

A Higher Quality Traveller

A study into the lifetime value of youth tourism

“Just to travel is
rather boring, but
to travel with a
purpose is
educational and
exciting.”

-Sargent Shriver





Introduction

Imagine a future for the tourism industry in NZ which attracts better quality tourists, increases tourism numbers responsibly, offers a higher industry standard, and encourages high quality travellers to return again and again.

Here at BYATA, it has been a long-held belief that youth travellers are the highest quality tourists, and that the demographic delivers much more value to the tourism industry in NZ than previously thought.

Who Are BYATA?

Since 2003, **Backpacker Youth Adventure Travel Association (BYATA)** has been the independent voice of the backpacking and adventure travel industry in New Zealand.

Our mission is to enhance the commercial viability of members by advocating for the backpacker, youth and adventure tourism sector. Our vision for our sector is to be the strongest within the New Zealand tourism industry.

Dispelling the Myth of the 'Backpacker' Stereotype



Youth travellers today are significantly different from previous generations, and yet there is still a tendency to define young people who travel backpacker-style by using the same old tired clichés and stereotypes of twenty plus years ago.

This new generation of young travellers are hyper-connected culturally, and advocates for the environment and positive social change. They demand better quality experiences and more sustainable practices. This is reflected in the shift to a higher standard of hostels and other youth tourism businesses all over the world.

The key difference between the backpacker and the tourist lies in the purpose of their travel. Backpackers travel to new places to experience local culture and a way of life that is different from their own, whereas tourists go to new places for pleasure and relaxation.

The stereotypical 'backpacker' is virtually extinct; replaced now with a tech-savvy, environmentally conscious, influential set of young travellers who are out to "travel purposefully" and really immerse themselves in local culture.



How the Youth Traveller Differs From Other Types of Tourists

While backpackers are predominantly from the youth market, 'backpacking' refers, not to the type of person, but rather an ethos. From this experience ideals become ingrained in the youth, which will be drawn on when travelling later in life.

Youth Travellers are more likely to:

1. Stay longer
2. Travel into the regions
3. Spend more on activities
4. Be crisis resilient
5. Seek out authentic experiences
6. Connect with nature and engage in sustainable travel
7. Engage more in outdoor, social, and active pursuits
8. Undertake volunteer work
9. Document everything (social media)
10. Return again in the future bringing this same travel ethos

Focusing on Youth Travellers

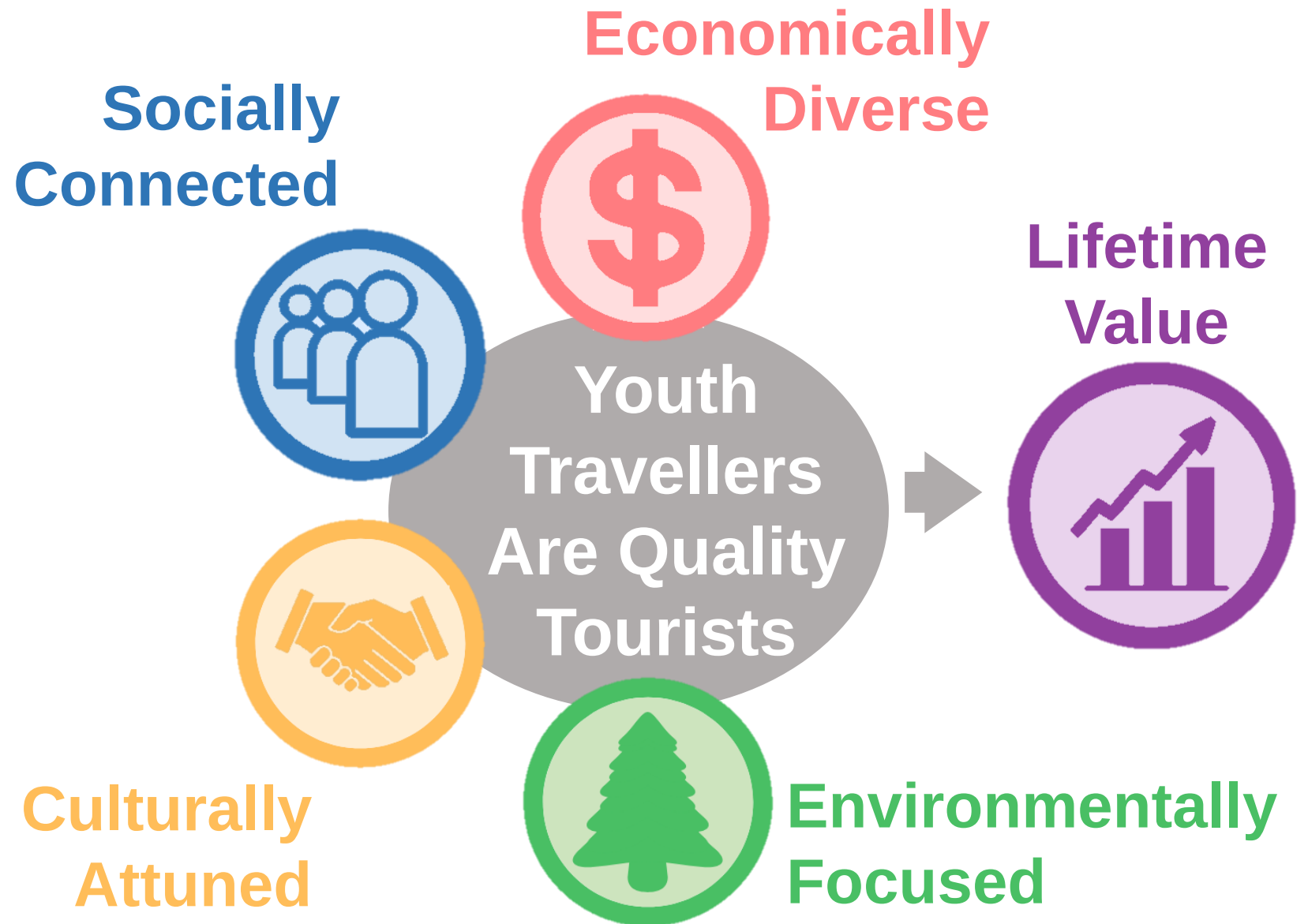
By encouraging youth travel to Aotearoa, we can entice a high-quality visitor to return again and again, distributing revenue across regions and seasons, while engaging positively with society, embracing our culture, and respecting the environment on each journey.

Youth travellers are perfectly positioned to contribute to NZ in a positive way, and should be welcomed as the high quality visitors they already are.

By the very way in which they prefer to travel, youth travellers (age 17-35) uphold the values of economy, society, culture, and environment while also representing the potential of lifetime value to NZ.

By encouraging youth travel to NZ, we can entice this high-quality demographic to return again and again as youthful connections with our nation will leave long lasting impressions and have a lasting personal impact. This will inject more revenue into a greater variety of areas in the economy. On return visits later in life, the youth will continue to bring a better quality of travel which will permeate through future generations.

**Youth
travellers
embody
Aotearoa's
core values
of Economy,
Society,
Culture, and
Environment**



Immediate Value

Youth travellers represent immediate value as high quality visitors who spend as much as a short-term visitor, but who...

Distribution of Value

...Distribute their spend across a greater variety of vendors and into the regions, over a longer period of time including shoulder seasons, and therefore...

Added Value

...They are far more likely to return to Aotearoa later in life contributing again to the economy and society, while connecting with NZ from home by promoting our nation via social media and supporting brand NZ.



Youth Travellers Spend More Than You Think...

Whether travelling to NZ as an international student, a WHV holder, a graduate on a gap year, or as a digital nomad, the one unique trait shared by youth travellers is the freedom to stay longer. This longer average stay has a big impact on the value the youth traveller brings into NZ.

The youth stay longer and spend more than the over 35's, with the average spend being \$4722 vs \$4673 per trip

WHV holders will deliver much more crown revenue than any other age demographic of traveller due to PAYE being added to GST spend

The youth contribute heavily to primary industries as a seasonal workforce

Youth travellers spend more on activities than older generations

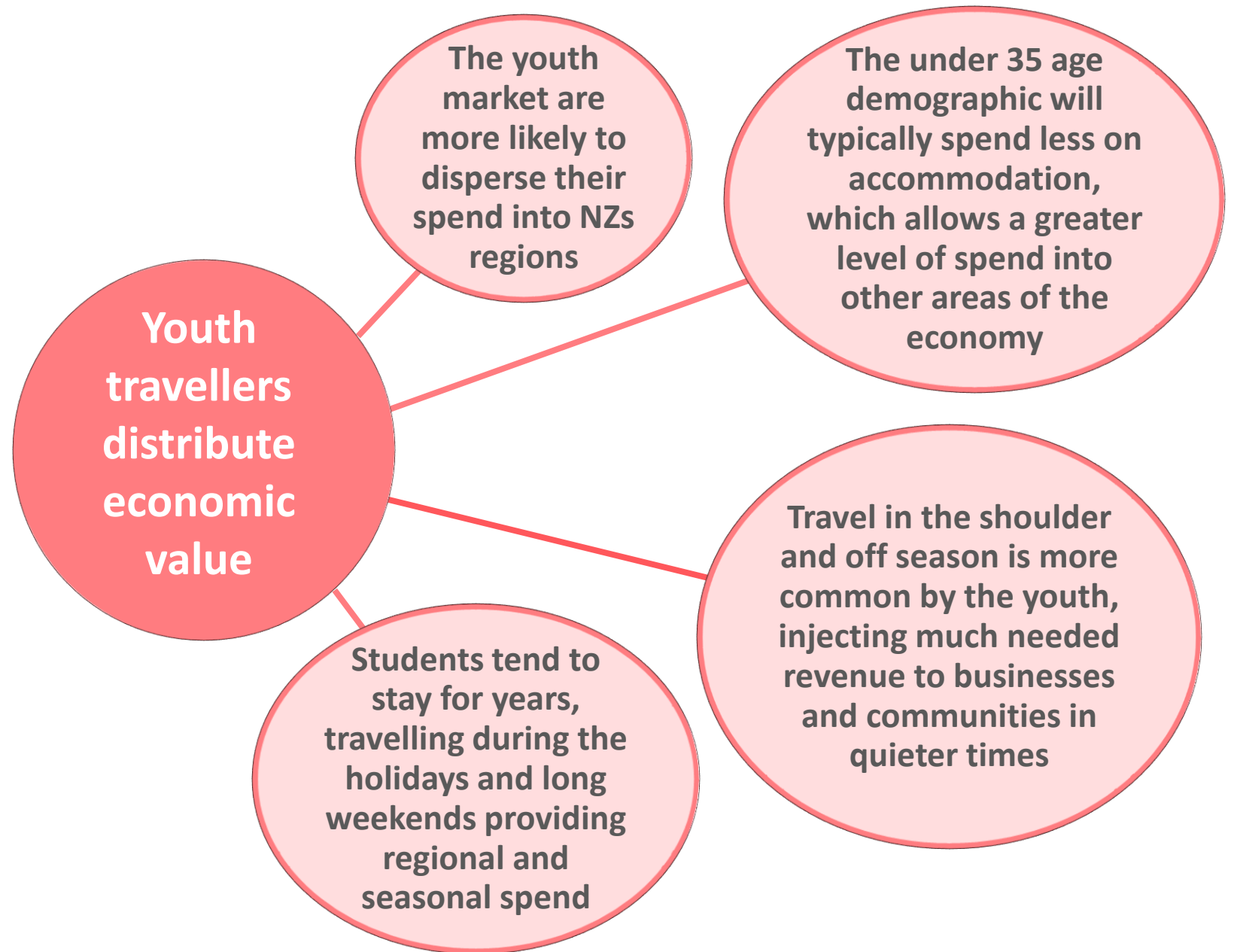
The youth are the crisis resilient traveller and are more likely to travel in troubled times.

Post Covid there will be a pent-up demand for youth travel with 3 years of school/university leavers who have missed the opportunity to engage in their overseas experience

...And The Youth Have a Greater Distribution of Spend



Youth travellers stay longer in the pursuit of a more authentic travel experience. By doing so, they spread themselves across the seasons and regions of NZ.





The Youth Bring So Much More To Our Economy

**Youth travellers
continue to add further
value to New Zealand's
economy through a
myriad of different ways
both while they are on
our shores and long
after they have left.**

- Are 3? Times more likely to return to NZ in their lifetime
- The youth will return to NZ as business people and investors
- After returning home, youth visitors who have spent substantial time in NZ will be more likely to purchase NZ products such as wine and lamb while living internationally
- The growth of the digital nomad will see more youth coming to our shores and staying for longer on a tourist visa as they are able to work remotely with ease
- During their stay, students and WHV holders will have family visit for extended holidays, which brings a higher than average daily spend
- Many highly skilled youth come for a sabbatical from their careers to work in hospitality or tourism and end up staying and returning to their previous professions in accounting, marketing, or business management, providing NZ with a more highly skilled workforce
- The youth can fill other gaps in the highly skilled job market
- Post Covid there will be a pent-up demand for youth travel after 3 years of school/university leavers have missed the opportunity to engage in their overseas experience



Value is much more than just money . . .

Youth travellers impact NZ in a socially responsible and positive way. Because youth travellers uniquely can (and do) stay longer, they have the opportunity to immerse themselves in community during their time in NZ.

WHV holders and students are more likely to integrate into local communities as they will undertake seasonal work and settle into a town or region for months or perhaps years

Youth travellers commonly engage in community activities such as sport or volunteering

Youth travellers fill short term seasonal workforce rolls that the local population won't take on due to the lack of job security

Youth can add vibrancy to a local community where they live locally while undertaking seasonal hospitality positions

Person to person connections while in country foster nostalgia leading to potential multiple return visits

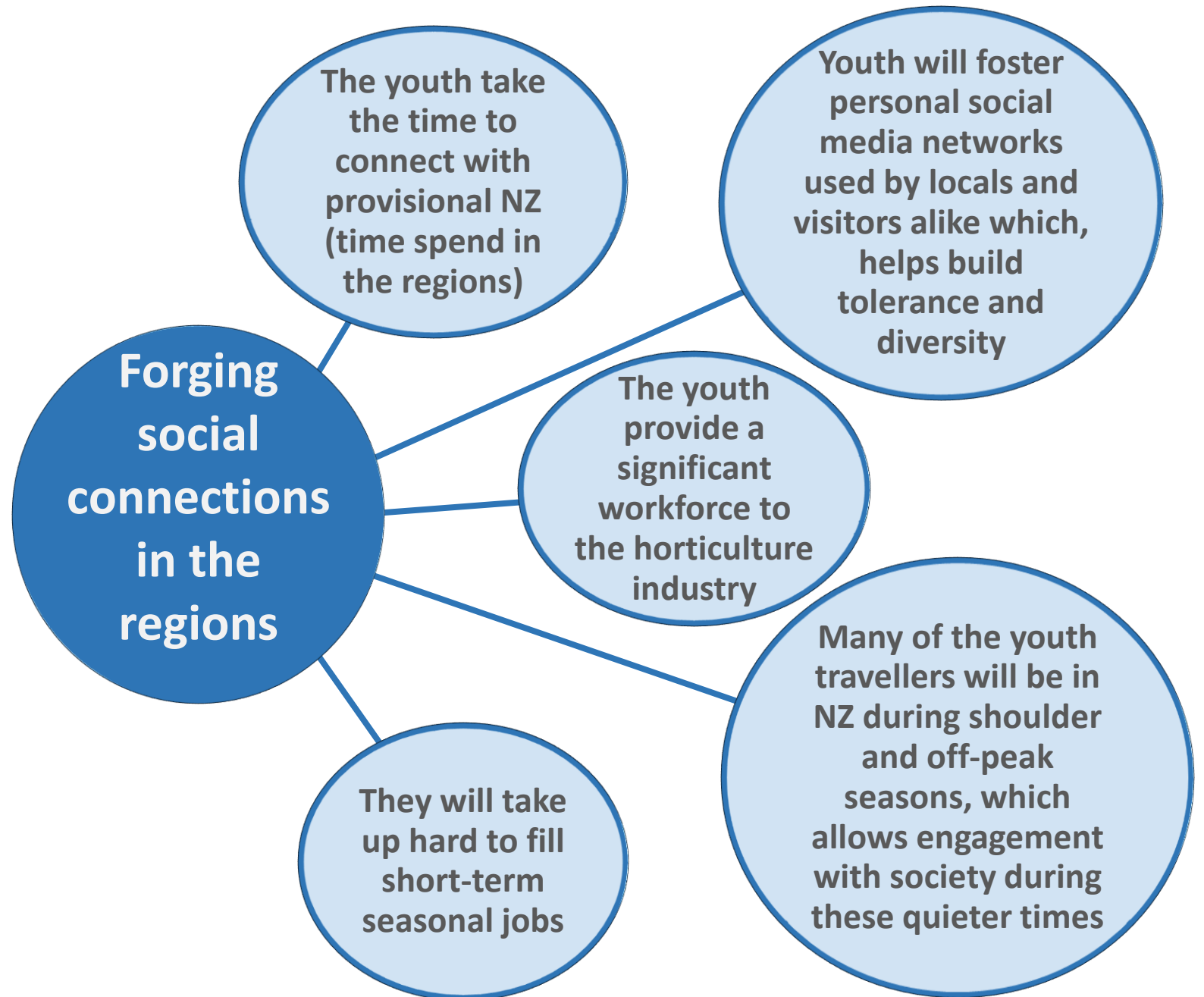
It's a myth foreign youth take jobs away from kiwis, in fact each WHV holder creates 1.2 jobs

Youth are more supportive and engaging on mental health issues

Connecting With the Regions



Youth travellers often seek out experiences which are “off the beaten path” and this propensity leads them on journeys into the regions of NZ which are less-travelled, forging connections with these smaller local communities.





Connecting NZ With the World... For Free

Youth travellers have a tendency to document everything, including their travels. This is especially so for professional bloggers, a growing occupation. This goes way beyond simply taking selfies at places of importance. The youth traveller takes the selfie, then tags and shares NZ on social media with locations and descriptions, often also writing a blog with links to activities, reviews, and so on. This is quite different to the stereotype of the youth being anti-social due to being constantly connected to their device. In fact, they are socially connected to the world, so youth travellers in NZ are constantly promoting the country.

- The current youth are becoming the first true 'global citizens' thanks to social media allowing them to find and share social values that they absorb in their travels
- The youth have a heavy social media presence, and, after they leave our shores, have the propensity to influence other travellers from all demographics through social media, promoting NZ destinations in fantastic free promotion
- Foreign youth workers and students often become skilled migrants and meaningful members of society, strengthening the quality of the labour force. (how many 18-35s are granted residency each year?)



Youth and the Cultural Experience

Youth travel with purpose.

No longer satisfied with simply visiting a new place, today's youth want a more **legitimate, authentic, and personal** travel experience. They want to **get to know the locals** and the landscape. They will seek out the indigenous culture and absorb the legends. This is a traveller who will form a **deep connection** to the land and its people, and will want to return again and again because of it.

Having immersed themselves into culture during their elongated time in NZ, youth travellers are likely to share their experiences with friends and family who may be enticed to visit

The youth are digital nomads, community brand ambassadors and storytellers

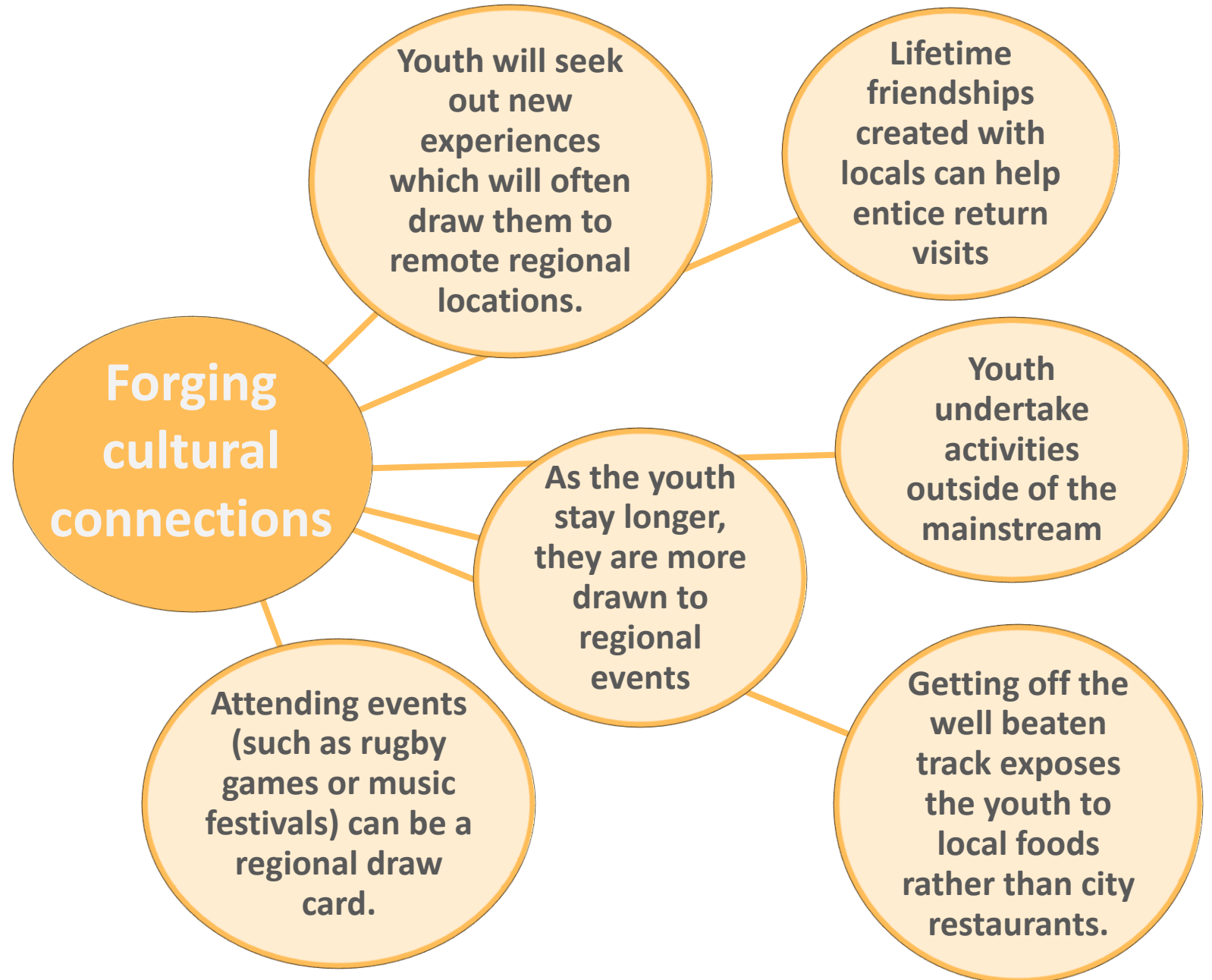
Youth travellers form a particular bond with the first countries they visit and will often return several times during their lifetime

The youth seek out deeper, more authentic experiences and connections

In Search of a Deeper Cultural Connection



It's true that youth travellers arrive in NZ looking for an authentic, legitimate experience of life and culture in Aotearoa, and they are willing to put in the effort to both seek it out and to help where they can. Youth travellers have a lot to bring to the table.





Youth Travellers As Brand Ambassadors

Youth travellers changed significantly when smart phones became prevalent. Having easy access to information and connectivity has changed travel for everyone, but none more so than the super-connected youth.

Suddenly, all over the world, young travellers were posting photos and selfies, highlighting local cultures to the world. Thus, born was the idea of “travelling with purpose” and it appeals to the youth in a big way.

- Highlighting NZ culture via social media
- Social media posts portraying NZ positively to the world make Kiwis feel proud
- Youth are impressionable, so when NZ is among the first countries they visit, a lasting connection with the country is forged
- Youth travel fosters greater tolerance to the world



Younger Generations...More Environmentally Focused

Generation Z are the most environmentally aware generation yet. They have several keystone travel habits that positively impact on the environment, which means they travel greener simply by the way they travel.

Greater dispersal of seasonal travel (especially low season visitation) causes less stress on the environment

The youth are more likely to respect natural landscapes, waterways, and beaches

The youth see New Zealand as a 'green' destination, (a position that is helped by the country having one of the highest rates of renewable energy use worldwide) which allows them to travel greener with a smaller carbon footprint

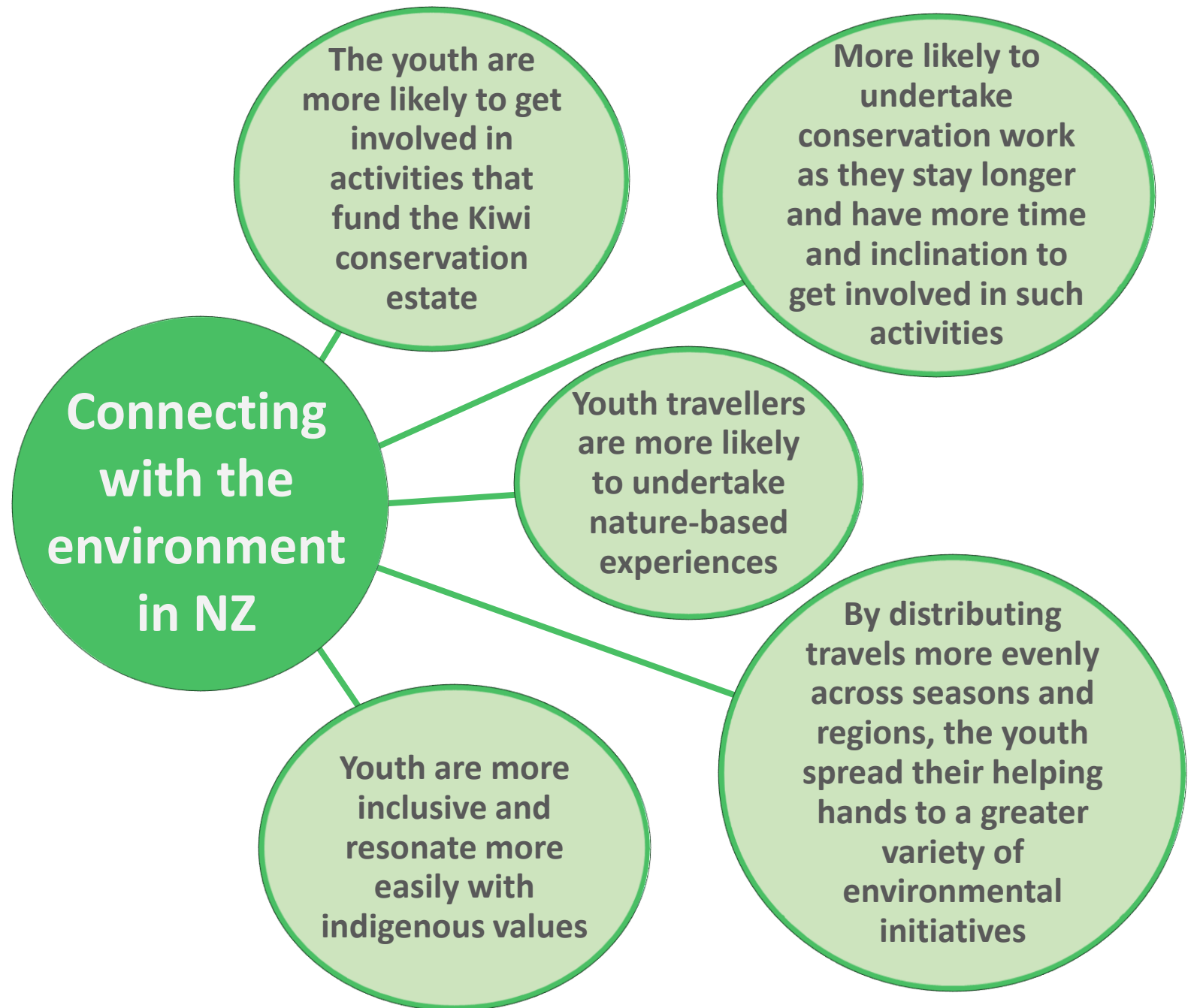
More likely to utilise public transport or ride share in their travels

More likely to offset the carbon emissions in their travels????

Seeking Out Environmental Initiatives



Youth travellers have the ability and desire to travel into regional NZ, and while there, they will often engage in environmental initiatives such as tree planting and beach cleanups. As part of the “travelling with purpose” mindset, youth travellers will also actively seek out these experiences, drawing them into the regions. This is of great benefit to NZ’s wilderness.





Demanding a Greener Tourism Industry

Driven by the demands of the youth market, tourism-based businesses are creating opportunities to engage the youth in sustainability projects.

The youth's demand for greener options will extend to more widespread greener practices, which will benefit all Kiwis.

Further, when returning to NZ later in life, the youth will hold the same philosophies of responsible travel.

- A study by The Economist Intelligence Unit states 75% of millennial respondents say they consider sustainability when making a purchase.
- Alternative options for reducing reliance on gas for hot water in accommodation settings, while still expensive, are beginning to become a viable alternatives.
- Like airlines, some hostel chains have begun offering the ability to off-set carbon credits.
- Businesses are increasingly switching solar to reduce emissions.
- Planting trees for milestone sales is becoming popular.
- Packaging is rapidly going through a change to reduce harmful waste.



There is Lifetime Value in the Youth Visitor...

Youth travellers are culturally attuned, socially connected, environmentally-minded, and economically diverse.

Youth travellers are far more likely to seek out cultural experiences and form strong bonds socially as a direct result of the fact that they seek out 'authentic' experiences.

In doing so, youth travellers form relationships with the land and the people within NZ, and thus they form a deep connection with the country.

The result is a high-quality tourist who travels into the regions, and who is very likely to return again and again, having formed these deep connections.



"Backpackers are also likely to return as high spending visitors in the future, having spent years yearning to recapture their amazing experiences as a youth in New Zealand."

– Anthony Gardiner, The Guardian



"...Youth travellers have the potential to stay longer than other visitors, travel more widely and get involved in a wider range of activities, meaning they are likely to spend more while they are here. They also present future tourism opportunities as they are more likely to return to New Zealand later in life, bringing others with them."

– TNZ, 2013



...And They Should Be Encouraged to Return Again and Again.



Inherently by the way youth travel, they already embody the four pillars of government, which encapsulate the core values of Aotearoa, and therefore they represent a high-quality traveller. But the story doesn't end here.

Because of the deep and emotional connection youth travellers experience while they are in New Zealand, they are very likely to return again. This particular connection is forged because they travelled in their YOUTH. These types of social and cultural experiences are foreign to many other travellers, but they are sought out by the youth traveller, and it is these experiences which entice this high-quality visitor to return again and again.





The Youth Traveller

“Travel is more than the seeing of sights; it is a change that goes on, deep and permanent, in the ideas of living.”

- Miriam Beard

While You're young you should travel – you should take the time to see the world and taste the fullness of life.”

- Anonymous



"It's simple; New Zealand stole our hearts. The diversity of the country brought us to our knees and ignited a lifelong love affair with the country."

- Lina, Divergent Travelers



"With stunning landscapes, amazing food, delicious wine, and some of the friendliest people you'll ever meet, New Zealand holds a very special place in my heart."

- Jeremy, Travel Freak



"Buildings and Temples are fantastic and food is always good to try, but I've always believed that it's the people you meet that make a journey." – Mick Bates, Nomads



"I loved New Zealand so much that I wasn't ready to leave after a year, so I applied for a second visa and stayed an extra year."

- Nicola, BUNAC



"I loved New Zealand so very much, and I would not hesitate to recommend it to any other fellow traveller."

- Cory, YouCouldTravel

That Special Trip

Once captivated by and forever drawn back to NZ, many will want to share their experience with close friends and loved ones in the future. People who travel in their early 30s still tend to take longer trips and travel into regions or shoulder seasons while also increasing daily spend.

"As self-confessed snow addicts, Queenstown, New Zealand is the top of our list of places to go . . . So much so that we've mustered up our crew and gone there 7 times in 8 years." - Jen, The Snow Chasers



"...this year I get to revisit what is probably my favorite destination to date: New Zealand! Husband and I will be going back for two weeks over his holiday break this December. to be honest, we have been plotting this trip for a long time. we knew we wanted to go back to NZ from the moment we arrived there." - Jamie, Ink+Adventure



"We made the mistake of only spending 2 weeks in New Zealand. Next time we return it'll be at least 3 months so that we can explore both the South & North Islands." - Hannah, Getting Stamped





“On an initial visit to a destination, we often feel obligated to cram in its proverbial "top ten" during what is most likely a limited stay...On a return trip, however, the stakes are not so high: Because you have already checked the "essentials" off of your list, you're free to get even more lost—and this is a good thing”

– Tyler Moss, Condé Nast Traveler

“Oh New Zealand, it's been 2 years since I've seen you and I miss you deeply. I hope to see you soon”

- Lotte, Phenomenal Globe



Returning Again with Family

Sharing past experiences with family is powerful motivation to return to places of personal importance.

“New Zealand's a dream for family travel: kid-centric activities, family-friendly accommodation, a moderate climate and very few critters that can bite or sting.”

- Lonely Planet



“One of the most important reasons for families to travel is because it's fun! But even more important than how much fun it is, there are endless opportunities for kids to learn and grow. Travel can open their world to new foods, cultures, knowledge, and experiences that aren't available in a classroom.”

- Clark Gudas,
Thompson Family
Adventures



“Don't worry about whether the kids will remember your vacations – because you will.

Of course the kids aren't going to remember . . . [everything] but you will.

You will remember the smiles on their faces...”

- Jessica Burns,
Mother.ly



"Fabulous wildlife parks, beaches, parks, snowy slopes and interactive museums proliferate across NZ. There are countless attractions and amenities designed specifically for kids but families needn't stick to playgrounds and holiday parks. Kid-appropriate adventures, from glaciers to white-water rafting, are everywhere...if parents are brave enough, that is."

- Lonely Planet



AROHA
LOVE

**YOU CAN VISIT
THE SAME PLACE
OVER AND OVER
AGAIN AND SEE
IT DIFFERENTLY
EACH TIME.**

HUFF
POST



One More Visit at Retirement

Destinations ...one might explore as a twentysomething are likely far different than those most inviting to someone in their fourth decade—the lens of life stage and financial situation can render a place anew. And just because the setting is familiar does not mean it can't provide equally thrilling experiences. After all, wonder and surprise abound off the beaten path.”

- Tyler Moss, Condé Nast Traveler

“Everywhere you turn in New Zealand, there's something exciting to do. It's the gem of the world. It's so far away from the madness, and so you get that element. It was just stunning.” - Wes Bentley



“Compared to previous generations . . . seniors are already well-travelled and far more inclined to take their travel habits into their twilight years – opening the opportunity for further tourism growth.”

-The Guardian



Visiting the New Generation...The Cycle Begins Again

Those original youth travellers, who forged a deep and lasting connection with New Zealand while visiting in their youth, have now revisited New Zealand many times over. Each subsequent trip has felt like a completely new experience, and now the cycle begins anew as the deep connection with Aotearoa has resonated down to next generation, who in turn are now the young travellers visiting New Zealand.



How did we identify youth travellers and their behaviours...

- 1

We isolated all cardholders, over a 5 year period, who made a transaction with at least one of the following merchants, using this as a proxy for youth travellers
- 2

We consolidated all the cardholders transactions in NZ. The first and last payments in market were assumed to represent the length of stay.
- 3

We analysed the country of origin, category and location of spend to build a profile of the behaviours



Between June 2017 to June 2022, we observed...

335K

Unique youth travellers

15M

Total transactions

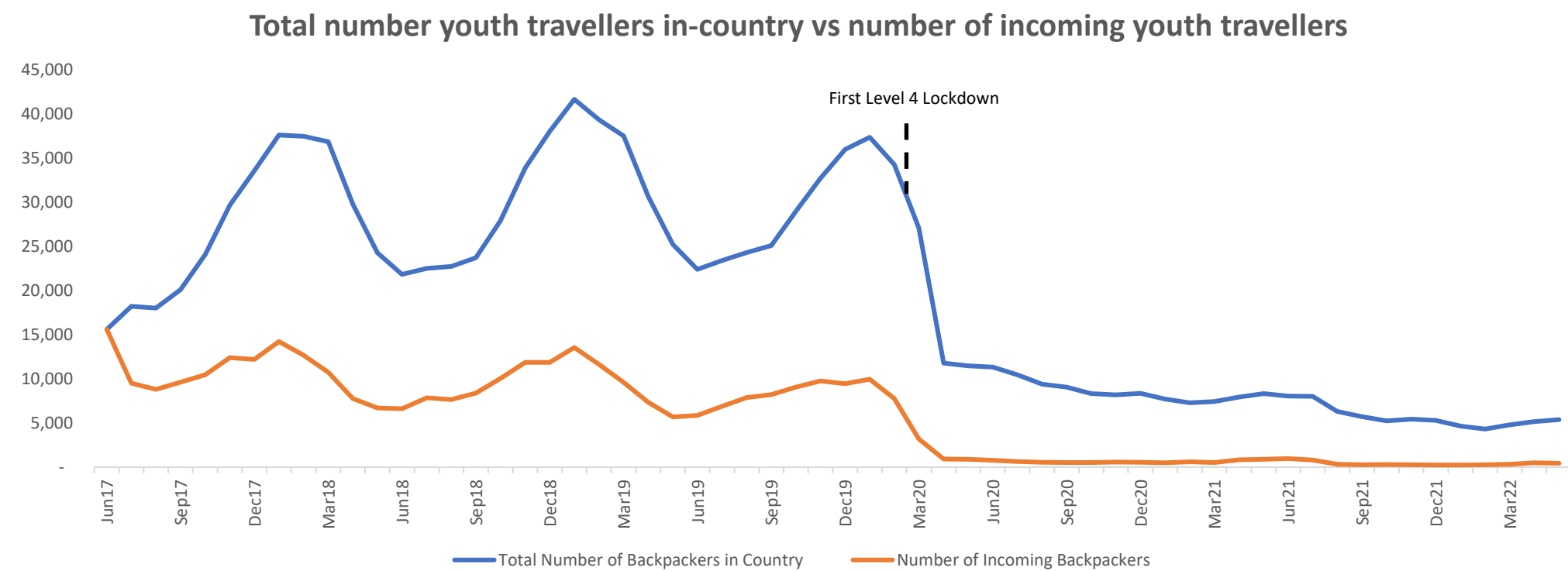
\$1.1B

Total spend



Pre-Covid the trend was clearly seasonal with peak visitation in the summer months.

Youth travel arrivals were in a gradual decline prior to Covid

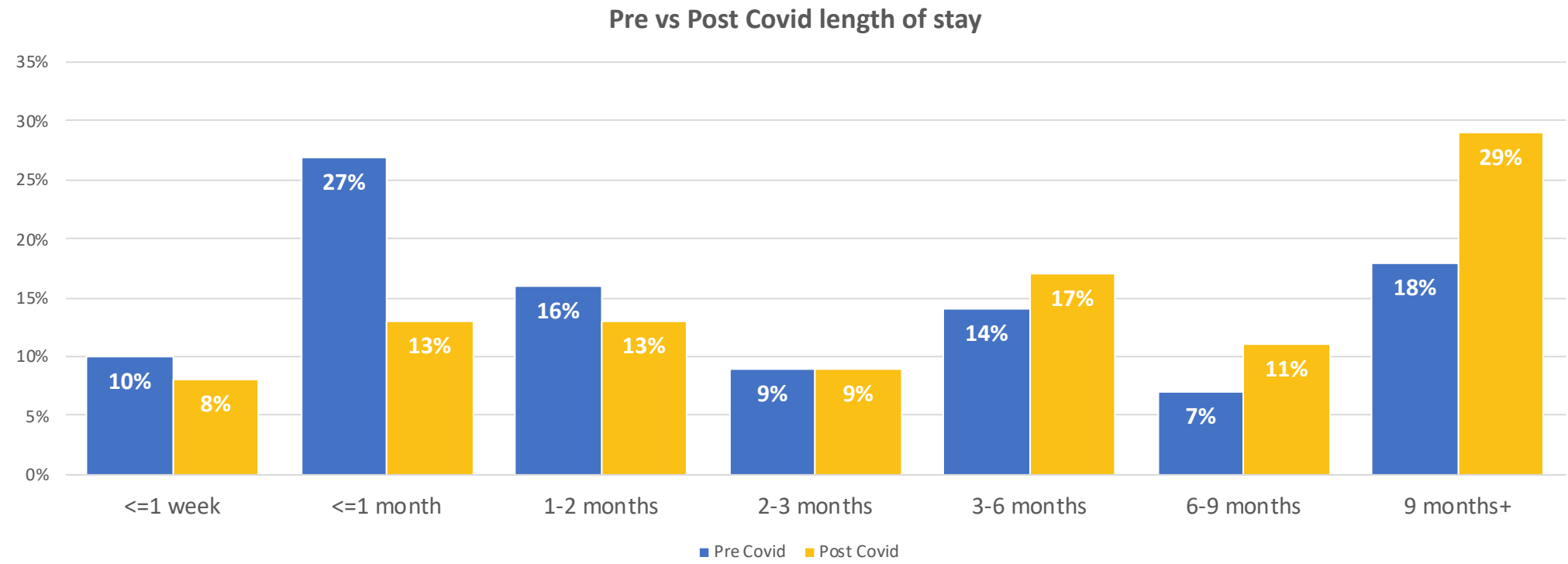


Total number of youth travellers in country is defined by the number of youth travellers (cards) making a transaction in any given month. The youth travellers will not be counted uniquely.
Number of incoming youth travellers is defined by the number of unique youth travellers (cards) which made their first transaction in any given month. This is a unique count.

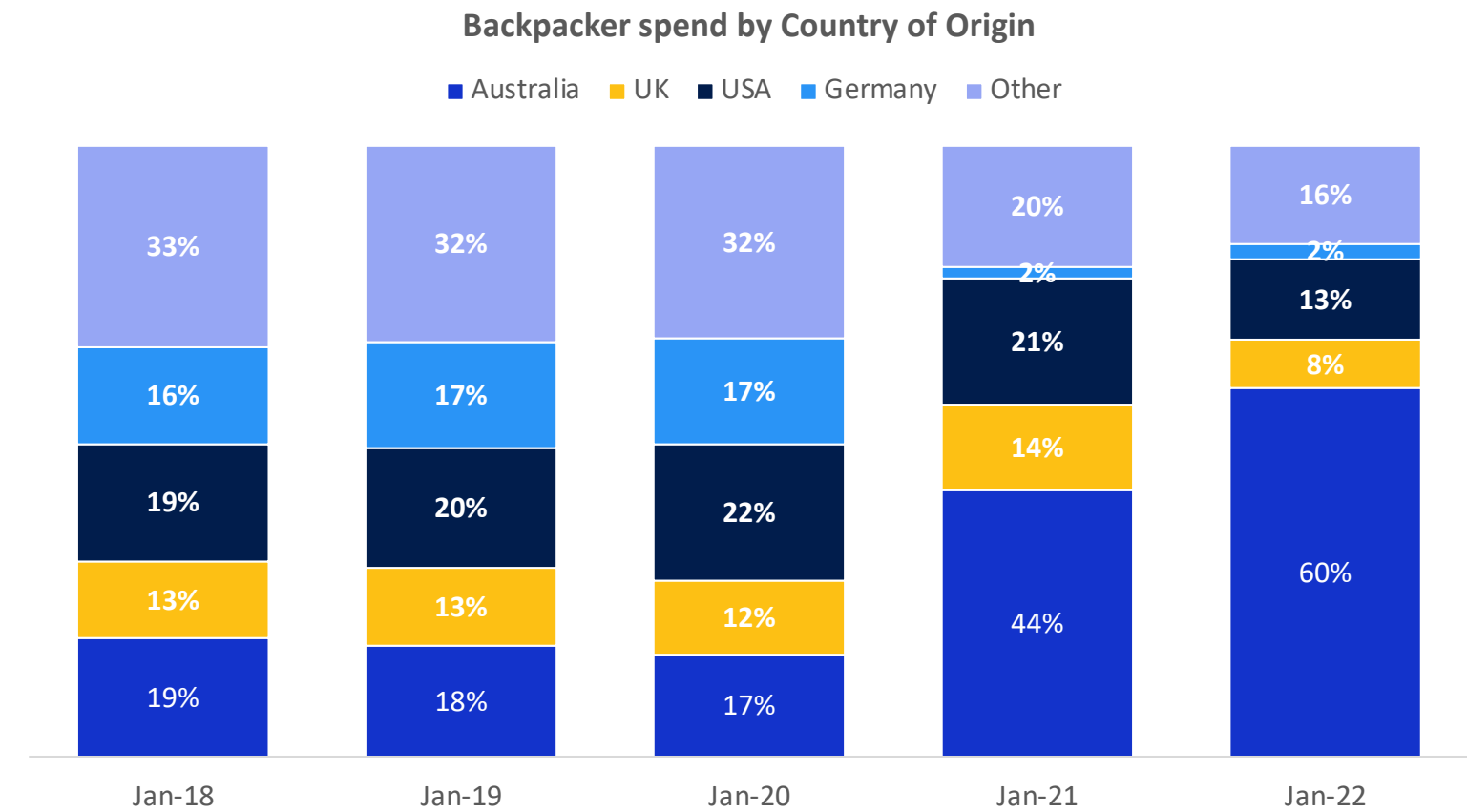
Pre-Covid, youth travellers enjoyed exploring NZ for an average of c.2months

c.2 mths

The average length of stay pre-Covid



Pre-Covid four source markets provided 63% of youth travel spend



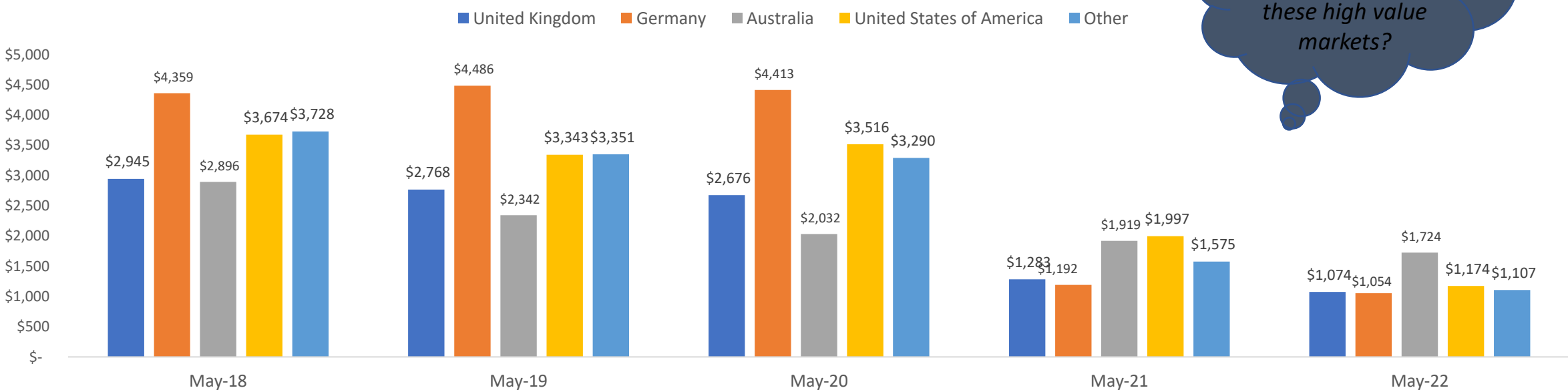
- Pre-Covid, the spend from each country of origin was stable and consistent – with 63% of spend coming from the 4 top source markets
- Once Covid hit, Australia jumped from 17% of the spend to 60% as they increased from 25% to 50% of total youth travellers in the country

Pre-Covid German youth travellers spent the most, averaging \$4.4k per person

\$3.3k

Average spend pre-Covid

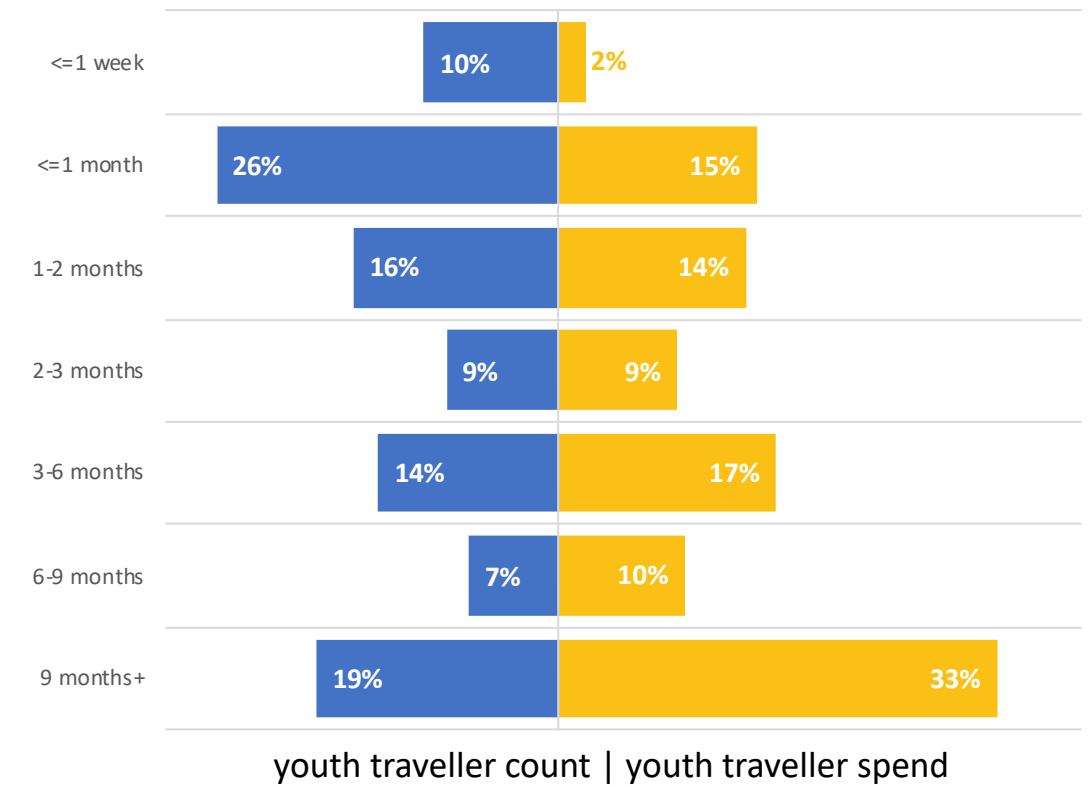
Average Spend per youth traveller by Country of Origin



Are we doing enough as a sector to recover these high value markets?

Youth travellers staying in NZ for 6 mths or longer deliver disproportionate value

Backpacker count and spend by length of stay



52%

youth travellers stay in NZ for less than 2 months but are only responsible for 31% of the total spend

43%

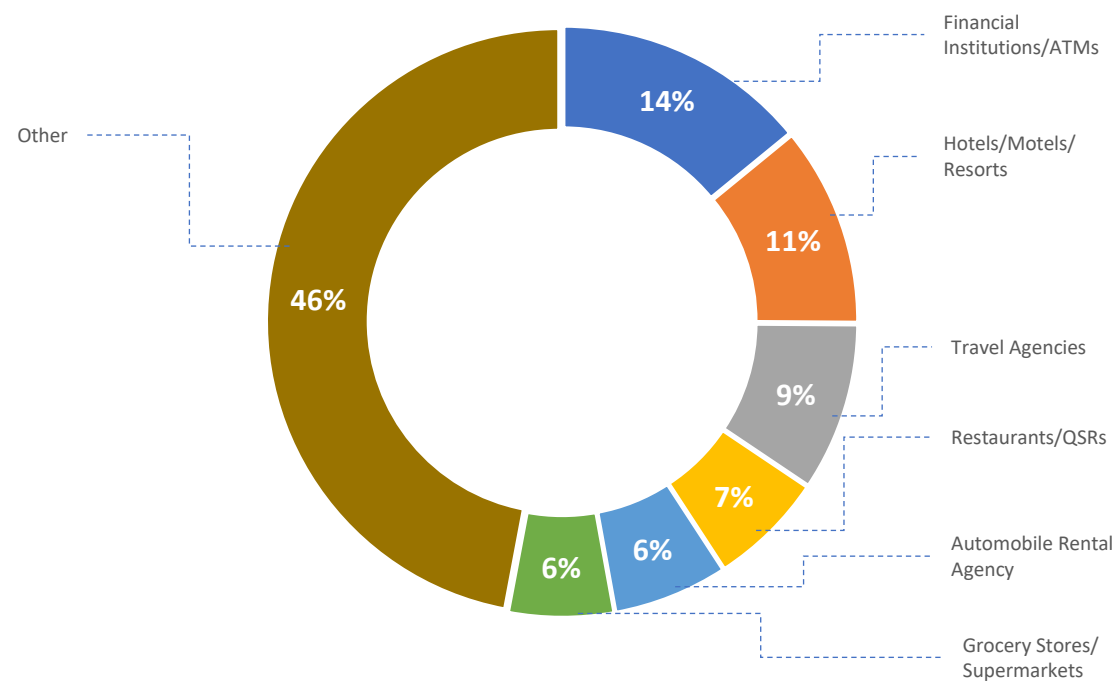
WHV's appear to have contributed c.\$450m to the NZ economy

Of total spend comes from the 26% who have been in the country for longer than 6 months

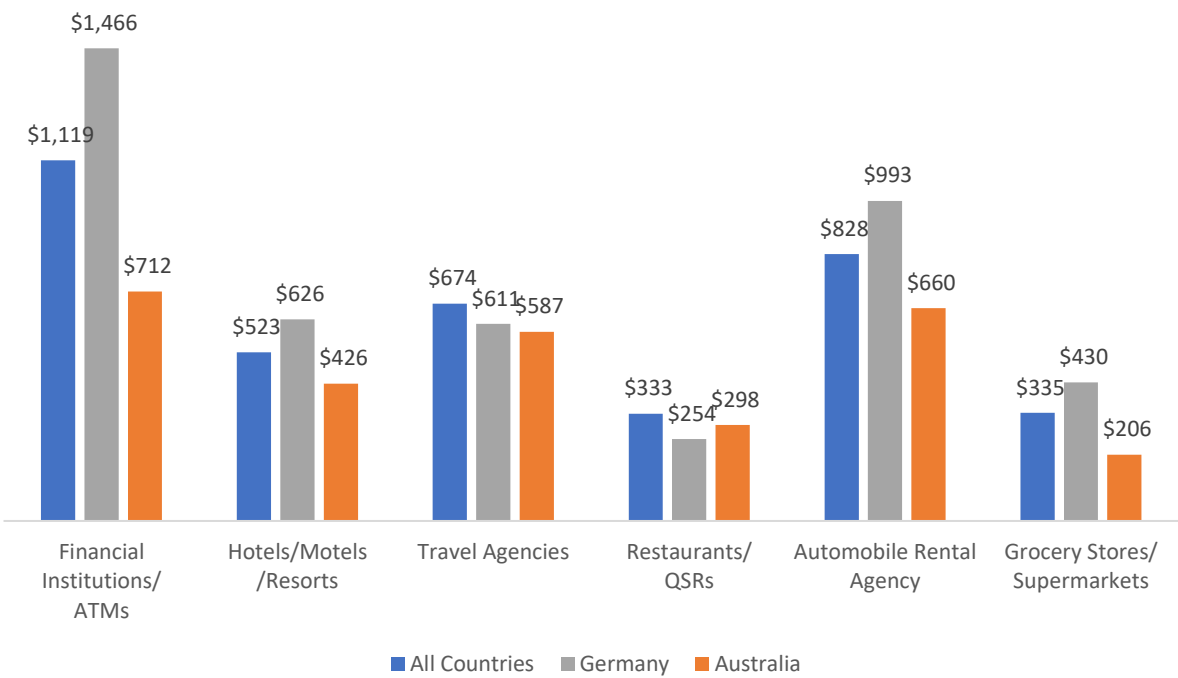
Only 27% of youth travellers spend goes on travel and accom – the rest is spread around the economy.

1. On average, a youth traveller spends \$3.3k in New Zealand.
2. 27% of this spend is on accommodation, vehicle rentals and travel agencies.
3. On average, transactions to a value of \$1.1k were carried out at financial institutions/ATMs (withdrawing cash), but this is higher for German visitors at nearly \$1.5k on average.

youth traveller Spend by Merchant Category Code

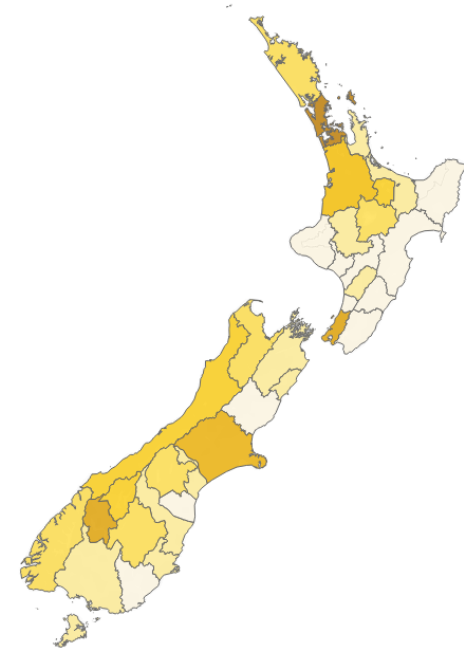


Average Spend per youth traveller by Merchant Category Code



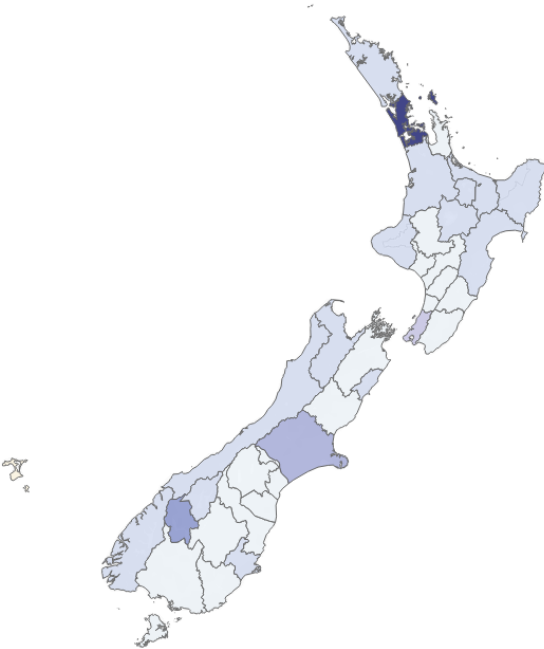
Youth travellers make travel arrangements in Auckland before then travelling far and wide across all regions

Number Backpackers by RTO



© 2022 Mapbox © OpenStreetMap

Average Spend per Backpacker by RTO



© 2022 Mapbox © OpenStreetMap

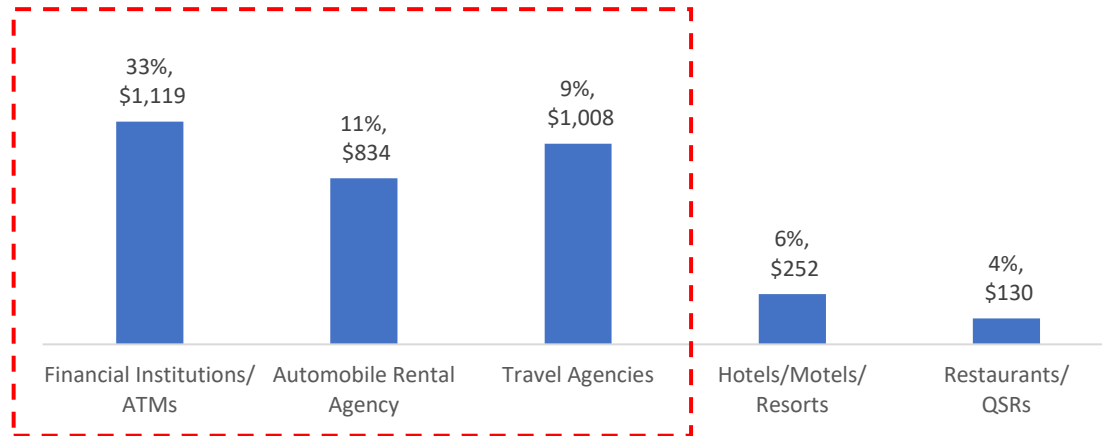
- .. The most visited Regional Tourism Organisation Areas (RTO) are:
 - Auckland (43% of total spend, 89% by number of youth traveller*)
 - Queenstown (12%, 54%)
 - Canterbury (9%, 52%)
 - Wellington (8%, 59%)
- .. The highest average spend per youth traveller is in the same regions with:
 - Auckland at \$1,541
 - Queenstown at \$692
 - Canterbury at \$531
 - Wellington at \$447

*Summing number of youth travellers by region will not equal 100% because 87% of youth travellers visit multiple regions and denominator used is still the ~\$355k youth travellers identified
 Due to compliance purposes we are unable to provide a detailed breakdown of every single RTO.
 Source RTO areas data: StatsNZ <https://datafinder.stats.govt.nz/layer/104934-regional-tourism-organisation-areas-2020-clipped/>

Auckland is the hub where travel is organised and where travellers get their cash....

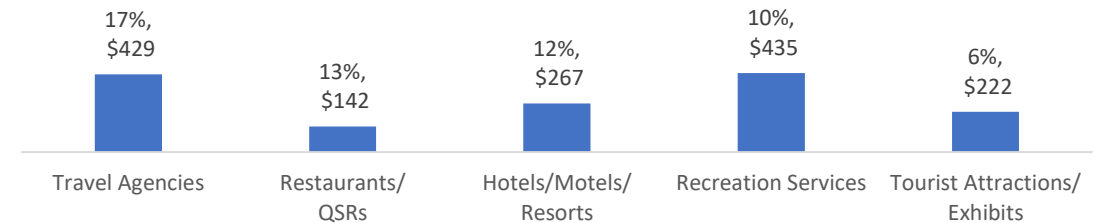
Auckland

Average Spend per youth traveller by MCC
(63% of Total Spend)



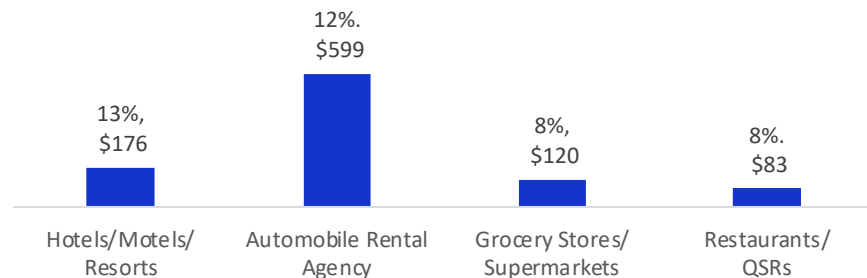
Queenstown

Average Spend per youth traveller by MCC
(59% of Total Spend)



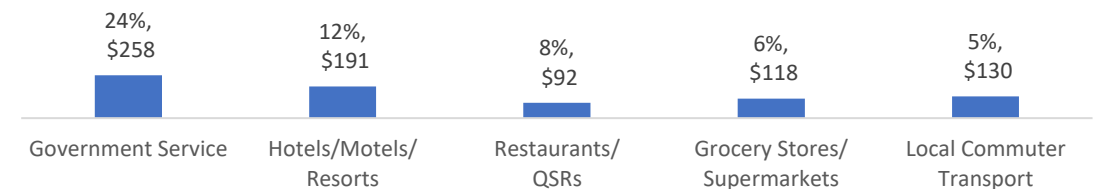
Canterbury

Average Spend per youth traveller by MCC
(54% of Total Spend)



Wellington

Average Spend per youth traveller by MCC
(55% of Total Spend)



.... and then they travel far and wide throughout New Zealand

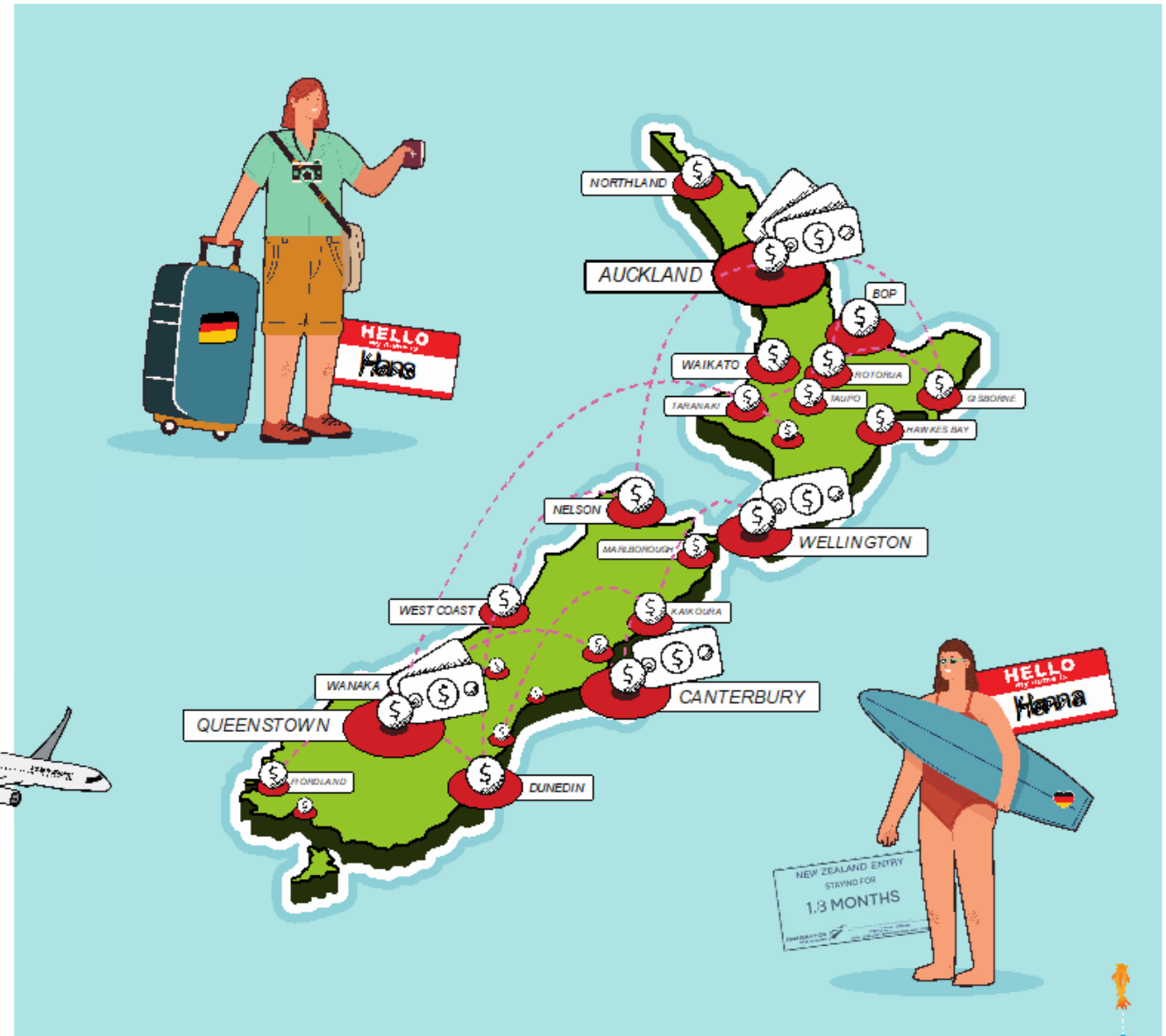
The regions are all benefitting

Avg Spend

Northland	\$295
Bay of Plenty	\$325
Hawkes Bay	\$239
Waikato	\$257
Dunedin	\$327
West Coast	\$282

Some worthy shout outs

Gisborne	\$206
Ruapehu	\$147
Taranaki	\$78
Hurunui	\$109
Southland	\$141



As a reminder....

 Youth travellers travel (and spend) widely throughout all regions	 They spend c.2 months in the country.	 Youth travellers were spending on average \$3.3k pre-covid	 German youth travellers were the highest spending visitors pre-covid averaging \$4.4k
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In Conclusion

Let's grow a loyal legion of high-quality visitors who will return to New Zealand

If through clever marketing we can entice the youth to return through their lifetime, we can improve the quality of the overall tourism industry.

On return visits, the youth, now in older age demographics, will bring with them the ways of travel they embraced when younger, getting into the regions, away from the peak seasons, engaging with local cultures, and respecting the environment.

Evidence suggests spend is far and wide through regions and all areas of the national economy due to their want to stay longer.

Given that youth spend just 11% of their budget on accommodation indicates that much more of their spend goes into wider industries than other age demographics.

Opportunity exists within the rebuild of tourism to engage with the crisis resilient youth to impact the future years of tourism to Aotearoa.

Contributors

Henry Matthews

??????

BYATA Vice-Chair

Brett Duncan

Adventure Hostels NZ

BYATA Board

Chris Speering

????

BYATA Chair

Dave Simmons

JOOTS

Shane Vuletich

FreshInfo

Lisa Whitelaw

Adventure Hostels NZ