



WYSE TRAVEL
CONFEDERATION

COVID-19 TRAVEL BUSINESS IMPACT SERIES

APRIL 2020

*Satisfaction with COVID-19 cooperation,
but placement availability concerns rise*

*Staff cuts, location closures and short
survival periods*

*Q2 worse across the globe, but some
source markets expecting better for the
whole of 2020*



Y

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 April 2020. Data for this report were collected between 3-13 April 2020 by WYSE Travel Confederation via web-based questionnaire (in English). The survey was the second in a series titled COVID-19 Travel Business Impact Survey. The second iteration of the survey attracted 331 responses from 72 countries. Two-hundred and thirty-nine 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.

S T U D E N T S

2

Foreword

4

Satisfaction with COVID-19 cooperation, but placement availability concerns rise

8

Staff cuts, location closures and short survival periods

16

Q2 worse across the globe, but some source markets expecting better for the whole of 2020

Satisfaction with COVID-19 cooperation, but placement availability concerns rise

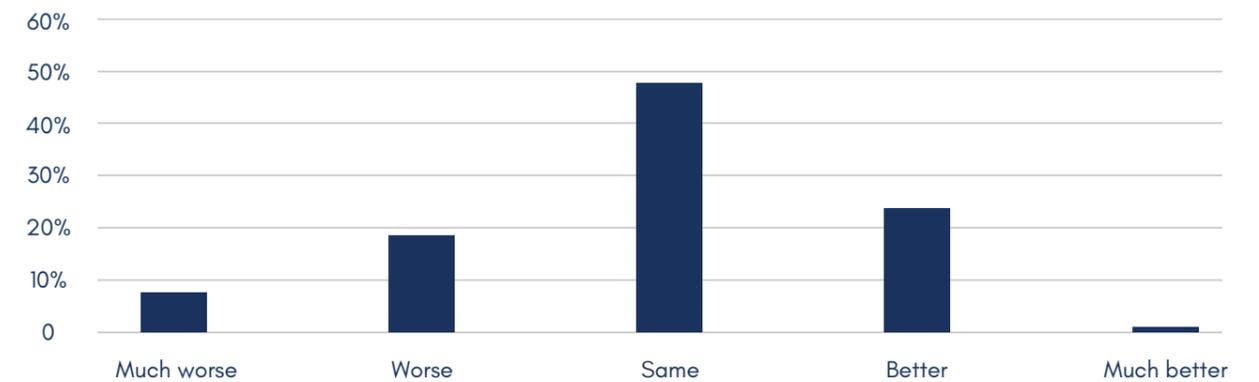
Findings from WYSE Travel Confederation's second COVID-19 Travel Business Impact Survey ^[1] indicate that while top business concerns remain unchanged between March and April, there is increasing uncertainty around placement availability. Travel and tourism businesses are for the most part satisfied with the cooperation of their partners, and some are finding new ways to collaborate. Few see new trends, though accommodation and education providers are facing challenges that may have lasting effects. The modification of cancellation policies remained one of the top actions taken by businesses in response to the COVID-19 crisis.

Cooperation

The experience of respondents in respect to cooperation with business partners was mixed. Just under 50% indicated the situation was much the same, but around 28% reported a worsening of collaboration compared with 24% saying it was better.

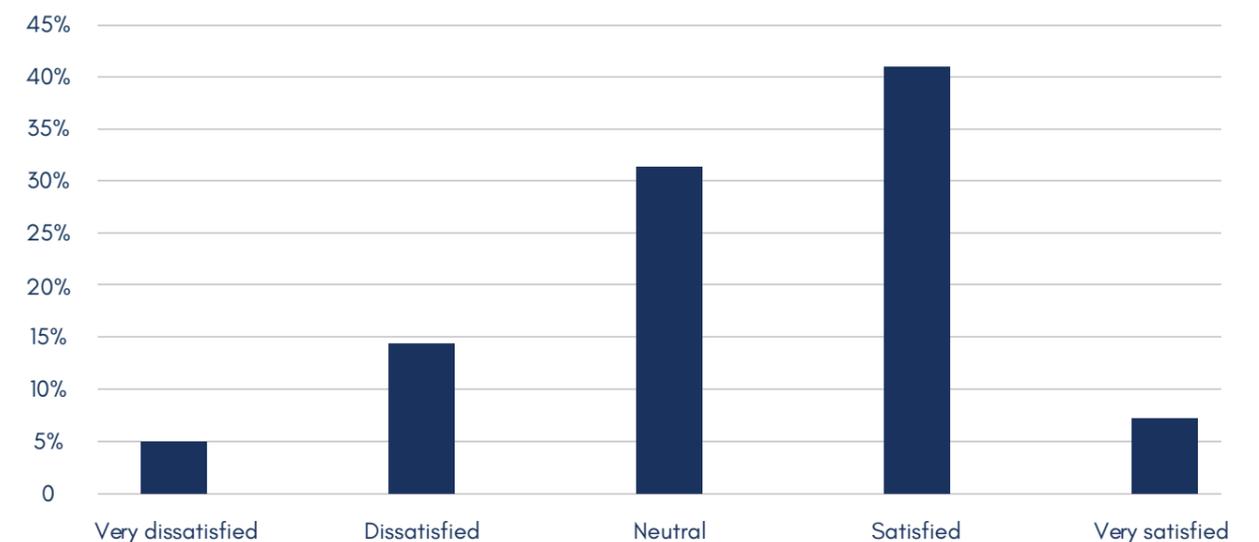


Has cooperation with your business partners become better or worse?



In general, however, respondents were satisfied with the cooperation of their business partners. Most problems reported related to refunds of deposits or lack of action from government or banks. When asked if they had found new ways to collaborate, 16% said they had. A lot of this collaboration relates to payments or the implementation of online activities.

How satisfied are you with the cooperation of your business partners?



New trends

Just over a quarter of respondents (27%) indicated new trends emerging as a result of the COVID-19 crisis. The most notable of these was the shift to online provision, particularly in the educational travel sector. Some accommodation operators are serving stranded travellers or international students, and some reported fewer guests, but longer stays. For hostels still operating there has been a shift from dorm beds to private rooms. Forty-six percent of respondents had not seen any new trends for their business coming out of the COVID-19 crisis.

What these shifts may mean over the long term for youth travel products, programmes, and experiences remains to be seen. For educational travel, the opportunity for real life cultural

immersion, whether formal or informal, will likely retain an important edge over online learning.

For hostels and accommodation providers who have traditionally offered socially inclusive spaces, shared social and sleeping spaces are now a challenge. How young people will feel about sharing space as a traveller post-COVID-19 also remains to be seen. It could be that younger travellers have less concerns about the health risks of COVID-19 and sharing a dorm room, especially if more scientific evidence emerges that suggests young people are less susceptible to the virus. On the other hand, COVID-19 could potentially accelerate the slow and steady decline of the backpacker that WYSE Travel Confederation has documented since 2002 through its New Horizons Survey. For school groups, it may become more important to educate parents and teachers on the health risks and hygiene protocols undertaken.

For longer-term co-living scenarios of exchange students, in European cities like Amsterdam there is debate as to whether those co-living in student accommodation should be subject to the same (or different) social distancing guidelines as family units. Some students feel it is unfair and unrealistic to expect social distancing rules intended for the public domain to be carried out within the confines of co-living situations – some students have even been fined for transgressing social distancing rules.^[2]

Concerns

Overall, the short- and long-term business concerns of respondents changed very little between March and April 2020. However, there are indications of increasing concerns around placement availability for both the short- and long-term.

The top 3 short-term concerns remained economic uncertainty, travel restrictions and employment

Short-term concerns		
Rank	March 2020	April 2020
1	Economic uncertainty	Economic uncertainty
2	Travel restrictions	Travel restrictions
3	Employment	Employment
4	Political uncertainty	Placement availability ↑
5	Exchange rates	Political uncertainty ↓
6	Pricing	Exchange rates ↓
7	Marketing	Marketing
8	Visa regulations	Staffing ↑
9	Staffing	Pricing ↓
10	Placement availability	Visa regulations ↓

The top four long-term concerns remained the same and virtually the same as the short-term concerns. Clearly concerns around placements have increased, with the availability of these moving up into the top 5 list of long-term business concerns for youth travel organisations. Those dealing in work experience and educational travel programmes are particularly concerned about placement availability. Businesses in Africa and Central & South America were significantly more concerned about economic issues. Those based in Oceania are most worried about travel restrictions.

Long-term concerns		
Rank	March 2020	April 2020
1	Economic uncertainty	Economic uncertainty
2	Travel restrictions	Travel restrictions
3	Employment	Employment
4	Political uncertainty	Political uncertainty
5	Exchange rates	Placement availability ↑
6	Visa regulations	Pricing ↑
7	Pricing	Exchange rates ↓
8	Marketing	Marketing
9	Placement availability	Visa regulations ↓
10	Staffing	Staffing

Actions

The most frequent action taken by businesses in response to COVID-19, both in March and April, was the modification of cancellation policies. The proportion of businesses reducing capacity rose by April, reflecting the effect of widespread travel restrictions. Respondents were also increasingly likely to be reducing marketing spend and slimming down their product range. However, more businesses were also engaging in diversification.



Staff cuts, location closures and short survival periods

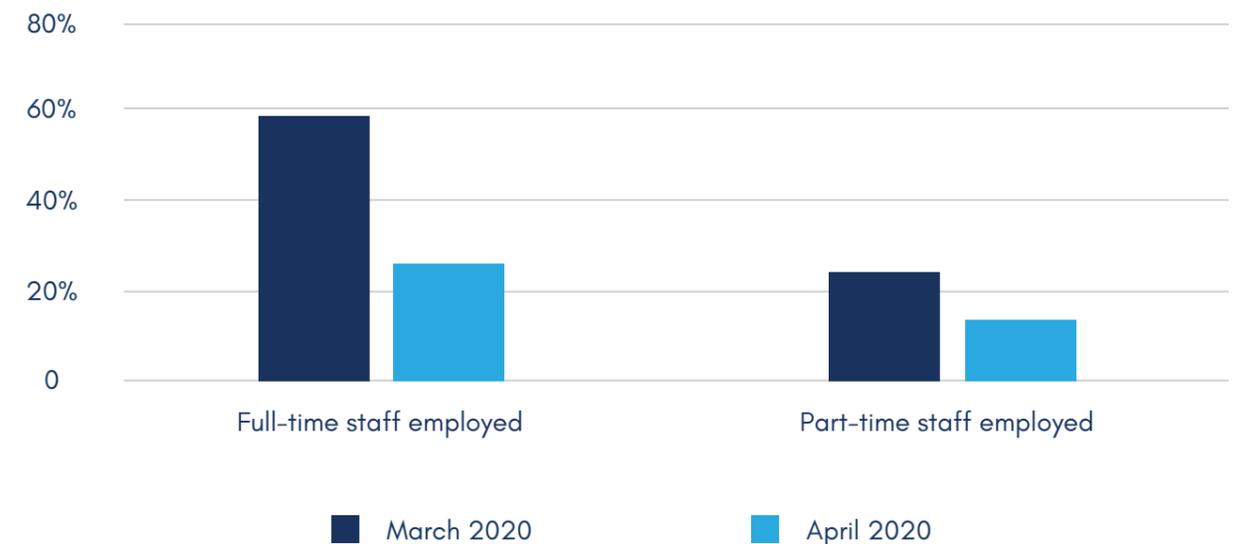


Findings from WYSE Travel Confederation's second COVID-19 Travel Business Impact Survey ^[1] indicate that travel businesses have moved quickly to streamline operations in the face of declining business by cutting staff and closing locations – particularly businesses offering accommodation and activities, tours & attractions. Even so, the average expected solvency period for travel businesses is currently just four months and a large proportion are seeking, or planning to seek, financial assistance. Nearly half of respondents indicated that they already have sought financial assistance or would do so immediately. Ten percent said there was (currently) no financial assistance available in their location. In Asia and Central and South America it was far less likely that financial assistance was available.

Staffing

Given the significant drops in business due to COVID-19-related travel restrictions and other measures, youth travel businesses have reduced staff, whether permanently or temporarily. The average numbers of staff employed by youth travel businesses fell significantly between the March and April 2020 surveys, with numbers of full- and part-time staff halved.

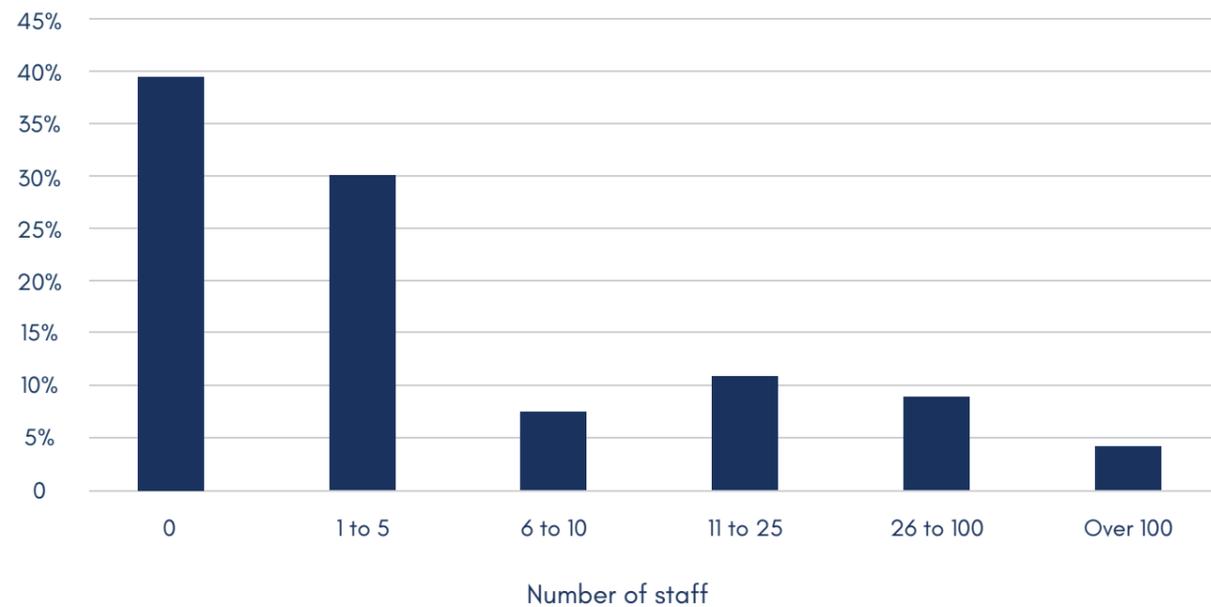
Average number of staff employed March 2020 vs April 2020



The vast majority of responding businesses are small. Around 70% of respondents indicated that they had laid off five or fewer staff in the first quarter of 2020.

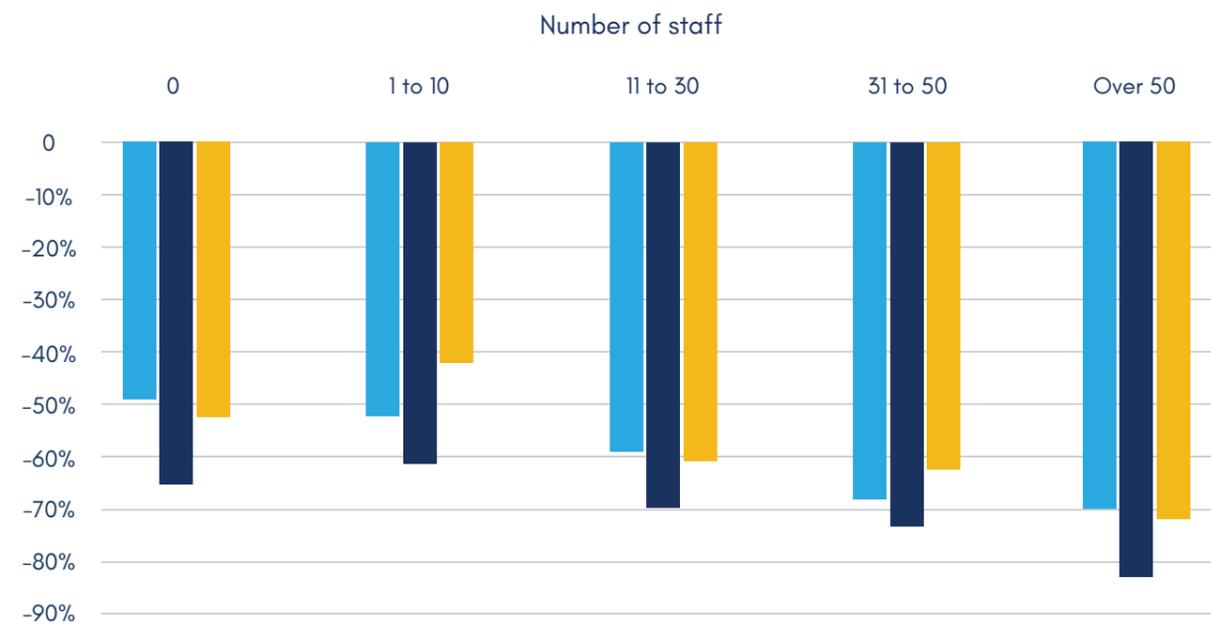


Number of staff let go in Q1 2020



There was a significant relationship between the drop in business and number of staff laid off. The greater the decline in business, the more staff were let go in Q1 2020.

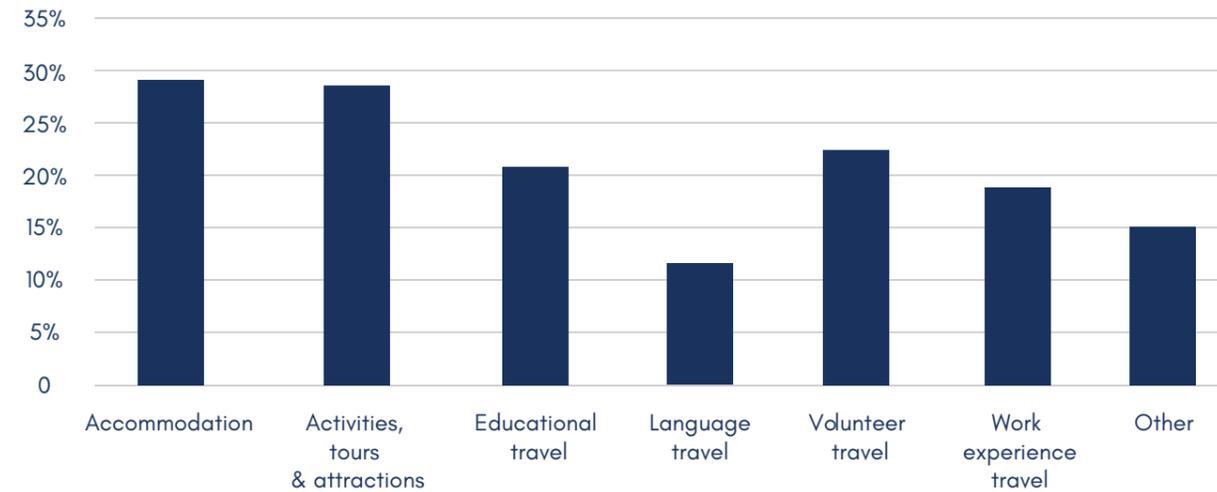
Number of staff let go vs drop in business



- Change in demand for primary business Q1 2020 vs Q1 2019
- Expected change in demand for primary business Q2 2020 vs Q2 2019
- Expected change in overall business volume for calendar year 2020

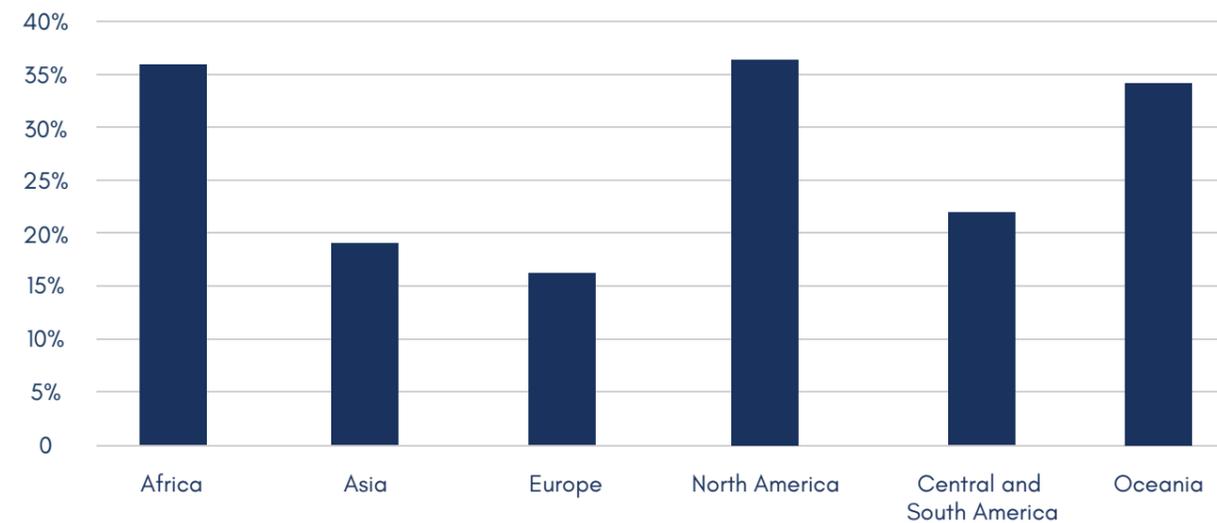
The percentage of staff laid off was greatest for activities, tours & attractions, followed by accommodation and volunteer travel.

Percentage of staff let go by primary business



World regions reporting the highest proportions of staff let go were reported in North America, Africa and Oceania.

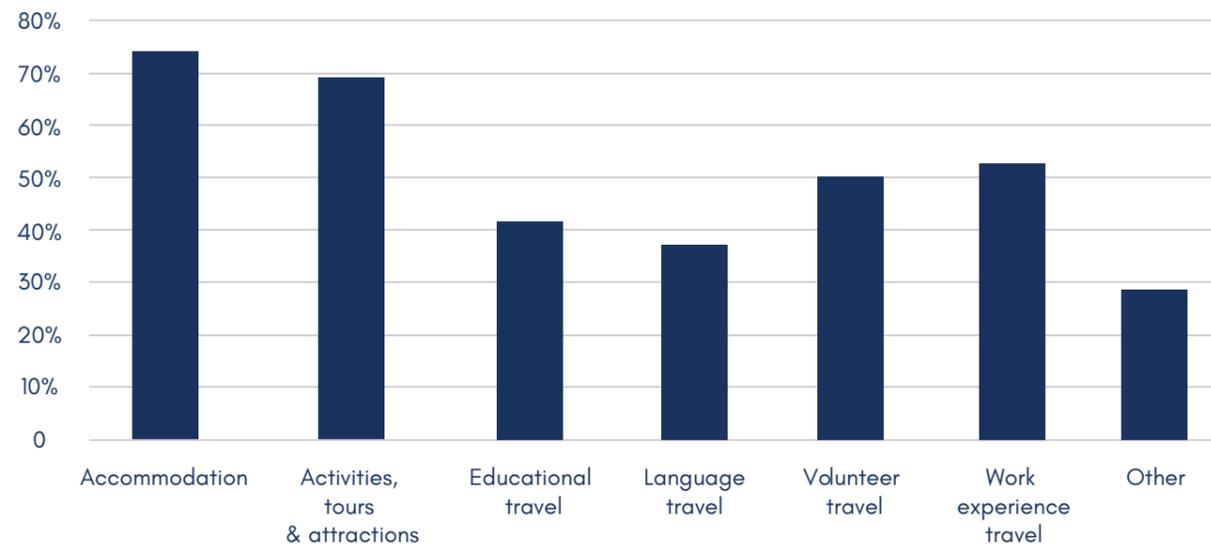
Percentage of staff let go by world region



Closure of business locations

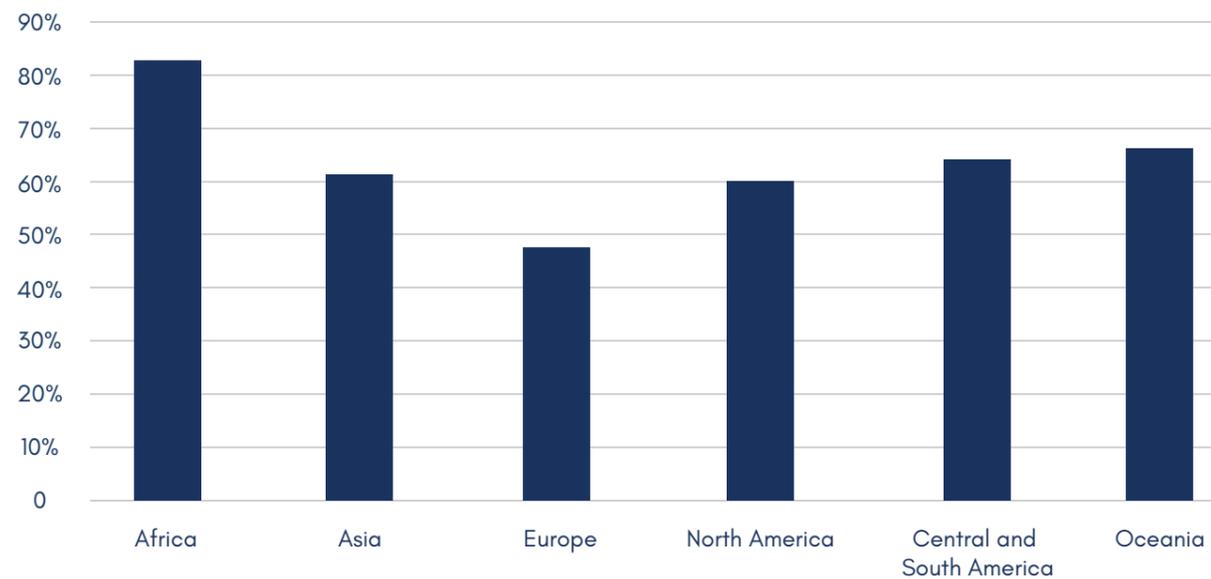
On average, respondents reported closing 56% of their business locations in Q1 of 2020. Closures were most prevalent for business in accommodation and activities, tours & attractions.

Percentage of business locations closed by primary business



The highest level of location closures was in Africa, while Europe had the lowest level of business location closures.

Percentage of business locations closed by world region

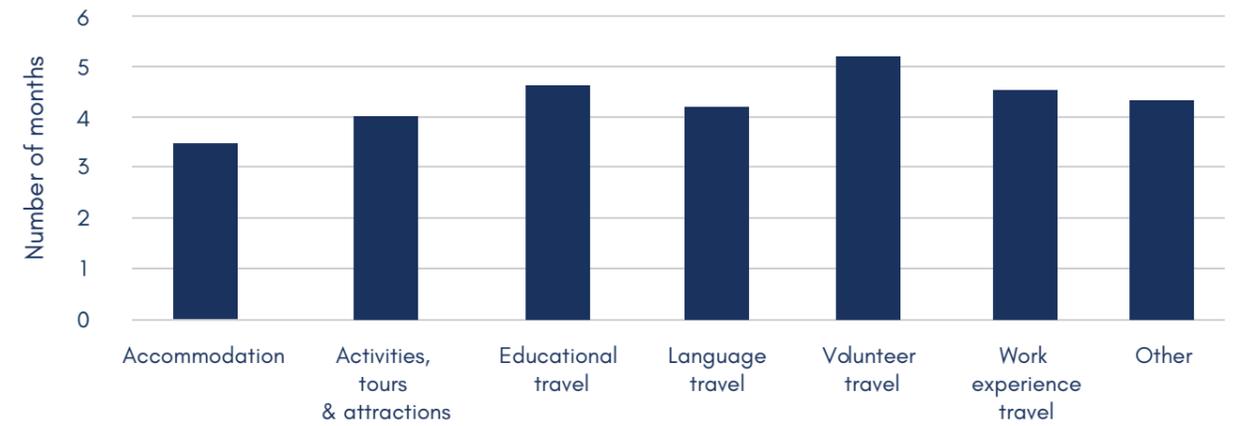


Financial solvency

Respondents were asked how long their business would be able to operate without financial assistance of some kind. On average, respondents reported that they could continue operations for another four months, or until the end of the summer.

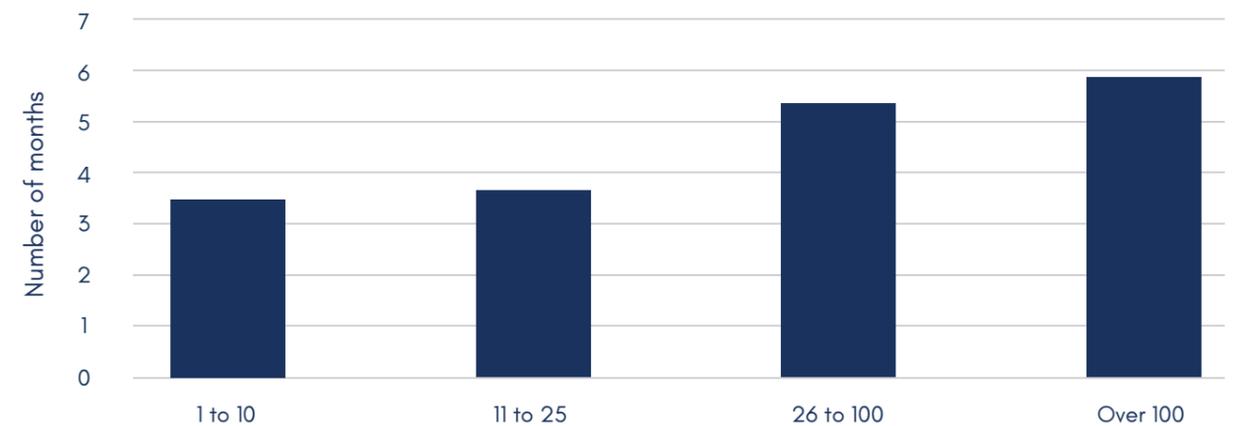
Those in the accommodation and activities, tours & attractions business reported the shortest expected survival period and those in volunteer travel the longest.

Number of months able to operate without financial assistance by primary business

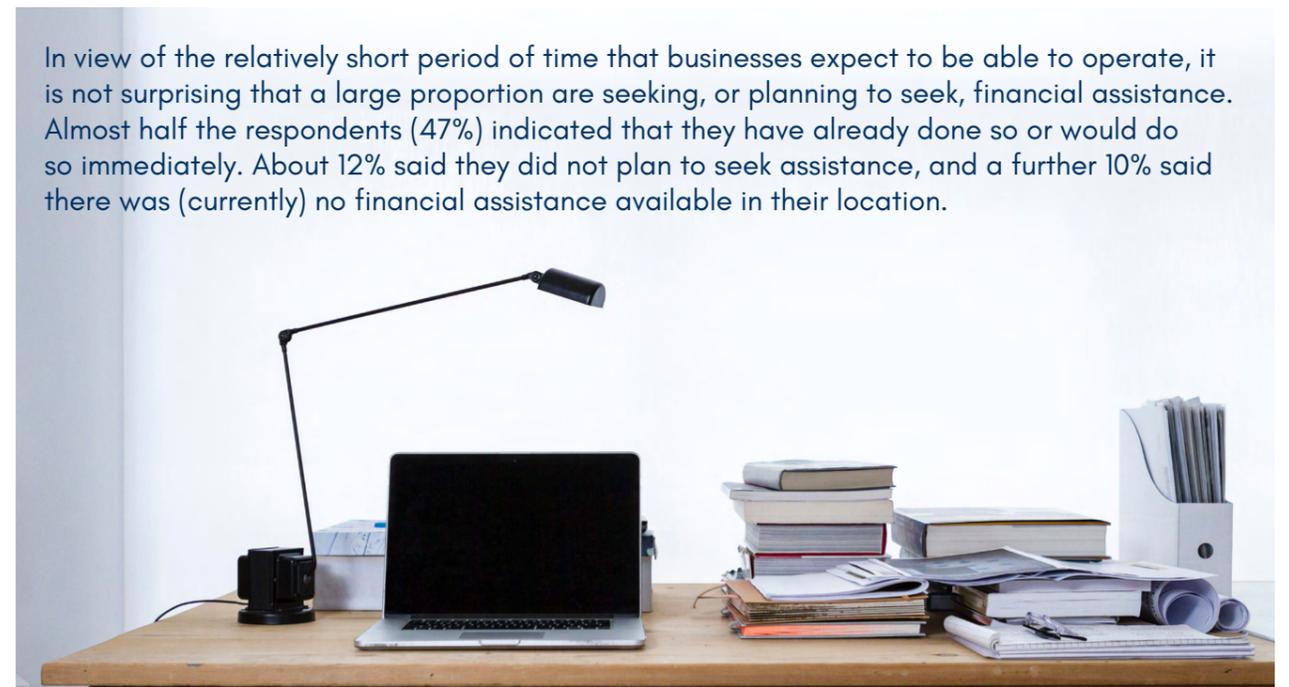


Larger companies are more likely to be able to operate longer.

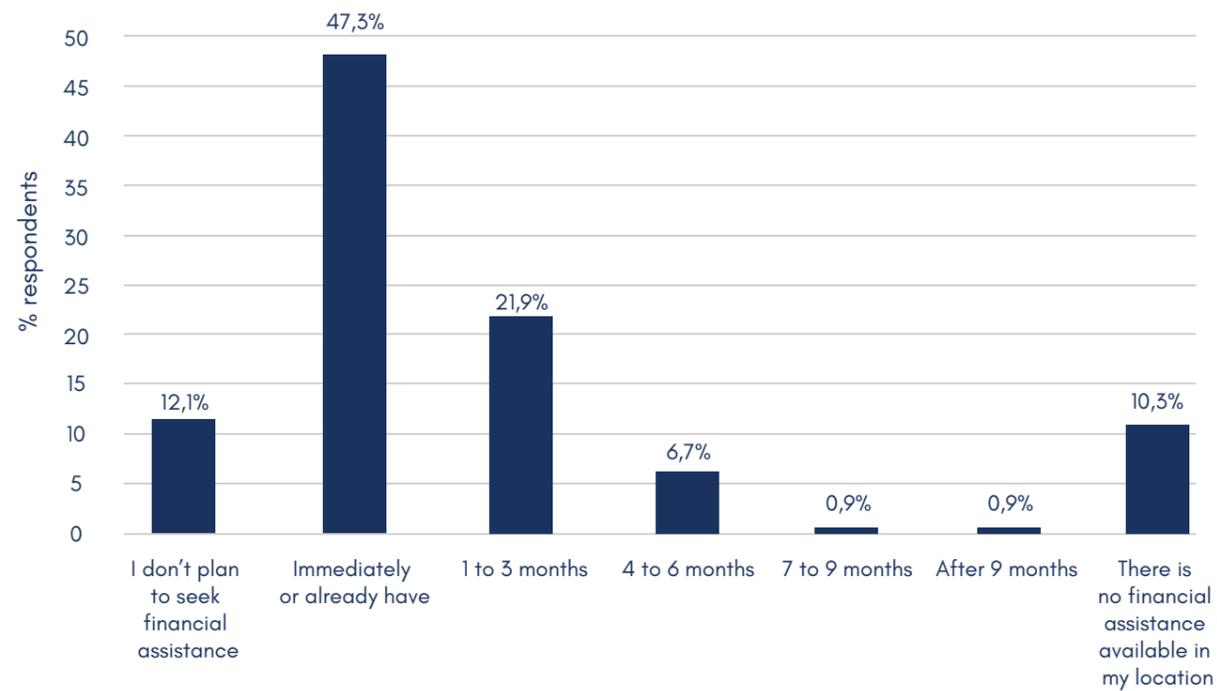
Number of months able to operate without financial assistance by number of staff



In view of the relatively short period of time that businesses expect to be able to operate, it is not surprising that a large proportion are seeking, or planning to seek, financial assistance. Almost half the respondents (47%) indicated that they have already done so or would do so immediately. About 12% said they did not plan to seek assistance, and a further 10% said there was (currently) no financial assistance available in their location.

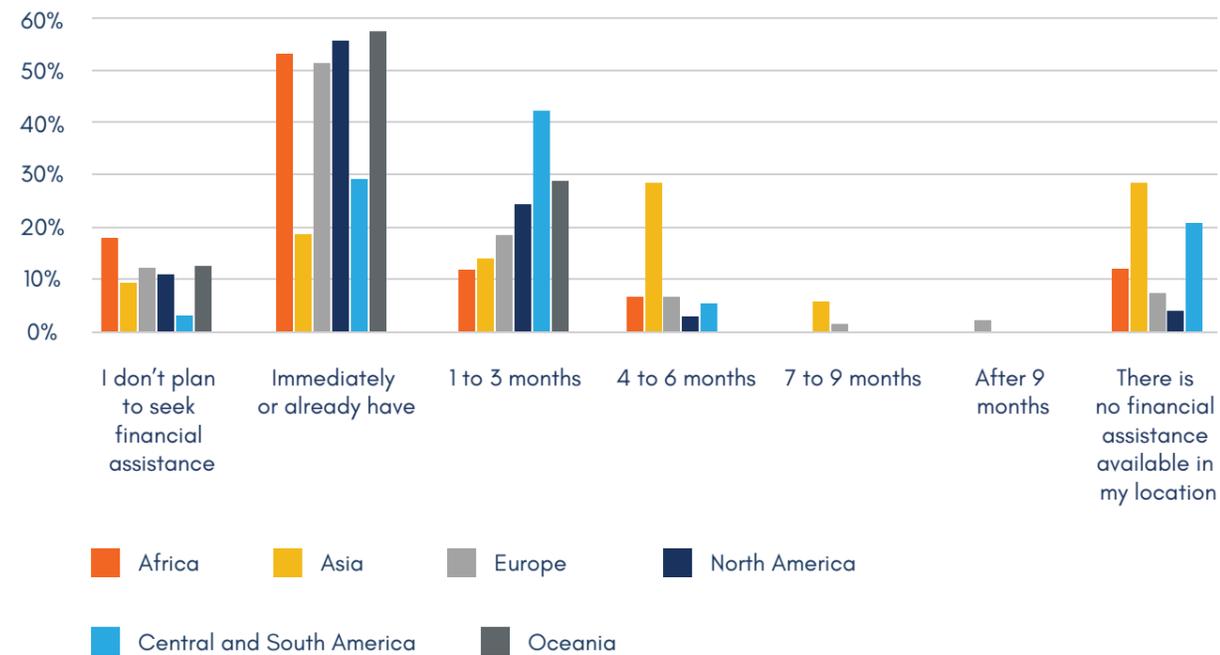


When do you plan to seek financial assistance?



There were significant differences across world regions in the timing for seeking financial assistance. Respondents in Oceania, North America, Europe and Africa were most likely to have sought help immediately. For respondents in Asia and Central and South America it was far less likely that help was available.

When do you plan to seek financial assistance by world region



^[1] Data for this report were collected between 3-13 April 2020 by WYSE Travel Confederation, the global association for youth, student and educational travel organisations, via web-based questionnaire (in English). The survey was the second in a series titled COVID-19 Travel Business Impact Survey. The second iteration of the survey attracted 331 responses from 72 countries. Two-hundred and thirty-nine 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. 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. New questions related to staff reductions, financial risk and potential up-and-coming trends were added to this second iteration of the survey. The profile of respondents to the second survey in April 2020 was similar to that of respondents of the first survey in March 2020, though there were fewer responses from language and educational travel providers and more responses from providers of accommodation and activities, tours & attractions. When comparing the March and April survey respondents, there was very little change in the level of youth travel specialisation of respondents, with over two-thirds of respondents doing 50% or more of their business in youth travel.

Q2 worse across the globe, but some source markets expecting better for the whole of 2020



Findings from WYSE Travel Confederation's second COVID-19 Travel Business Impact Survey ^[1] indicate that travel and tourism businesses experienced a 60% drop in business in Q1 2020 compared to the same period in 2019. Looking ahead to the rest of 2020, respondents expect things to remain the same, with an average 60% drop in business (year on year) anticipated for 2020 overall.

Launched in March 2020, the COVID-19 Travel Business Impact Survey series aims to monitor the impact of the COVID-19 pandemic on travel and tourism businesses that serve young travellers. ^[2] At the time of the first survey in March, significant travel restrictions had yet to be implemented in North, Central and South America. By the time of the second survey in April, UNWTO had estimated that 96% of worldwide destinations had implemented travel restrictions. ^[3]

Based on the survey's most recent findings, the estimated decline in international tourism receipts for the youth travel industry would equate to 174 billion euros in 2020 - twice the 87 billion euro decline estimated in March 2020 when the survey was first launched and respondents were anticipating only a 30% drop in business for the whole of 2020.

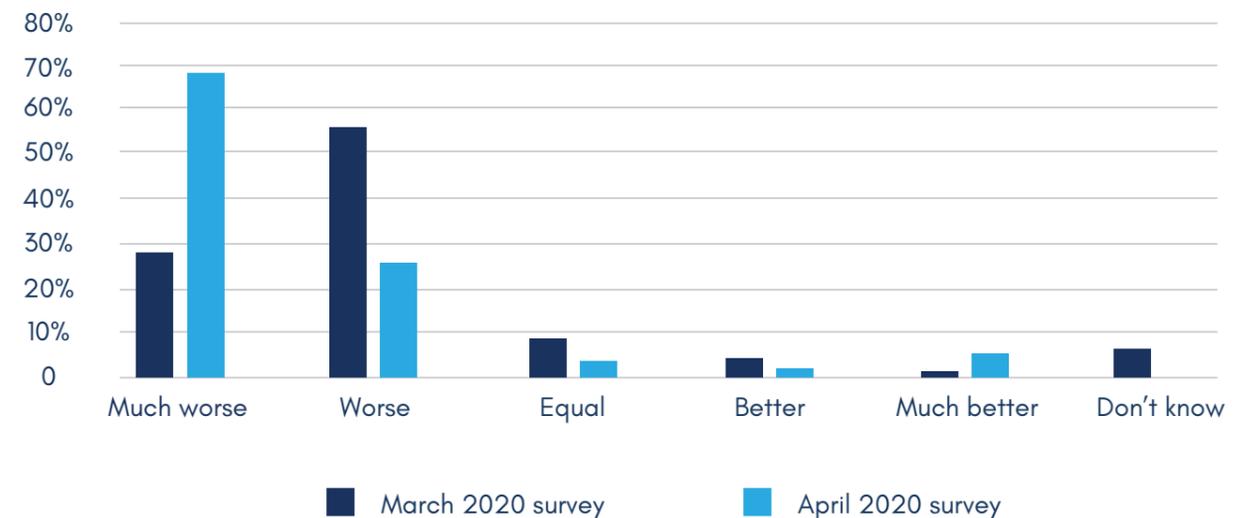
While optimism about business prospects for the rest of 2020 remains low across most types of youth travel product, survey findings show some differences between world regions and senders vs receivers of travellers. Senders from Africa, Latin America, and Asia are currently those

anticipating slightly better outcomes for 2020.

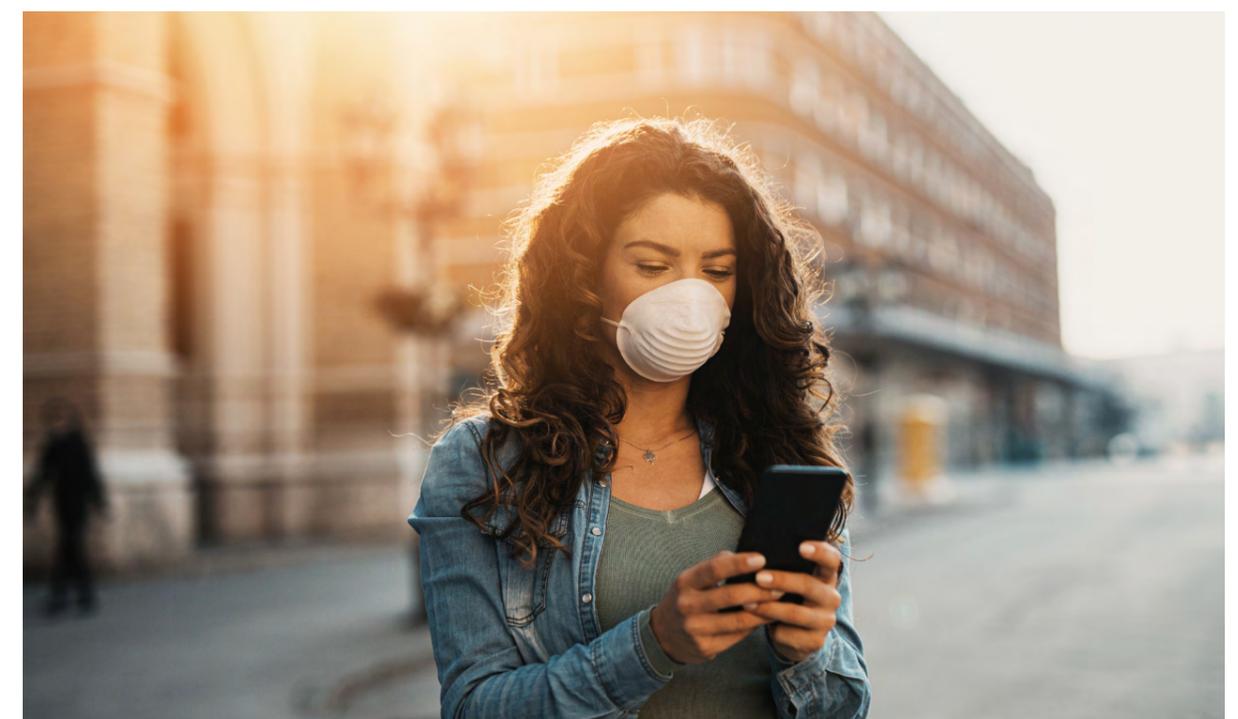
Overall outlook and average decrease in business

Not surprisingly, the business outlook has worsened between March and April. Sixty-seven percent of respondents now believe that their business prospects will be 'much worse' over the course of this year - a considerable increase from the 28% of businesses that had a 'much worse' outlook in March.

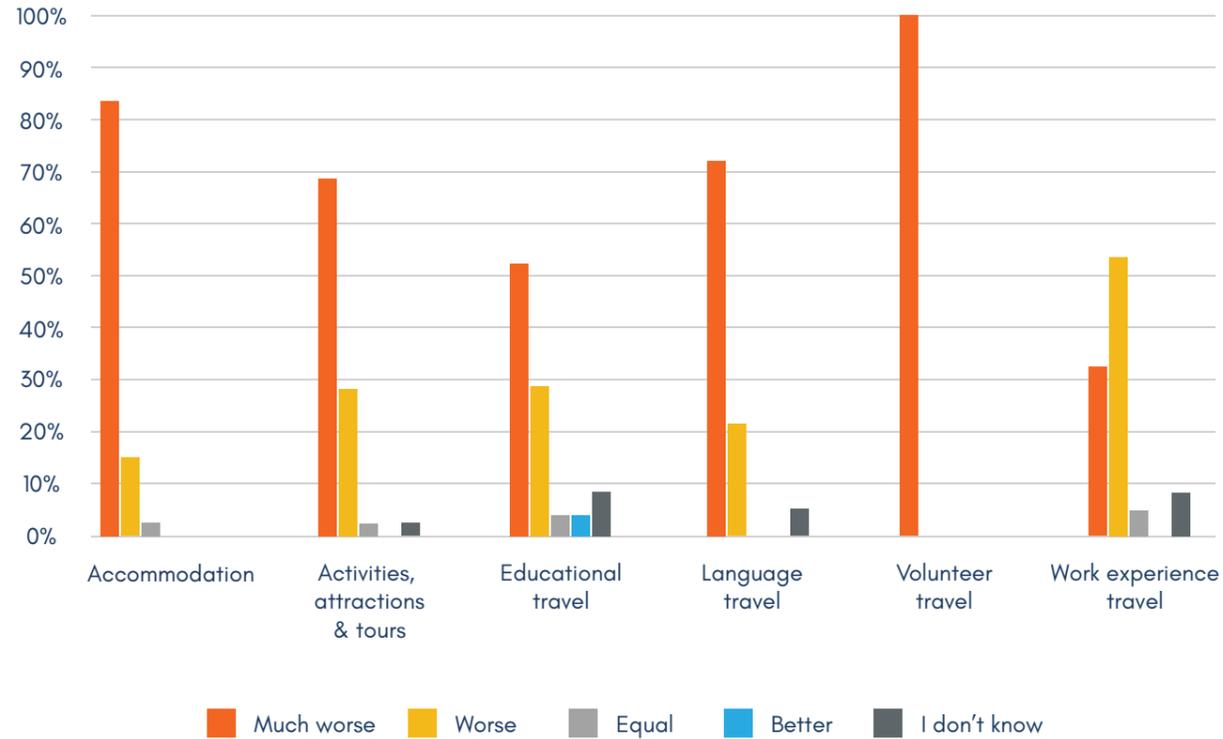
Thinking about your business in relation to the global COVID-19 outbreak, what are the overall prospects for your business for calendar year 2020?



The outlook by type of business suggests that the majority of youth travel businesses expect their prospects to be worse or much worse for the rest of this year. Businesses specialised in volunteer travel are particularly pessimistic.

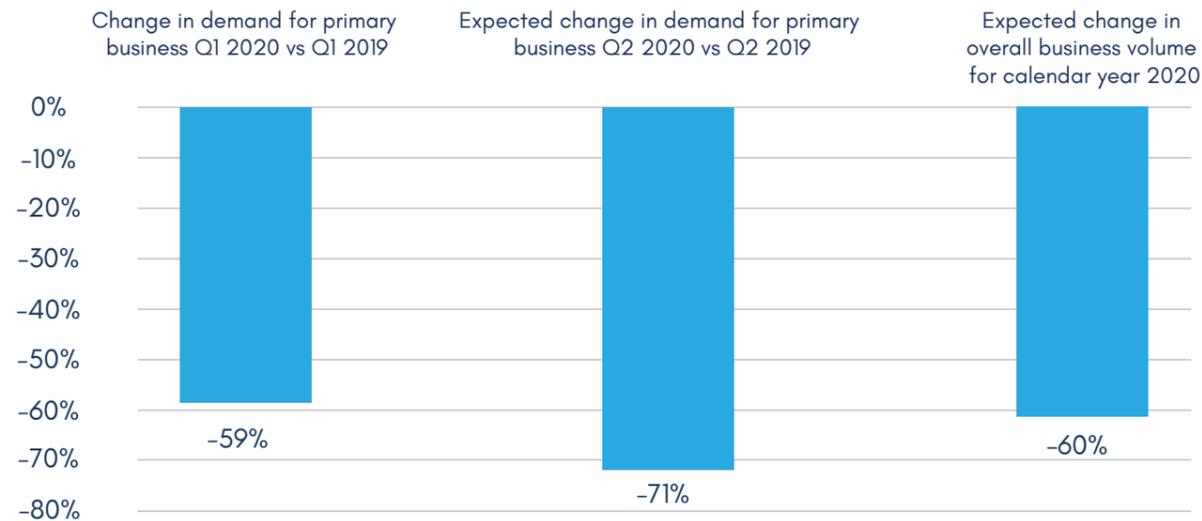


Overall prospects for your business for calendar year 2020 by primary business



On average, respondents experienced a 59% drop in demand in Q1 2020 compared to the same period in 2019. Looking ahead to the rest of 2020, respondents anticipate things to remain similar- an average 60% drop in business volume (year on year) for 2020 overall. A slightly greater decline in demand (71%) is expected for Q2 2020.

Average actual and expected business decreases

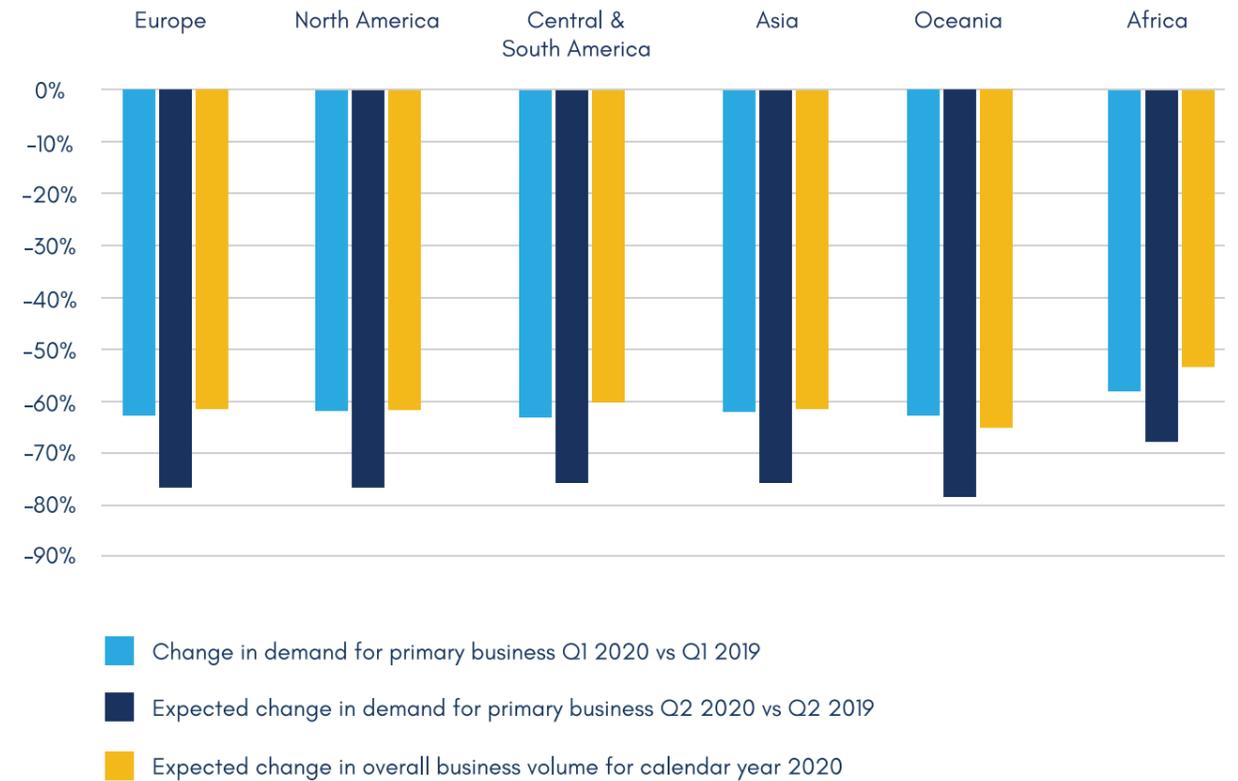


There was no statistically significant difference between businesses specialised in youth

travel ^[4] and other travel businesses in terms of business decreases reported and the outlook for the rest of the year.

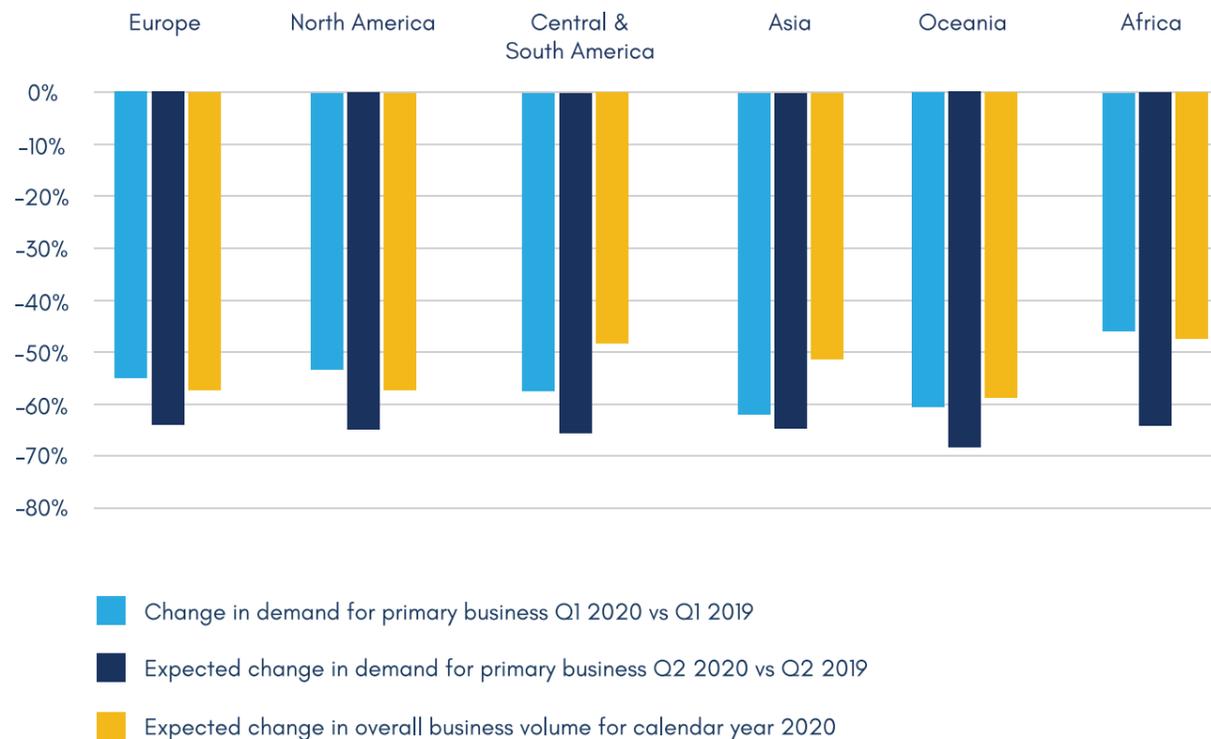
Actual and expected business decreases for Q1, Q2 and the whole of 2020 varied only slightly across world regions though there were some differences between senders and receivers. Senders and receivers in Africa experienced the lowest actual decreases in Q1 and also seem to be the least pessimistic when it comes to Q2 and the rest of 2020.

Average actual and expected business decreases by receiving world region



On the sending side, businesses sending travellers from Asia and Oceania reported the largest actual decreases for Q1 2020. The prospects for Q2 from Asia (-65%) and Oceania (-69%) are similarly cautious though the outlook for the whole of 2020 from Asia (-51%) is more positive than it is in Oceania (-59%). Senders from Central and South America (-48%) and Africa (-48%) are slightly more optimistic about 2020 than other world regions.

Average actual and expected business decreases by sending world region



[1] Data for this report were collected between 3-13 April 2020 by WYSE Travel Confederation, the global association for youth, student and educational travel organisations, via web-based questionnaire (in English). The survey was the second in a series titled COVID-19 Travel Business Impact Survey. The second iteration of the survey attracted 331 responses from 72 countries. Two-hundred and thirty-nine 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. 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. New questions related to staff reductions, financial risk and potential up-and-coming trends were added to this second iteration of the survey. The profile of respondents to the second survey in April 2020 was similar to that of respondents of the first survey in March 2020, though there were fewer responses from language and educational travel providers and more responses from providers of accommodation and activities, tours & attractions. When comparing the March and April survey respondents, there was very little change in the level of youth travel specialisation of respondents, with over two-thirds of respondents doing 50% or more of their business in youth travel.

[2] Young travellers, sometimes referred to as 'youth travel', includes travellers aged 15 to 29."

[3] COVID-19 response: 96% of global destinations impose travel restrictions, 17 April 2020, UNWTO.

[4] Fifty percent or more of business is focussed on the youth travel segment. Youth travel is defined as travellers aged 15 to 29. Just over two-thirds of respondents are doing 50% or more of their business in youth travel.

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