

BYATA Youth Tourism Briefing for Tourism Minister Hon. Matt Doocey

May 28 2024

01

BYATA supports an increase to Tourism New Zealand funding in order to market Aotearoa New Zealand effectively.

02

BYATA requests that the Minister mandates Tourism New Zealand to return to targeted marketing activity that will increase the amount of Backpackers/Youth International arrivals.

03

BYATA requests that Tourism New Zealand are appropriately funded to develop campaigns in support of the Working Holiday Visa market.

As per our briefing to Incoming Ministers:

“BYATA would like to work with the government to set some audacious targets for success in the tourism sector. Youth Sector of the Tourism Industry to double its GDP contribution to the economy by 2027. We believe our industry can be self-sufficient and with the right settings and targeted central government support, within 4 years, the youth sector can double our International Earnings to the economy from \$1.5 billion to \$3 billion. We also believe that the flow on effects of this increase in value will also support regions struggling with tourism, horticulture and hospitality in several key areas, notably providing staff, without putting long term pressure on existing infrastructure.”

The Current Situation.

The youth market was in a slow decline prior to 2020. And we are not seeing as rapid a return as the older demographics.

- While tourism bounced back relatively well when borders reopened, the youth numbers are recovering at a slower rate. Youth numbers are 68% of 2019 levels vs 80% for all markets.
- This is of immediate concern as youth numbers were already declining from a peak in 2016 through to 2019 (even while overall numbers were increasing). This highlights that returning youth numbers are lacking and they are likely choosing other destinations such as Australia and Canada.
- Tourism saw 3 years of youth who missed their OE due to border closures who would have been eager to come, yet this was still not

enough to return youth numbers to pre-Covid levels.

- Furthermore, as recession bites in the western world, 2024 has seen a further softening with youth bed nights in hostels falling in March year on year as follows:

March 2019	March 2023	March 2024
385 Hostels	214 Hostels	196 Hostels
27,400 Beds	13,200 Beds	12,000 Beds
	261,900 Stay Nights	254,500 Stay Nights

Why Youth?

What we want to embrace and foster is the mindset of the youth traveller which, when experienced and ingrained, they will carry with them for the rest of their lives. The following are traits seen from the youth:

- The youth make up 30% of all international travellers, the highest of any age demographic.
- 50% of backpackers will visit 4 or more regions vs just 30% for all travellers. Critically, 23% visit 7 or more regions.
- Regional dispersal means better financial dispersal and more tourists in the country at the same time without overwhelming tourism infrastructure if they are spread more evenly throughout the country.
- Backpackers are the biggest spenders with an average of \$5,064 per visit in 2023, vs \$4,913 for all travellers (remove backpackers from all travellers and these numbers widen further). This trend was also seen in 2019. This does not take into account backpackers who spend via NZ debit cards which can't be tracked via visa spend, therefore the gap is likely even higher again.
- Backpackers spend just 11% of their budget on accommodation, this translates into even greater dispersal of funds into many more differing parts of the economy, as evidenced by the

fact that backpackers are 3 times more likely to complete an activity.

- Backpackers are more likely to use local bus networks, inter-city buses and ferries than other age demographics.
- Backpackers are more likely to visit a beach, wildlife sanctuary, marine park reserve, glaciers, go kayaking or canoeing than any other demographic indicating a desire to get off the well-beaten track which fosters great dispersal of funds.
- Examples of regional spend by the youth (as a % of total spend): Northland 9%, Bay of Plenty 9.8%, Hawkes Bay 7.2%, Waikato 7.7%, Dunedin 9.9%, West Coast 8.5%.
- The youth are much more demanding on sustainability measures.
- Through social media the youth offer free advertising to the world.
- A study from Hostelworld shows hostels are 83% more sustainable than hotels.
- Youths are more likely to return to a destination they visit in their younger impressionable years.

Why UK & Europe?

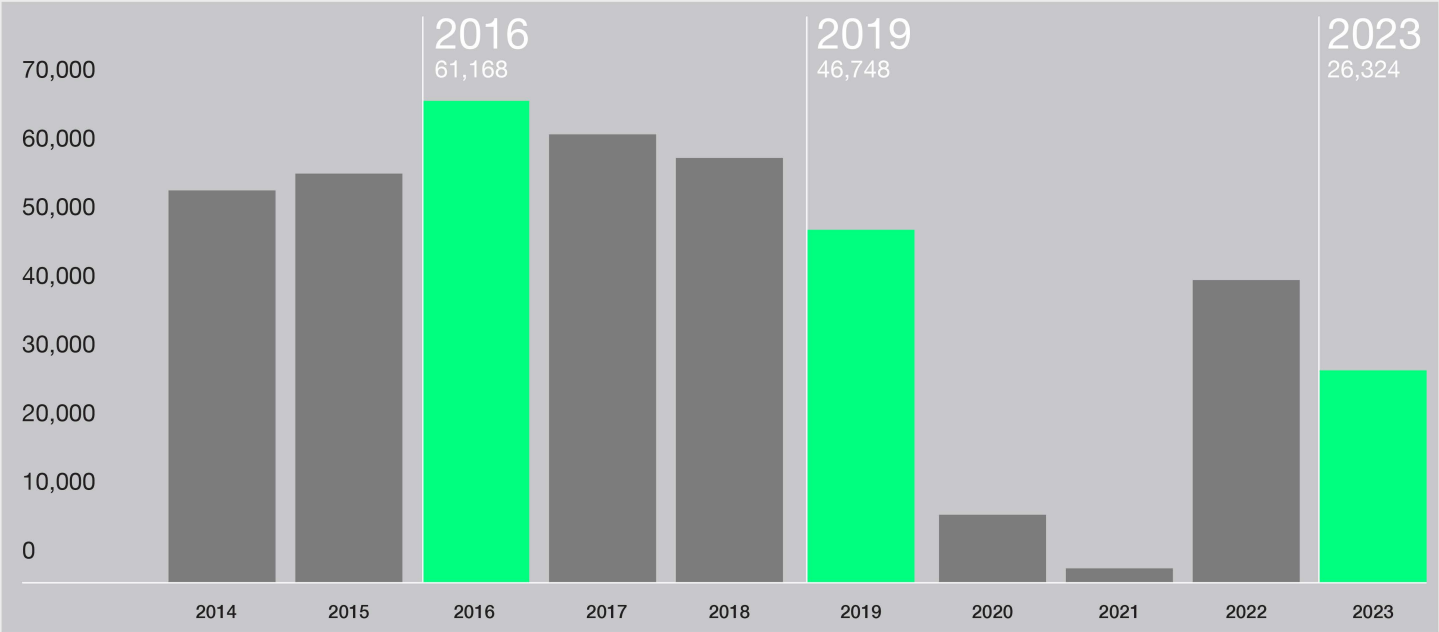
Australia aside, Europe is the provider of the largest cohort of youth travellers, it's an important and integral part of the youth travel market to NZ

- The EU has the greatest percentage of youth travellers (relative to all travellers):
UK 44%, NED 48%, GDR, 48%, FRA 54%
Versus
USA 28%, CAN 34%, CHI 30%
- Post Covid has seen a focus on attracting visitors from the USA, however in reality combined visitors from just the UK, Germany and France nearly double the USA, let alone the rest of the EU nations.
- German youth visitors are the biggest spenders, spending 33% more than the average visitor.
- BYATA are seeing emerging sub-markets from the EU with the French the fastest growing, and Italy expected to follow. This is on the back of seeing the first generation of French school/ university graduates for whom it was compulsory to learn English from primary school. Fluent English fosters the confidence to travel further afield. We should be encouraging these groups to visit New Zealand.
- Europeans overwhelmingly have the greatest uptake in working holiday visas.

Why Working Holiday Visas?

- In 2016 there was a peak of 61,168 WHV arrivals at a time when unemployment was 5% and falling dispelling the myth that WHV makers are taking jobs away from Kiwis.
- In fact, WHV makers create jobs. 60,000 people is a city population that is spending money which stimulates the economy creating jobs.
- While we saw a quick return in the 9 months that borders were open in 2022 (likely due to the 3 years of youth who missed their OE opportunity), the number quickly dropped again in 2023 leaving the WHV cohort a long way behind historical numbers.
- A WHV arrival returns 12 times the GDP of the average international visitor.
- Longer stays allow time for greater regional and seasonal spend
- 26% of the youth who stay in NZ for greater than 6 months account for 43% of all youth spend, compared to the 52% of youth who stay less than 2 months who account for just 31% of spend.
- WHV makers overwhelmingly take seasonal jobs in hospitality, retail and accommodation that do not offer long term job security.

Year	Arrivals	Year	Arrivals
2014	51,202	2019	46,748
2015	56,532	2020	6,445
2016	61,168	2021	549
2017	60,307	2022	39,779
2018	57,641	2023	26,324



Increasing international
youth arrivals safeguards
the future.

Lock in youth and
you lock in long term
economic growth.



*All data and information is based on statistics from INZ, Statistics NZ (including some from a TNZ report), and the Joots research from BYATA Lifetime Value Model.