



WYSE TRAVEL
CONFEDERATION

COVID-19 TRAVEL BUSINESS IMPACT SERIES

JULY 2020

*Social distancing equates to 66% drop in
revenue for youth travel accommodation*

*The impact of visas goes beyond cultural
exchange programmes*



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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 July 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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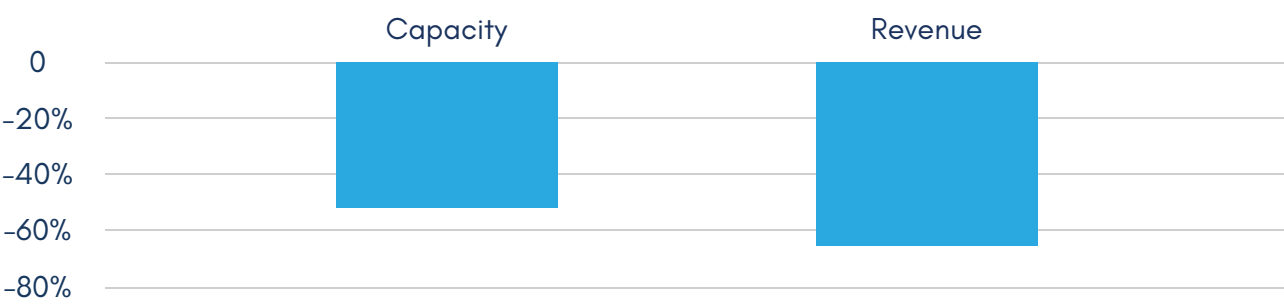
Social distancing equates to 66% drop in revenue for youth travel accommodation

Some providers of accommodation, tours, activities & attractions and youth travel programmes are back in operation with social distancing measures implemented and others are still anticipating the effects of distancing on their business. The July edition of WYSE Travel Confederation’s COVID-19 Travel Business Impact Survey ^[1] takes a look at how distancing measures are impacting capacity and revenue for hostels and other providers of youth travel accommodation in different destinations of the youth travel marketplace.

Impact of social distancing

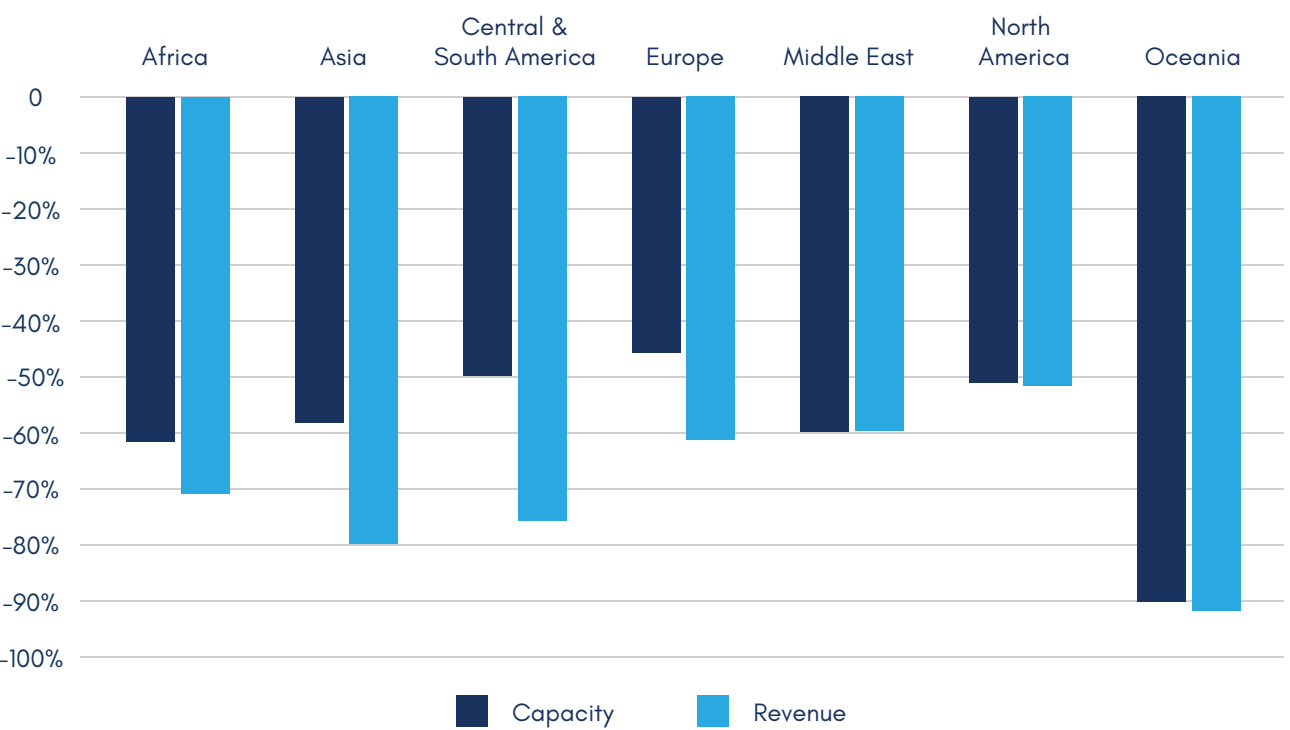
In addition to the considerable decline in international arrivals, operators have the challenge of implementing social distancing within their properties and programming. For hostels and other providers of youth travel accommodation, the expected effect of social distancing, on average, is a reduction of 52% in capacity, translating into a 66% drop in revenue.

Impact of social distancing on youth travel accommodation capacity and revenue



The effects of social distancing are likely to hit youth travel accommodation providers hardest in the world region of Oceania because of the large number of hostels with dorm-style accommodation there.

Impact of social distancing on youth travel accommodation by world region



Youth travel accommodation capacity and revenue loss in top youth travel destinations

Accommodation operators indicated that they would suffer considerable reductions in capacity, and even greater falls in revenue because of social distancing. Based on the global average spend on accommodation per international youth trip of about EUR 600 ^[2], the reduction in capacity and resulting loss in revenue due to social distancing would be significant in many leading youth travel destinations.

Youth travel accommodation capacity and revenue loss in top youth travel destinations

	Youth arrivals ³ (million)	Accommodation spend ⁴ (billion Euros)	Social distance capacity reduction ⁵ (million clients)	Social distance revenue loss ⁶ (billion Euros)
France	21	12.3	9.46	5.4
USA	18	11	8.46	4.8
Spain	19	11.4	8.76	5
Italy	14	8.5	6.52	3.7
UK	8	5	3.84	2.2
Canada	5	2.8	2.22	1.2
Australia	2	1.2	.28	.1
New Zealand	1	.5	.39	.2
Total	88	52.9	39.9	22.7



[1] Data for this report were collected between 3 and 13 July 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 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. 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 marketing, messaging to consumers, and business participation at large-scale B2B events were added to the fourth iteration of the survey.

The profile of respondents to the fifth survey in July 2020 was similar to that of respondents of previous surveys, however there was a small increase in the proportion of language travel programmes and other services compared to previous months. Youth travel specialists, defined as those organisations with over half their main business in the youth market, consistently made up 60% or more of respondents between March and June though the youth travel focus is slowly declining over time.

[2] New Horizons IV: A global study of the youth and student traveller, WYSE Travel Confederation, 2017.



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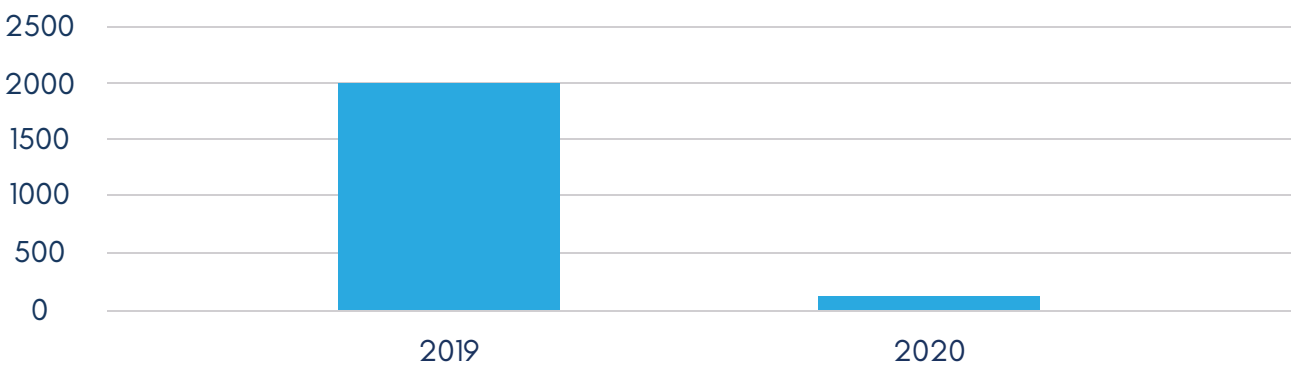
The impact of visas goes beyond cultural exchange programmes

While some businesses active in the youth travel industry are slowly getting back in operation after COVID-19 closures, organisations facilitating travel for educational and cultural exchange experiences face significant obstacles related to visas. Visa challenges represent a delay to recovery for not only cultural exchange organisations directly, but the youth travel industry more broadly. Following a spotlight on the educational and cultural exchange organisations last month, we take a look at data from the July edition of WYSE Travel Confederation’s COVID-19 Travel Business Impact Survey ^[1] and the impact of the United States’ suspension of the J-1 visa, one of the most popular cultural exchange programmes and destinations for youth worldwide. ^[2] We also consider the move of some cultural exchange programmes online and the direct and indirect impacts of visa uncertainty on the youth travel industry more broadly.

US Exchange Visitor Program and J-1 visas

The Presidential Proclamation signed on 22 June 2020 effectively suspended the issues of J-1 visas for the US Exchange Visitor Program through 31 December 2020 has already and will continue to have a significant impact on youth travel to the United States. Just under half (47%) of the respondents to the July edition of the COVID-19 Travel Business Impact Survey send or receive participants requiring a J-1 visa for the US Exchange Visitor Program. ^[3] The number of youths entering the US with a J-1 visa in order to participate in the Exchange Visitor Program is set to reduce dramatically, with responding organisations indicating a drop from almost 2,000 participants in 2019 to 111 in 2020.

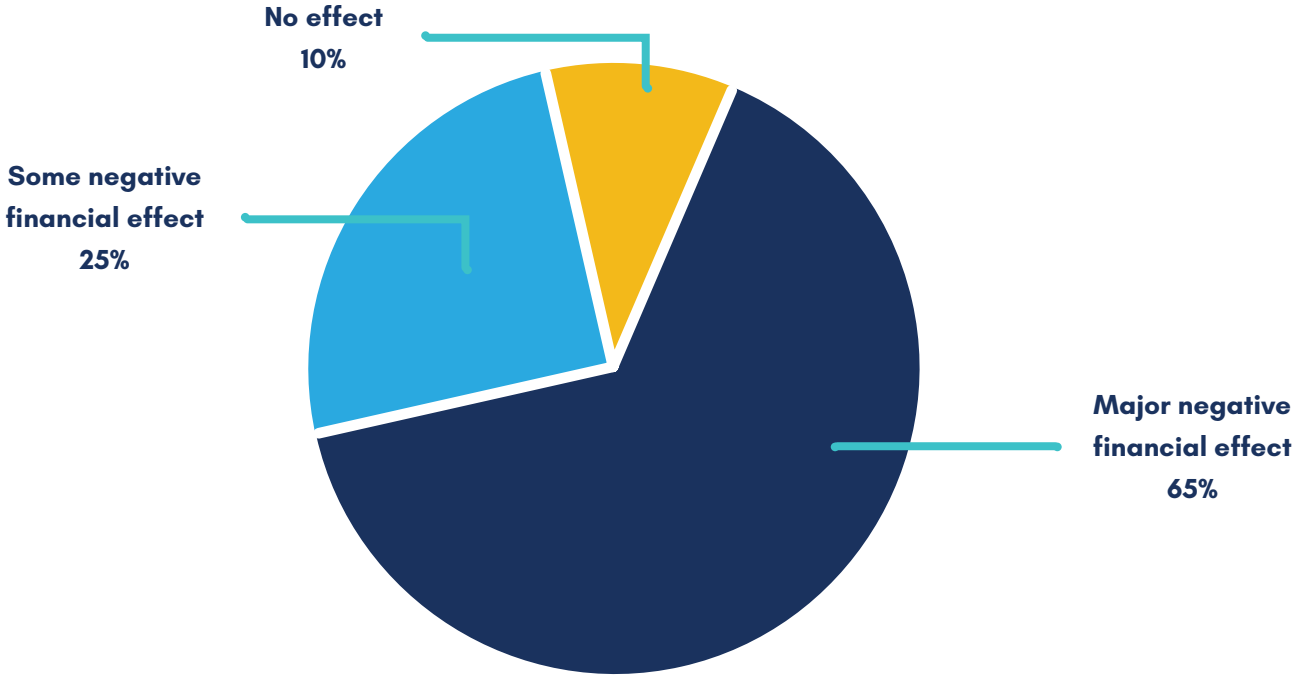
Average number of J-1 Exchange Visitor Program participants, 2019 vs 2020



Sixty-five percent of respondents said that the suspension of J-1 visas will have a major negative financial effect on their business. Ninety percent of Sponsors said that the suspension will have a major negative financial effect on their business.

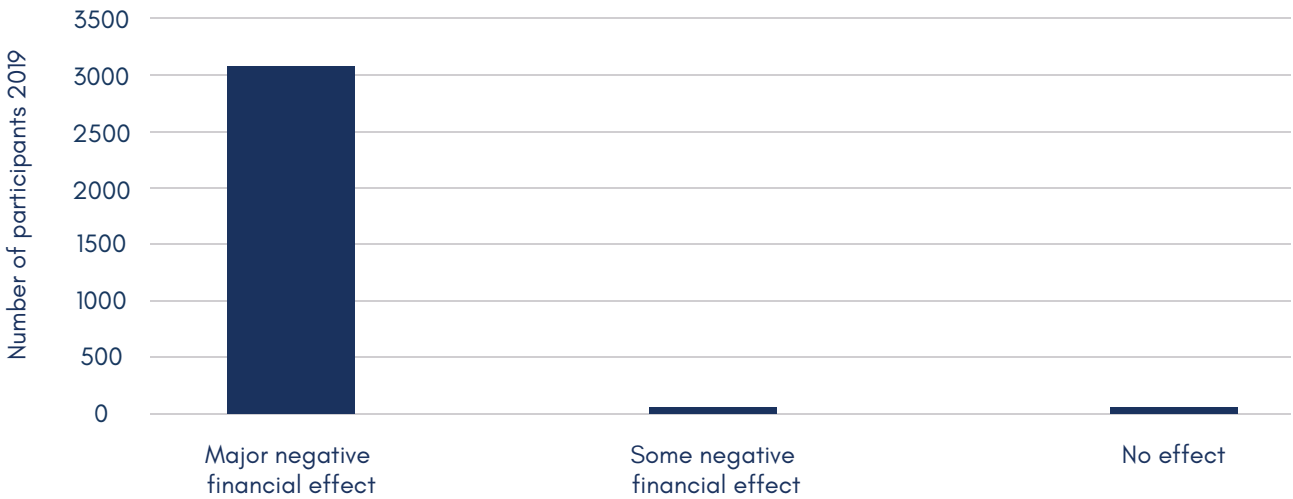


Financial effect of J-1 visa suspension on youth travel business



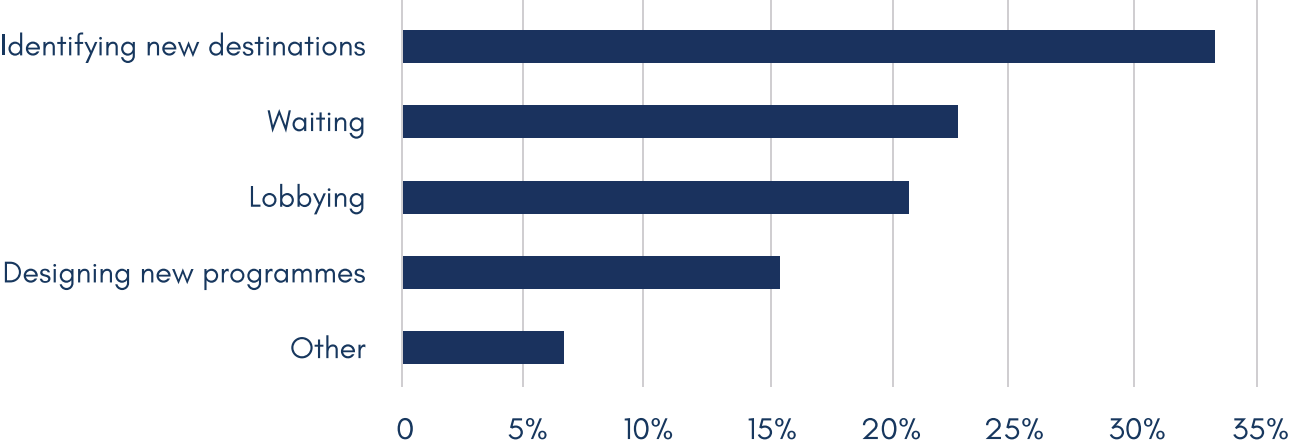
The financial impact is even more significant if we look at the breakdown of reactions according to the number of Program participants per organisation. Those indicating there would be little or no effect of the J-1 visa suspension were also those dealing with very few participants requiring the J-1 visa.

Financial effect of J-1 visa suspension on youth travel business by number of J-1 participants



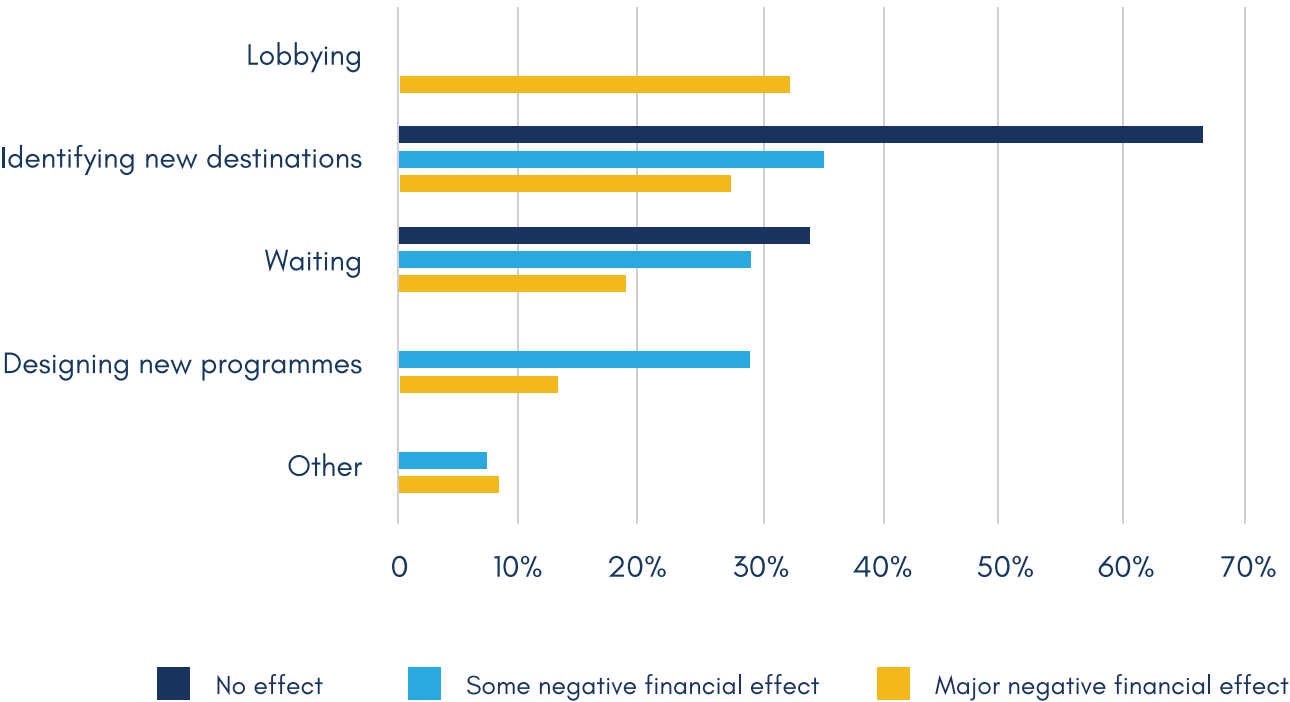
When asked what actions they were taking as a result of the ban, the most frequent response was identifying new destinations for exchange programmes (33%), waiting to see what happens (23%) or lobbying (21%). Agents are most likely to be identifying new destinations (38%) to send travellers and Sponsors are most likely to be lobbying (50%). Other actions include laying off staff and engaging with clients to defer to summer 2021.

Most important action your business is taking in response to the J-1 visa suspension



The largest organisations who expect negative effects as a result of the J-1 visa suspension tend to be those lobbying for change, but even those anticipating no effects are looking for new destinations for youth exchange programmes.

Actions in response to J-1 visa suspension by financial effects of suspension

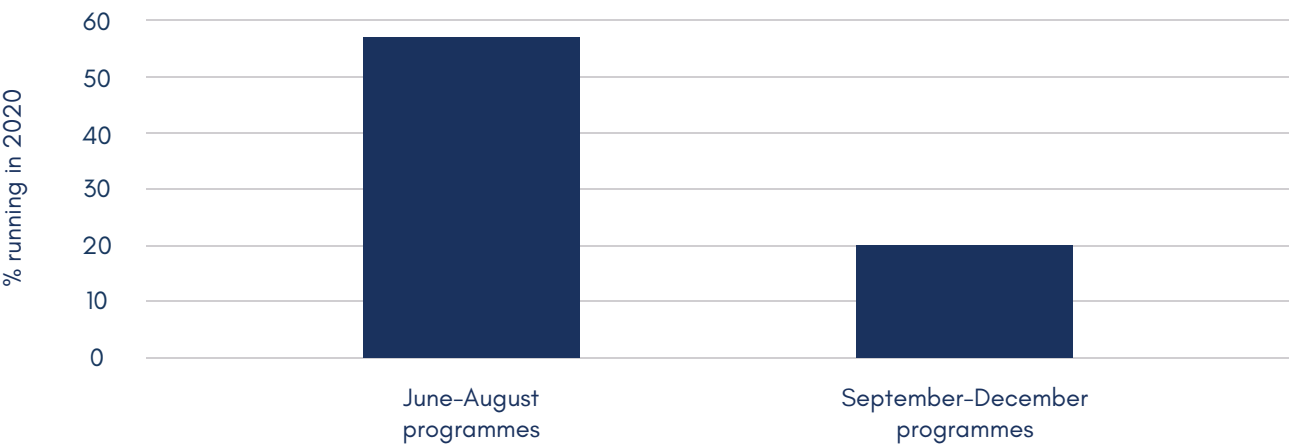


Cultural exchange moves online

The effect of COVID-19 on exchange programmes has already been significant, with responding organisations indicating that programmes for June to August will be reduced to 57% of normal capacity. With the J-1 visa suspension, this will be reduced to 20% of normal capacity for the period September – December 2020. For the whole of 2020, youth travel

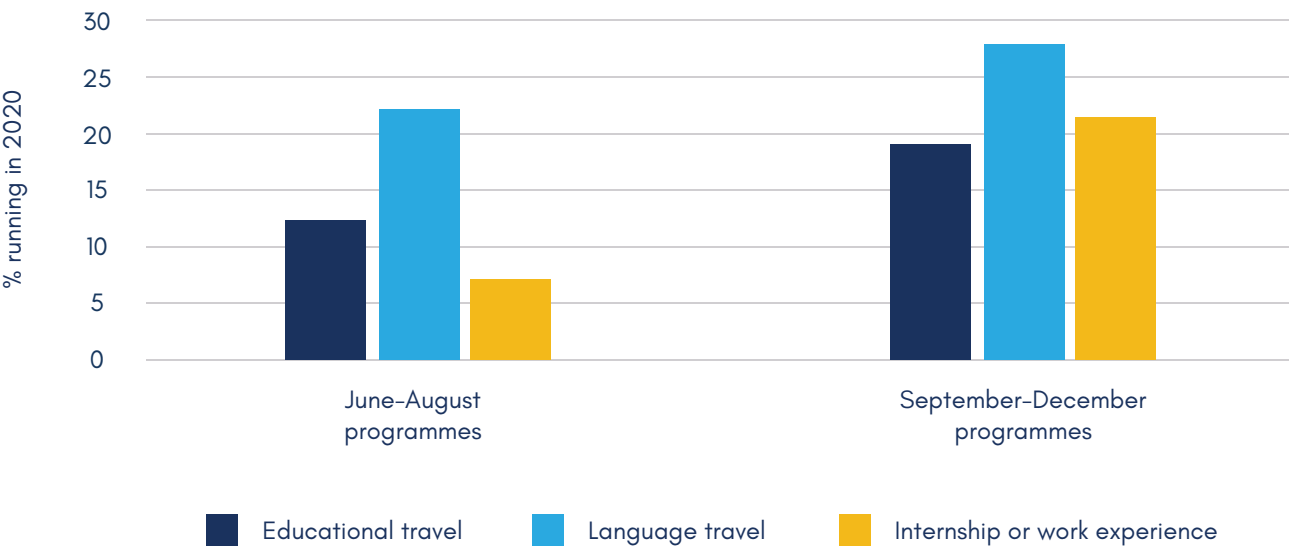
organisations estimated that 18% of youth travel programmes would be running online instead.

What percentage of your programmes are running?



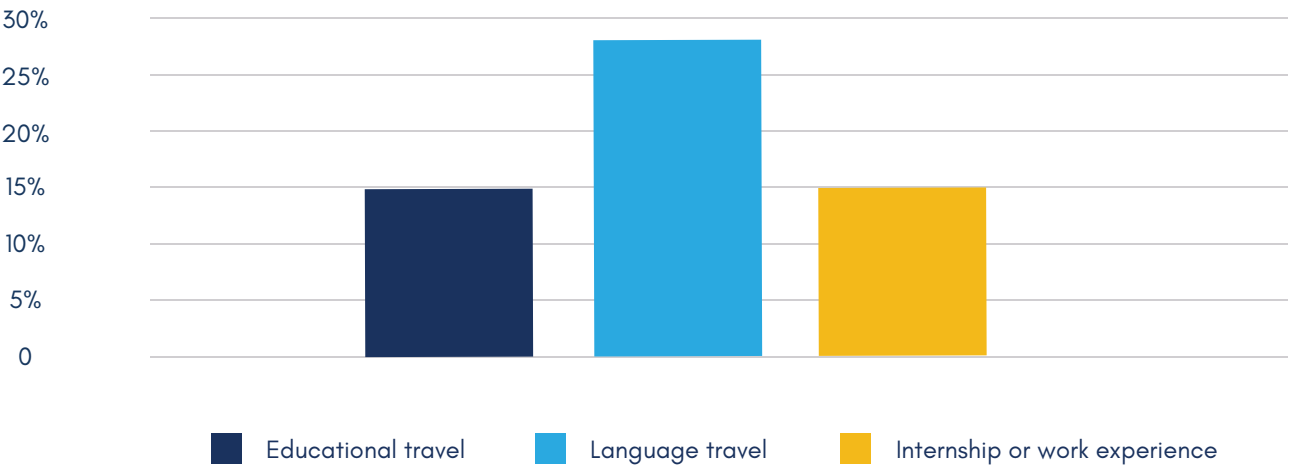
The language travel sector has adapted best to the new circumstances, but even then, responding organisations estimate that programmes will operate at less than 30% of capacity through December 2020 and 28% of normal language travel programmes are running online this year.

Percentage of programme types running in 2020



Roughly 15% of the normally scheduled educational travel programmes and internship or work experience programmes are running online in 2020.

What percentage of your travel programmes for 2020 will run online?



Remaining obstacles to cultural exchange

When asked what the biggest obstacles are for cultural exchange organisations to send or receive participants this year, the most frequently mentioned related to travel restrictions, border closures and the halting of visa processing. The weakening of reciprocity agreements and restrictions on school group travel were also mentioned. Another major theme revolved around online programming. Some organisations feel that traditional cultural exchange programmes and immersion experiences simply cannot be replicated online. Others expressed doubt in developing new online programmes, foreign language instruction for example, as it would be difficult to compete with existing online providers. Educational and cultural exchange organisations also indicated there was a reluctance on the part of students and parents to adopt online programmes. These challenges are underlined by concerns about the cost to organisations to move programming online and the ability to validate such online products to consumers, suggesting that there are a number of organisations actively choosing to not go online and instead wait for travel as usual to resume.



Impact of visas and online programming on the youth travel industry

Visas have direct and indirect impacts on the youth travel industry at large. While international education and cultural exchange programmes face the most direct effects of visa regulations and the current need to move some programming online, providers of pre-trip and in-destination services will also suffer decreased demand from international student visitors.

WYSE Travel Confederation's research on the international youth travel market shows that young travellers are activity-intense in destination. Research from Erasmus Student Network (ESN) indicates that youth studying abroad visit more local cultural activities in their host country than they would have in their home country. Given that the average lengths of stay tend to be fairly long for study abroad and cultural exchange via a working holiday, these types of international visitors are important economic contributors to local host communities and businesses. ^[4] Erasmus Student Network (ESN) also found that 25% of exchange students in Europe visited more than ten cities within their host country and an average of 3.2 countries during their study abroad period. The study also found that exchange students attracted an average of 4.1 visits during their exchange period and more than 40% of these stayed in paid accommodation for an average of four days. ^[5] Research commissioned by the Alliance for International Exchange has estimated that participants of the J-1 Exchange Visitor Program alone contribute more than USD 1.2 billion to the US economy. ^[6]

Accommodation, transportation, tour, activity, and attraction operators, along with local hospitality businesses, all benefit from the secondary leisure travel and activities that young travellers do during educational and cultural exchange trips abroad. While these businesses have re-opened and re-started in some destinations, they will likely face weakened demand from the international student market so long as programmes move online and uncertainty around visas for international education and cultural exchange programmes remains.

[1] Data for this report were collected between 3 and 13 July 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 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. 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 marketing, messaging to consumers, and business participation at large-scale B2B events were added to the fourth iteration of the survey.

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[2] The US is the most popular work experience and travel destination for youth globally. Agents sending youth to the US to participate in SWT must work with government-designated Sponsors who are based in the US and responsible for participants during their stay. Agents and Sponsors sell a range of travel products and services to SWT participants, including flights, accommodation, activities, transportation, insurance, and preparatory courses. Youth travellers participating in such work experience programmes typically spend more in the destination than they earn during their stay, representing positive economic value to the destination. The main benefits of such programmes, as reported by participants, are improved language skills, more appreciation of other cultures and a desire to live abroad. [sources: WYSE Travel Confederation Summer Work Travel Survey, 2019 and New Horizons IV: Work Experience Travel, 2017]

[3] The Exchange Visitor Program (EVP) of the United States provides opportunities for about 300,000 foreign visitors from 200 countries and territories each year to experience American society and culture and engage with US citizens. Eighty-five percent of EVP participants are age 30 or younger. The Exchange Visitor (J) non-immigrant visa category is for individuals approved to participate in work-and-study-based exchange visitor programmes. In 2018, the Summer Work Travel (SWT) Program, one of 15 EVP categories affected by the Proclamation signed on June 22, 2020, included just over 104,500 participants. [source: US Department of State]

[4] New Horizons IV: Work Experience Travel, WYSE Travel Confederation, 2017.

[5] ESNsurvey 2015: Local integration, Economic Impact and Accompanying Measures In International Mobility.

[6] Alliance Opposes J-1 Inclusion in Presidential Proclamation on Immigration, June 22, 2020.

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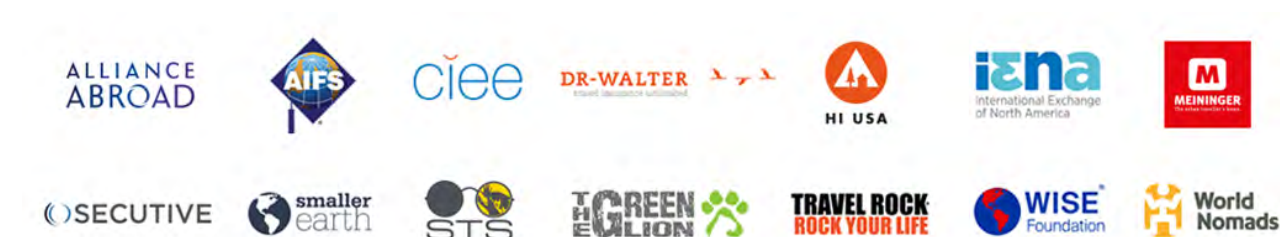
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