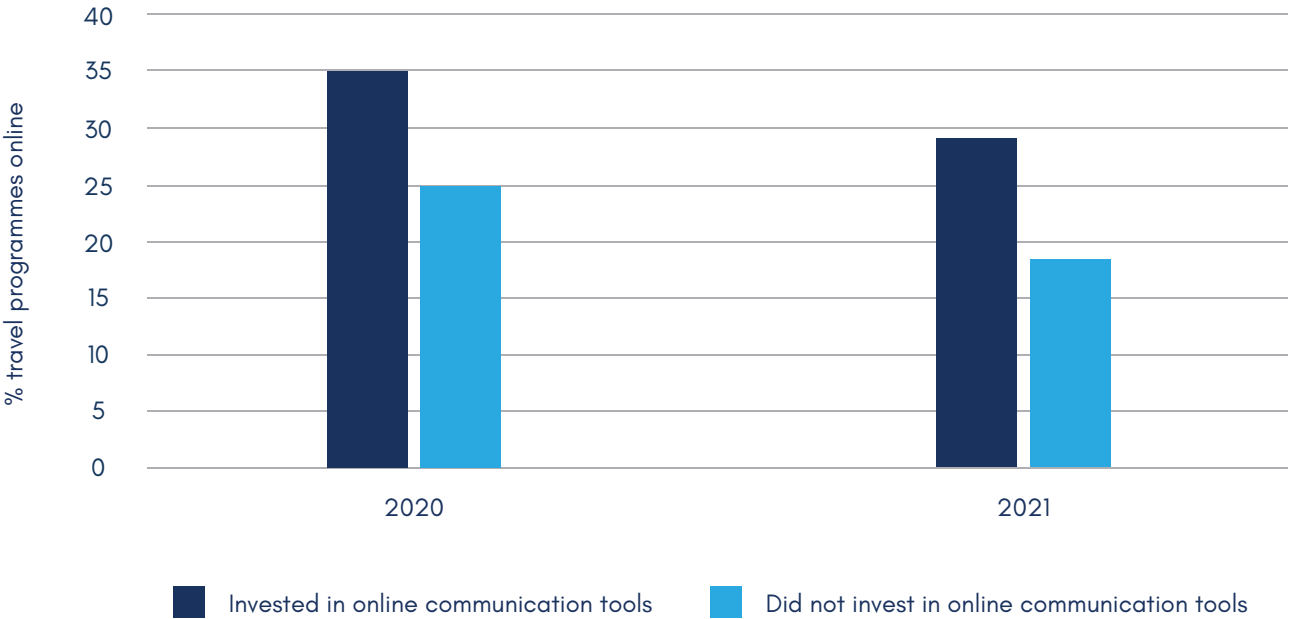


Digital shift of youth travel programmes by region



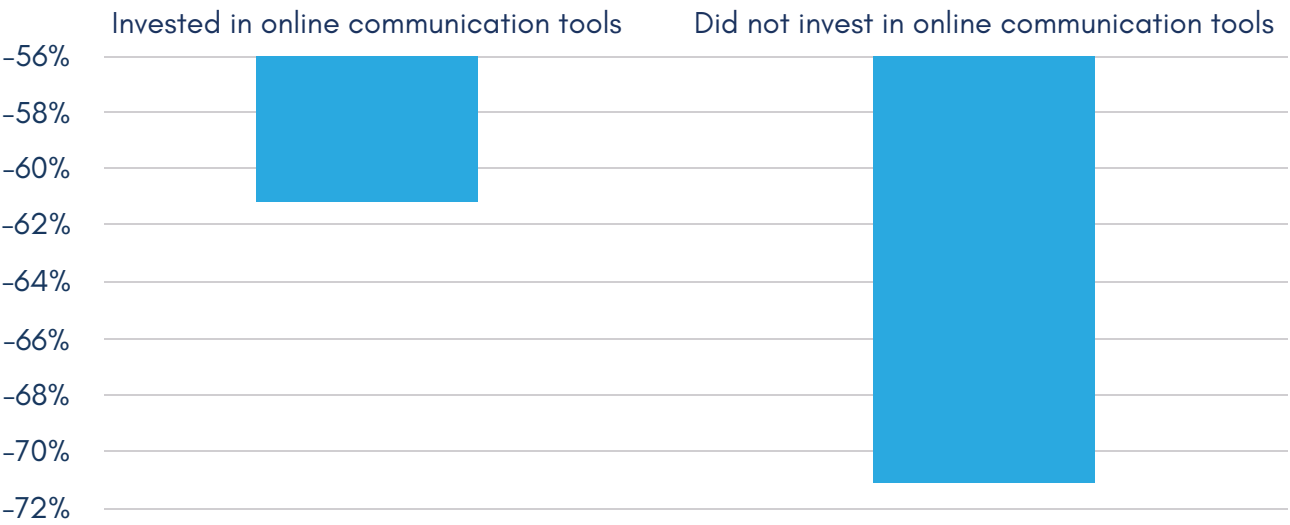
The investments in online communication tools that organisations have been making this year appear to be worthwhile, as these investments have supported a higher level of movement towards offering online youth travel programmes.

Investment in online communication tools vs digital shift of youth travel programmes



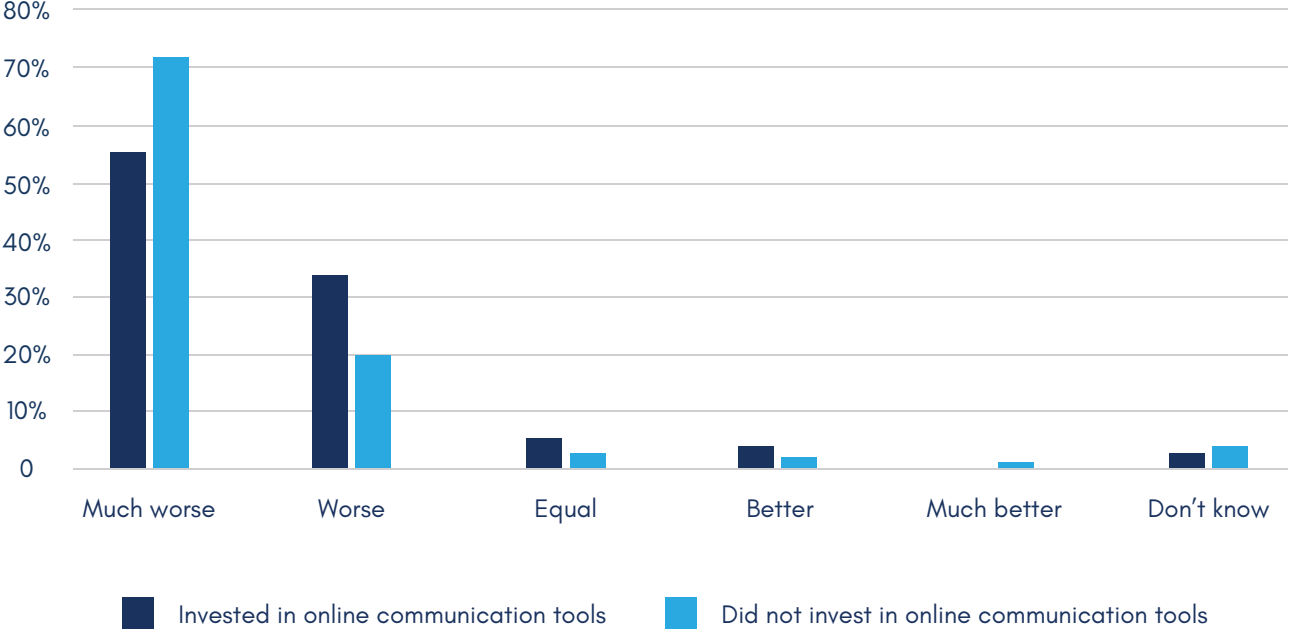
The shift to digital provision has also enabled suppliers to limit the downturn in demand. Compared with other suppliers, those who made digital communication investments over the past six months have reduced the fall in demand by about 10%.

Change in demand by investment in online communication tools



Those investing in online communication tools in the past six months were also significantly less pessimistic about their business prospects for 2020.

Business prospects 2020 vs investment in online communication tools



Even though investments in online communication tools that have enabled a greater shift to virtual replacements for some youth travel programmes, some organisations believe that travel is essential to the experience they offer and are playing the waiting game until travel

can resume.

"Online learning programs has been available for many years. However, our main customers are the ones who prioritize travelling and also add learning or gaining experience. I would say 2021 will be a tough year and we do not know how COVID-19 will be creating challenges, shut-downs and economic crisis. 2021 depends on how borders and governments will be reacting and applying regulations."

"Since we are a location based volunteer and experiential learning organisation, if there is no travel our business will struggle tremendously. Therefore, the main obstacles are:

- 1) Fear of contagion whilst traveling
- 2) Uncertainty regarding 'openness' of international borders
- 3) Uncertainty of Insurance cover
- 4) Increased costs due to new health & safety measures and reduced permissible occupancy levels
- 5) Lack of economic resources in our target audience"

Some have experimented with new digital programme offers but are not seeing that they will completely replace travel-based programmes or generate the same level of demand or income once travel resumes.

"We have created one virtual tour for people to purchase online, however it was a small project and has not drawn much income. Our income is from our volunteer program which cannot be done online. We hope to be open in 2021 but expect income loss because many volunteer spaces for 2021 will be taken by volunteers who were not able to come for their original booking in 2020. We will be honoring their original booking in 2021 at no extra charge."

[1] Data for this report were collected between 3 and 10 August 2020 by WYSE Travel Confederation, the global association for youth, student and educational travel organisations, via web-based questionnaire in English. The August survey was the sixth in a series titled COVID-19 Travel Business Impact Survey.

The sixth iteration of the survey attracted 321 responses from 69 countries. Three-hundred and eight responses were retained for analysis. Respondents included organisations specialised in youth travel products as well as those representing main-stream travel products, members and non-members of the association. All respondents were asked about the impact that the COVID-19 (Coronavirus) pandemic has had on their business in travel. Questions related to change in demand, outlook for 2020, main concerns and actions taken in response to COVID-19 have been repeated across surveys.

The profile of respondents to the sixth survey in August 2020 was similar to that of respondents of previous surveys. Youth travel specialists, defined as those organisations with over half their main business in the youth market, have consistently made up 60% or more of respondents over the life of the survey series.



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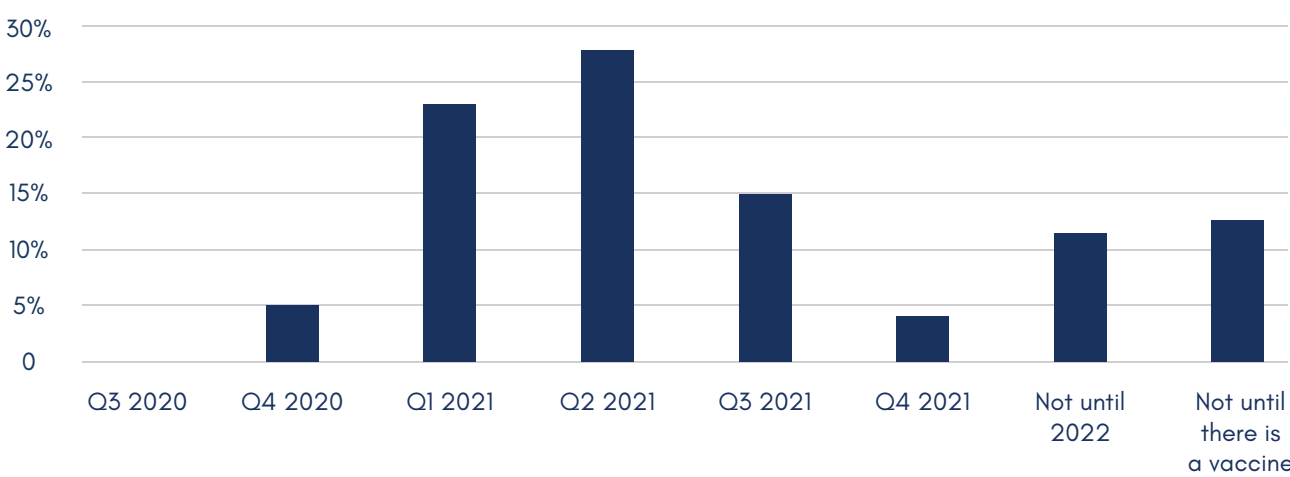
When and where will recovery begin?

After a bit of optimism in June about demand for travel and tourism services for the remainder of the year, youth travel businesses adjusted their expectations slightly in July, saying they expected, on average, a 71% drop in demand for 2020 over 2019. This expectation remained steady in August. This article, based on the August edition of WYSE Travel Confederation’s COVID-19 Travel Business Impact Survey^[1], takes a look at when youth travel businesses in different world regions are expecting economic recovery to begin. The development of a vaccine seems to be more important for businesses prospects in certain world regions.

The beginning of an economic recovery

Globally, the majority of respondents expect that a recovery for their business will begin within the first half of 2021, however, there is a sizeable group who do not expect things to improve until 2022 (12%) or until a vaccine is available (13%).

Expected economic recovery start date, as at August 2020

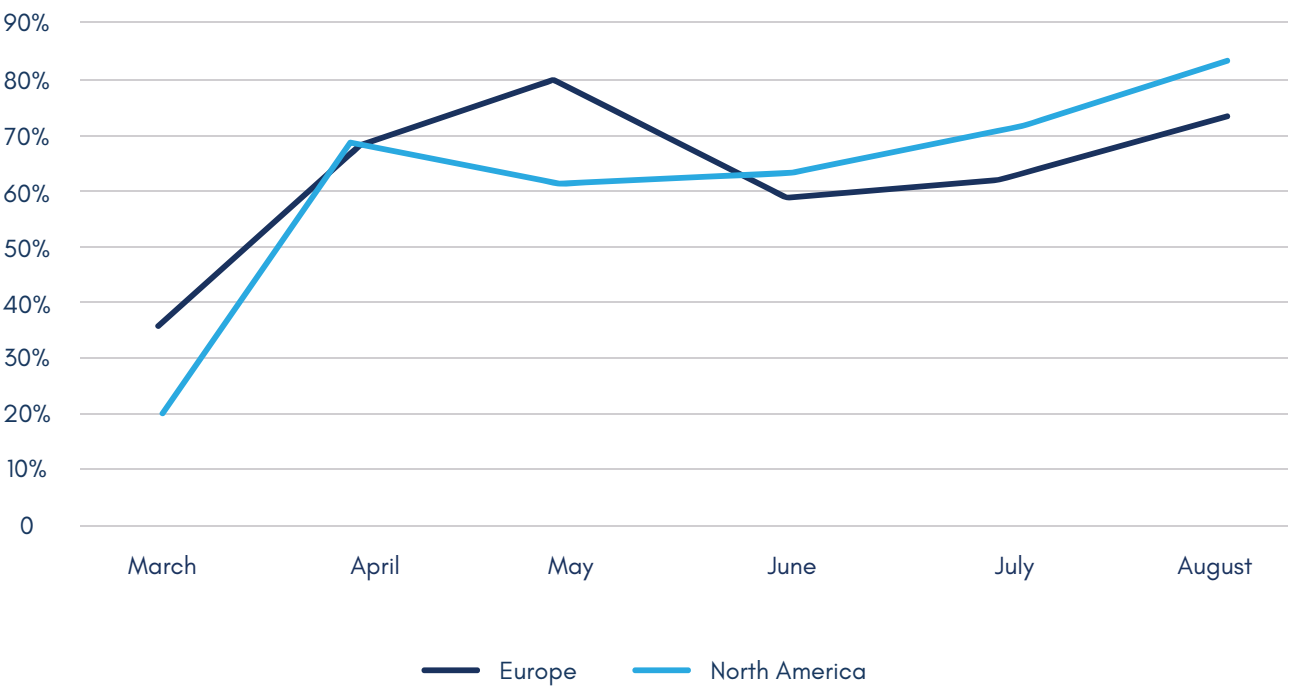


Europe and North America

For companies in Europe and North America, the proportion of businesses that consider their prospects for 2020 as ‘much worse’ increased over the last six months. The slight glimmer of optimism expressed by European businesses in June has faded and is tracking closely to the pessimistic expectations of North American travel businesses.



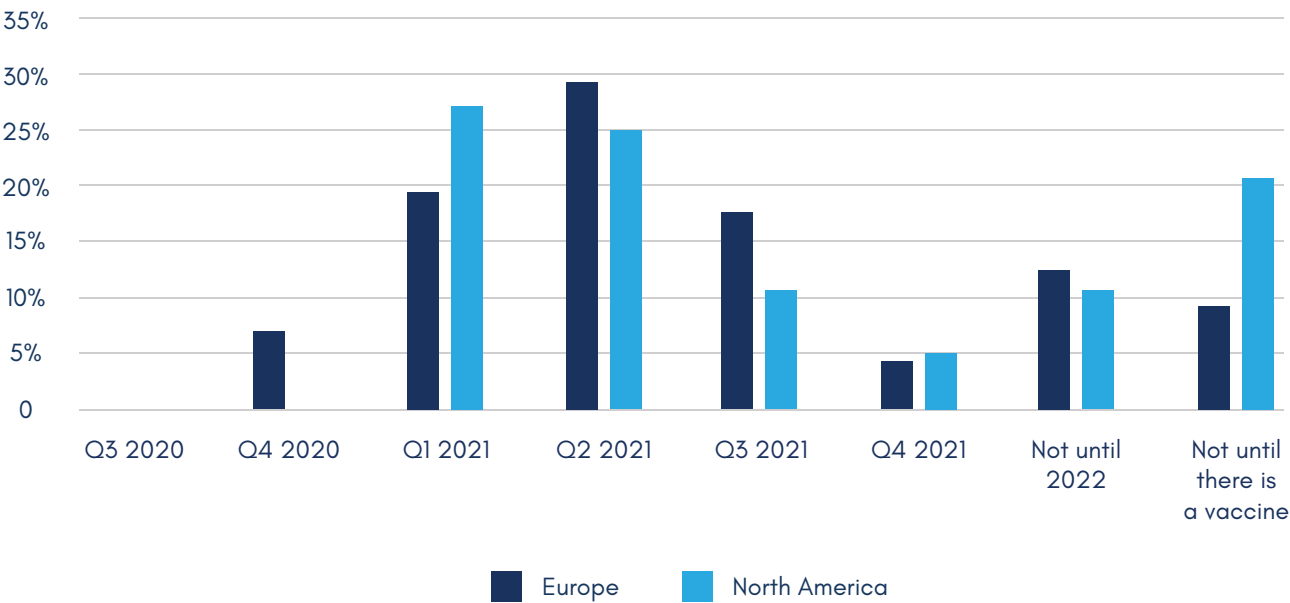
Business prospects 2020 'much worse' Europe vs North America, March - August 2020



Most pessimistic in North America at the moment is Canada, with 91% of organisations assessing their 2020 prospects as 'much worse', followed by the USA (80%) and Mexico (38%).

European and North American youth travel organisations have their bets on economic recovery starting in the first or second quarter of 2021, but a sizeable percentage are looking further ahead to 2022. The availability of a vaccine is seen as the key to economic recovery for a fair number of North American businesses.

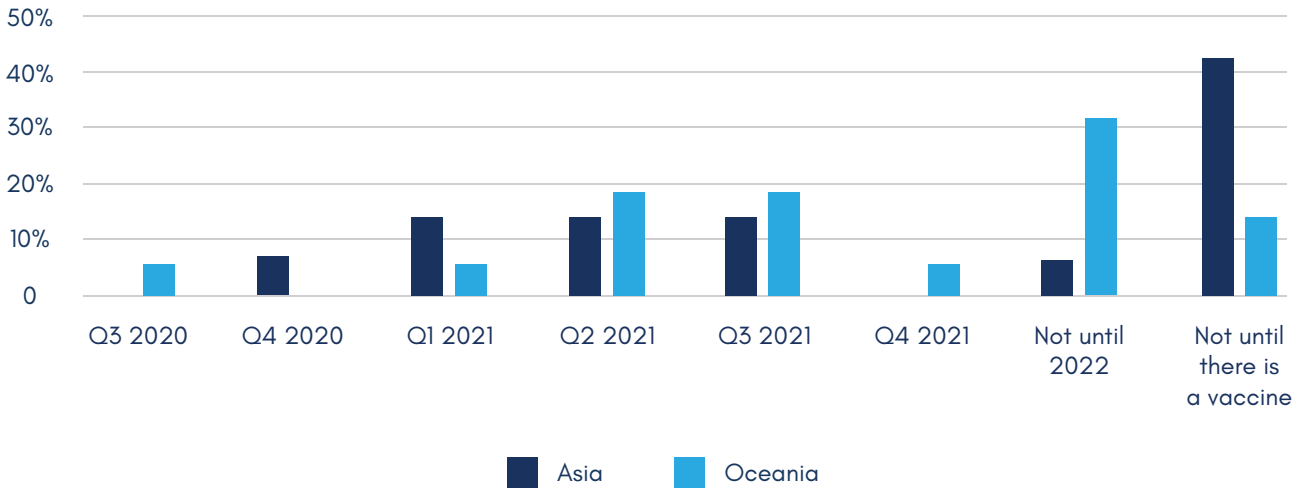
Expected economic recovery start date Europe vs North America, as at August 2020



Asia and Oceania

Businesses in Asia seem to be linking their economic recovery with the availability of a vaccine, with 43% saying they do not expect economic recovery for their business to begin until there is a vaccine. Organisations in Oceania are looking to 2022 for economic recovery to begin (33%).

Expected economic recovery start date Asia vs Oceania, as at August 2020

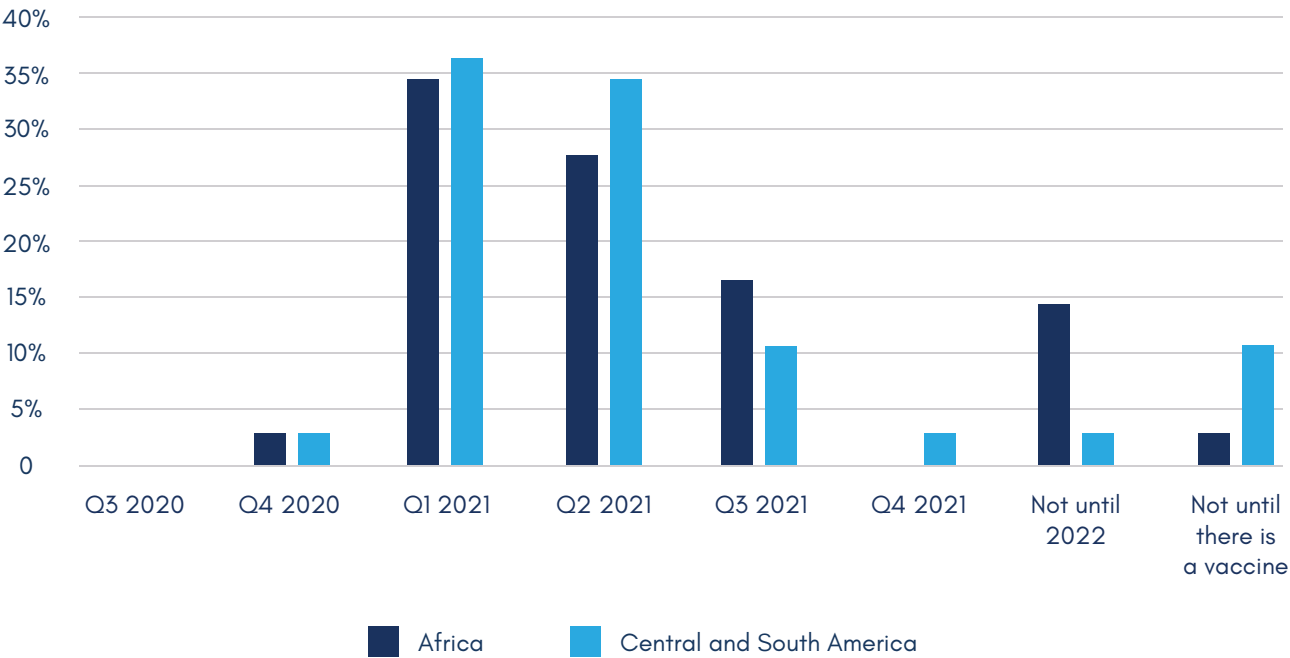


Africa and Central & South America

Similar to businesses in Europe and North America, organisations in the world regions of Africa and Central & South America are looking to the first half of 2021 for economic recovery of the travel and tourism business to start. At the moment, organisation in these regions seem less concerned about a vaccine being available in order for economic recovery of travel and tourism to begin.

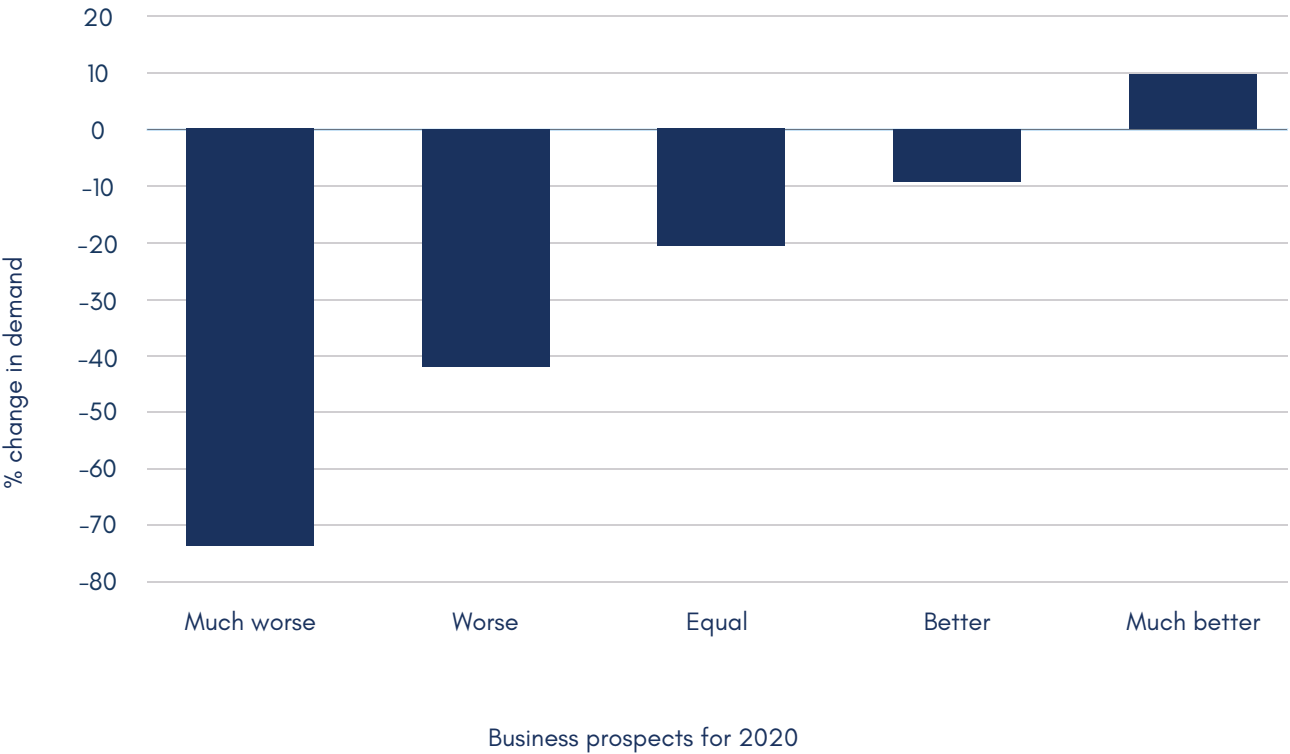


Expected recovery start date Africa vs Central & South America, as at August 2020



In general, over the six months of the survey the business prospects that respondents have anticipated for 2020 relate very strongly to the change in demand they expect for the year. Those expecting things to get ‘much worse’ forecast a drop of more than 70% in demand for 2020, whereas those very few respondents expecting things to get ‘much better’ expected a slight increase in business for the year.

Business prospects for 2020 vs change in demand



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Title: COVID-19 Travel Business Impact Series
Published: August 2020
Author: WYSE Travel Confederation
Project managers: Prof. Greg Richards and Wendy Morrill
Published by: WYSE Travel Confederation

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