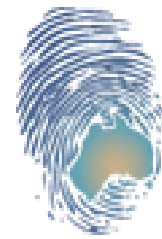




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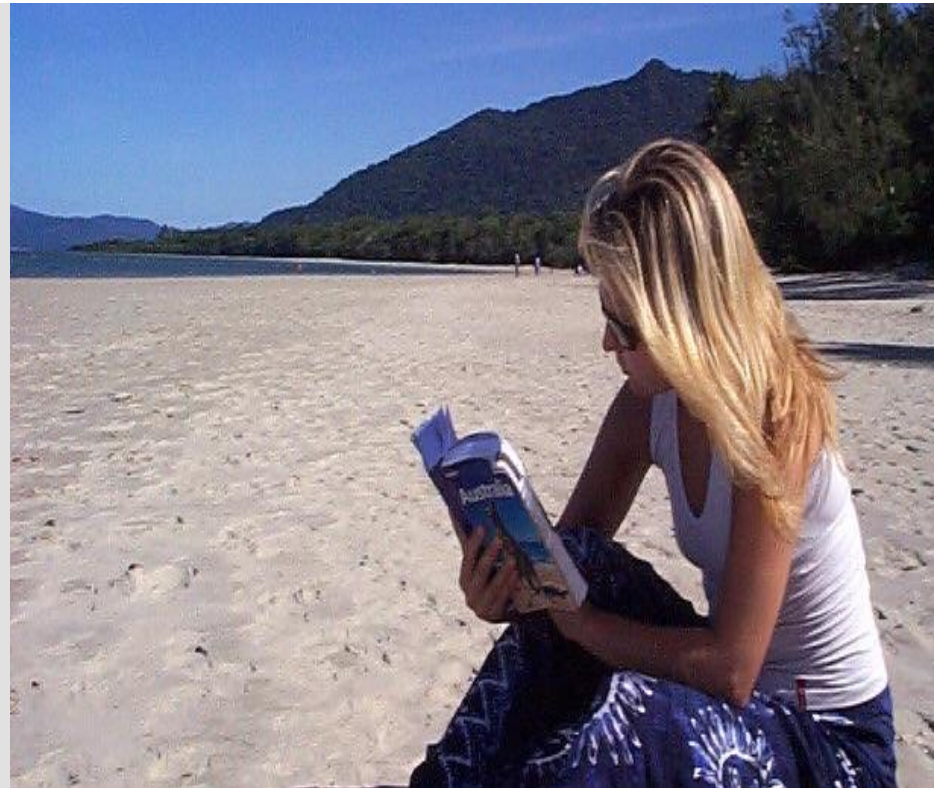
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Unlocking the billion dollar independent youth tourism market (Opportunities for Kenya)

Dr Jeff Jarvis

***Director: Graduate
Tourism Program***

Kenya Hoteliers
Association
Diani Beach
June 29, 2017



First Impressions (JKIA June 27)



Australia as an outbound market

(\$23.5 Billion USD) UNWTO Data

		International tourism expenditure ¹ (US\$ billion)	
Rank		2014	2015*
1	China	234.7	292.2
2	United States	105.5	112.9
3	Germany	93.3	77.5
4	United Kingdom	62.6	63.3
5	France	48.7	38.4
6	Russian Federation	50.4	34.9
7	Canada	33.8	29.4
8	Korea (ROK)	23.2	25.0
9	Italy	28.8	24.4
10	Australia	26.4	23.5

Where do Australians travel?

- **Europe** 16% (UK 6%) 46 mn nights 28%
- **New Zealand** 14%
- **Indonesia** 12%
- **USA** 11%
- **Thailand** 6%
- *Africa = 145,000 (1.7% outbound market share, over 3 mn nights, long stay, 3 weeks+ ave)*
- *Kenya stopover opportunities (Europe market)*
- *Airline integration opportunity (Eg: Via Bangkok, Dubai)*

Independent Youth Tourism: Key Questions (Aged: 18 – 35)

- Who are they? What types of travel do they undertake?
- What motivates them to leave home?
- What is driving the growth in youth tourism?
- What is the business model behind youth tourism?
- How did the “billion dollar industry” in Australia evolve and what can Kenya learn from it?
- Kenya really suitable for this segment?
- How to promote your destination to the high yielding youth segment?

A wide-angle photograph of a savanna landscape. In the foreground, two elephants are walking from left to right. The elephant in front is larger and has a prominent tusk. The second elephant is further back and smaller. The ground is covered in dry, yellowish grass. In the background, there are several acacia trees and a large, snow-capped mountain under a clear blue sky.

Introducing Kenya

[View gallery](#)

Vast savannahs peppered with immense herds of wildlife. Snow-capped mountains on the equator. Traditional peoples who bring soul and colour to the earth. Welcome to Kenya.

Stirring Landscapes

When you think of [Africa](#), you're probably thinking of Kenya. It's the lone acacia silhouetted against a horizon stretching into eternity. It's the snow-capped mountain almost on the equator and within sight of harsh deserts. It's the lush, palm-fringed coastline of the Indian Ocean, it's the Great Rift Valley that once threatened to tear the continent asunder, and it's the dense

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School kids in a Kenyan school.

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Kenya is a popular backpacking destination in Africa. It's cheap and easy to travel around, the people are friendly and there is an almost limitless range of exciting activities: sandy beaches, safaris, sun and savannahs, and so much more. Travel to Kenya with KILROY travels.

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Kenya has many faces. Most know the country best either for its fabulous luxury beach hotels or its [wildlife safaris](#). Kenya though is so much more. There is good reason for it to be one of Africa's most popular backpacker destinations. It is incredibly easy and cheap to travel around - just don't expect too much in the way of comfort. This is more than made up for, by the excitement and adventure on offer. There is so much to see and experience on a journey through Kenya: incredible wildlife; amazing sunrises at altitudes of 5000 meters; long, white beaches; amazing views over the Rift Valley; and not least Kenya's pleasant inhabitants.

Kenya's capital - Nairobi

Your journey to Kenya will, in most cases, start in this metropolis, and being situated at an altitude of 2000 m the temperature is a little cooler than you may expect. Many of the organised safaris and tours also start here. Even though the city's modern centre may not be the most attractive part for most tourists, there are loads of attractions just outside the city. The Nairobi National Park starts where the city ends and is home to all the exciting African wildlife (the Big Nine) except the elephant. If you're looking to taste some of the local cuisine then try a dish of roasted meat - usually goat or sheep - called Nyama Choma. If eating meat is your thing then you should also try the Carnivore Restaurants all you can eat meat buffet!

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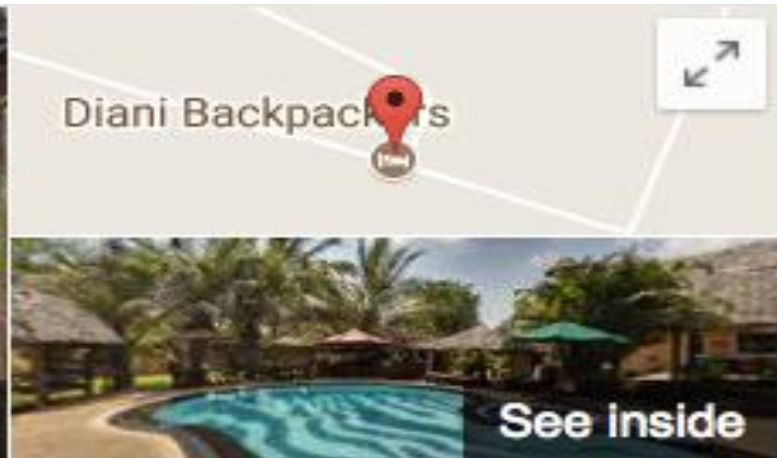
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See inside

Diani Backpackers ★

4.6 ★★★★★ 38 Google reviews

Website

Directions

Address: Villa Allena, 14 KFI Road, Diani Beach, Kenya

Phone: +254 700 713666

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Outside view

from **R336** for 2 guests per night

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About South Coast Backpackers

If you're looking for fun, a party, cool people and an unbeatable atmosphere, then the Diani Backpackers and its great facilities, which include a pool, internet connection, fully stocked bar and pretty relaxed outlook on life, will not disappoint.

Accommodation is basic, rustic and real backpacking. It has been fluffed up with a few private rooms with private bathrooms, for the more discerning. There are also camping spots available in the garden. Activities that can be organised include elephant watching and snorkeling trips, while Africa's best beach is just 400 meters away.

Our restaurant is open from 7am to 9pm, and the bar and reception is open for you 24/7 and not just for guests but for everyone. Other services include free Wi-Fi, laundry facilities at a small fee, a TV with lots of DVDs, a taxi services and a small souvenir shop. Our reception will gladly assist with any day activities you may have, which includes safaris, diving, kite surfing, partying, skydiving, visits to the snake/reptile parks, camel rides and more.

-  Response Rate: **100%**
-  Enquiry Response Time: **30 hours**
-  Type: [Backpacker](#)
-  Sleeps: **54**
-  Check-in: **01:00 PM**
Check-out: **10:00 AM**

Backpackers – Flashpackers – Global Nomads

(Richards 2015)

- **Youth Tourism is a dynamic industry that is constantly changing.**
- **Rise of 'Flashpackers'**
 - (Older, higher spend and integrated with technology)
- **Global Nomad (Long term, digital nomads, couch-surfing – remote working tourism)**
- **Budget hotels moving into the hostel industry**
- **Travel companies packaging adventure tourism and volunteer experiences**



Are you a backpacker or a 'flashpacker'? Research shows adventure seekers now prefer that little bit of extra comfort

- 75% now admit extra luxuries make them more like 'flashpackers'
- Wine tasting and boutique hotels have been added to backpacking
- Modern day backpackers are professionals that have new expectations

By JOHN HUTCHINSON FOR MAILONLINE

PUBLISHED: 11:02 GMT, 1 January 2015 | UPDATED: 09:44 GMT, 2 January 2015





Luxury hostels target flashpackers and grey gappers

Hostels no longer mean sparsely furnished dormitories where cash-strapped young backpackers lay their heads and queue to use communal bathrooms. A new breed of upmarket hostels is competing with boutique hotels to offer chic accommodation at bargain prices, attracting savvy holidaymakers of all ages.

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I Wanna Be a Flashpacker: When Backpackers Grow Up or Get Rich

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In my twenties, I was a truly budget backpacker. I traveled with few plans other than a need to be somewhere by a certain date, usually months ahead — perhaps to start a job, or to catch a plane to another continent. I carried everything I needed on my back in one pack, tied my hair back unattractively each day and didn't bother too much if my clothes got dirty. Getting a cheap night to stay somewhere was important; buying a new handbag was not.

Now that I've hit my thirties, I'm almost afraid to say, I've noticed my travel habits changing a little bit. These days I'll pay a bit more for a private bathroom and a room of my own often opting for a **cheap hotel**, rather than lining up with everyone else; but I don't mind if this is a private room in a hostel. Sometimes I travel with a suitcase rather than a backpack. And I tend to wear clothes that I wouldn't be ashamed to be seen in at my local supermarket late on a Friday night.

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Towards Flashpacking

- **“The blurring of work, leisure and travel and different social spheres is certainly evident in the merging of different forms of youth travel, the rise of working backpacker and the location independent digital nomad.”**
- Greg Richards (2015): The new global nomads: Youth travel in a globalizing world, Tourism Recreation Research

Market changes: Asian Youth Tourism



Structural Change: The New Tourism Economy

- New Tourism vs Old Tourism
- Independent Travel:
 - A form of travel where the participants maintain the maximum amount of control over the elements of their trip
 - * Where they go
 - * How they get there
 - * When they go
 - * What they do

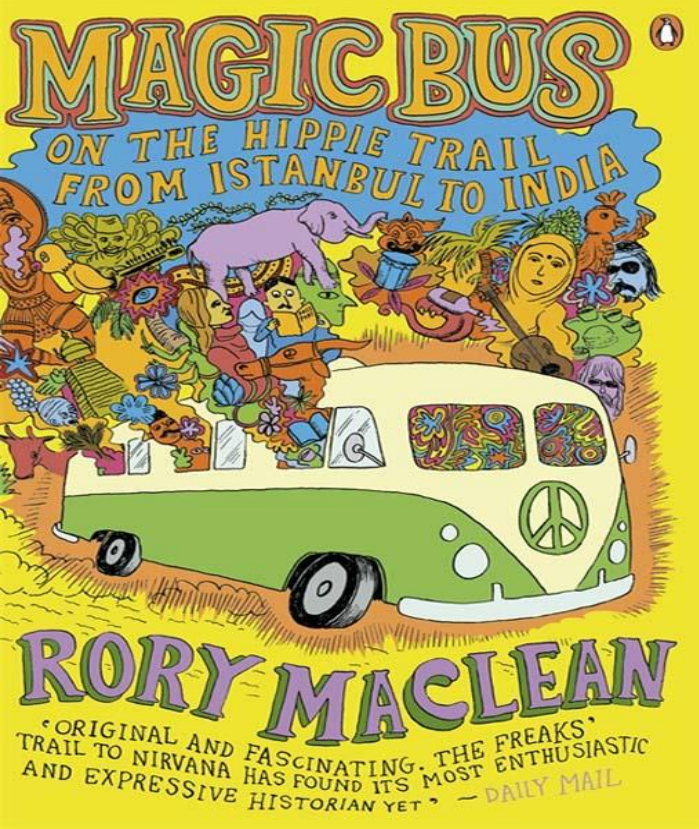
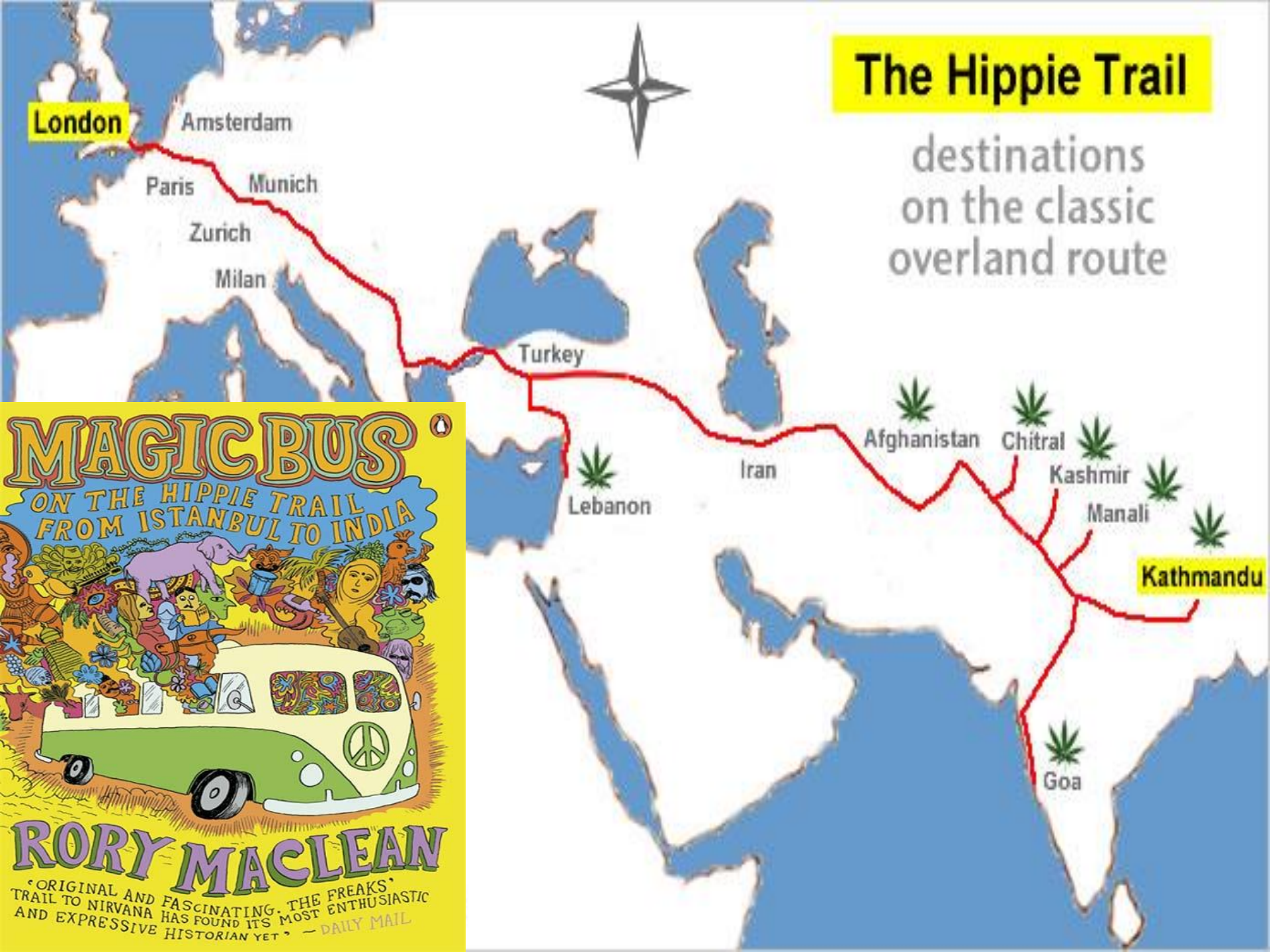


What is 'Contemporary' Backpacking & Flashpacking?

- *Basically backpacking is a **business model that facilitates high economic returns from low capital investment** for suppliers.*
- *It also facilitates **cost effective travel options** for travellers who are willing to 'typically' share facilities.*
- *This 'model' has spread **throughout the world** as it has low barriers to entry.*
- *Growth from the "Hippie trail" (1960s -70s) has been **driven by technology** (747 Jumbo) and globalisation*

The Hippie Trail

destinations
on the classic
overland route



What is a Backpacker?

Pearce, P. *The Backpacker phenomenon: Preliminary answers to basic questions*, Department of Tourism, James Cook University. 1990, Townsville.

- **“The Ultimate Free and Independent Traveller”**
 - > A preference for budget (Value) accommodation
 - > An emphasis on meeting other travellers
 - > Have an independently organised and flexible travel schedule
 - > Prefer longer rather than short holidays *
 - > Place an emphasis on informal participatory activities
- **Tourism Research Australia (TRA)**
 - Based on accommodation usage
 - International visitor over 15 who spent at least one night in a youth hostel or backpackers hostel

Who are the Backpackers?

- *“In general they are future pillars of society, on temporary leave from affluence, but with clear and unwavering intentions to return to normal life”*
- *P. Riley “Road Culture of International Long Term Budget Travellers” Annals of Tourism Research 15 (1988)*

Evolution of travellers in Australia

- *“They’re not scroungers, penniless layabouts, permanently high or rip off merchants.*
- *If I had to define my belief in travel it’s that if you’ve been some place and stayed in the local Hilton , you’ve probably not been there.*
- *Tourists stay in Hiltons, travelers don’t. The traveller wants to see a country at ground level, to breath it, experience it – live it. This usually requires two things the tourist can’t provide – more time and less money”[1]*

[1] Wheeler, T. (Ed.) 1989, South East Asia on a Shoestring, 7th Edn, Hawthorn, Australia, Lonely Planet Publications. P 21



Ten Backpacker Strategic Tourism Principles

1. High Yield (\$4.26 billion spent 2016YE sept)
2. High Dispersion (34% nights in 2016 in regional Aust) 16 Mn
3. Long(er) Stay (75 nights+ Approx \$7000)
4. Low(er) marketing costs
5. Low(er) economic leakage (Local vs global)
6. Return Potential/Repeat visitation
7. Developmental role for regions
8. Stimulate product development
9. Can play a role in 'Poverty alleviation' if managed well
10. A more sustainable form of tourism, lower demands on host societies

Tourism Economics: Inbound Yield by market

Source: TRA 2017

NB: Backpackers Sept 2016 worth \$4.26 Billion


	Market	Year ending September 2015	Year ending September 2016	Change
1	China	7,722	9,099	18%
2	United States of America	3,114	3,749	20%
3	United Kingdom	3,535	3,746	6%
4	New Zealand	2,556	2,690	5%
5	Japan	1,355	1,619	19%
6	Korea	1,198	1,609	34%
7	Singapore	1,312	1,457	11%
8	Malaysia	1,129	1,217	8%
9	Hong Kong	1,132	1,211	7%
10	Germany	1,053	1,198	14%
11	India	1,071	1,151	7%
12	Taiwan	716	872	22%

Research with backpackers/WHMs in Australia (2016)

29.4% desire to visit Kenya (Approx 212,000)

Future_Travel_Kenya

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	44	6.8	33.1	33.1
	2.00	25	3.9	18.8	51.9
	3.00	25	3.9	18.8	70.7
	4.00	22	3.4	16.5	87.2
	5.00	17	2.6	12.8	100.0
	Total	133	20.7	100.0	



Scandinavian Backpackers in Byron Bay



Backpacking as a form of travel: Observations

- **As participation in backpacking has increased, there is no one type of backpacker.**
 - *(Flashpackers, Working Holiday Makers, Study Backpackers, Gap year, Career Breakers etc..)*
- **It is an emerging form of travel, based on a new business model (like low cost airlines)**
 - Quality accommodation at low(er) rates
 - Yield generated elsewhere (Experiences - tours)
 - Focus on new dispersion patterns (Regional areas)
 - Transfers spending to host destinations
 - By-passes the established travel trade industry (Micro packaging)
 - Expanding globally

Backpacking is a global phenomenon (Backpackers in Fiji)















 **Tallinn Backpackers**
Olevimägi 11, Tallinn, Estonia

[Info](#) | [Rates](#) | [Map & Directions](#) |







www.monash.edu

Backpacking/Flashpacking as a global system. (Why has it developed?)



Vinn din Drömmresa! Tävla på: dromresa.kilroy.se



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Some contemporary backpacker driving forces.....

- **(a) Socio-Cultural**
 - Gap year phenomenon (Especially ex UK)
 - Career breaks (Changed work environment)
 - **Globalization (travel = investment in future career)**
 - University Internationalisation (Exchange programs)
 - The rise of the New 30s (Delaying children, marriage)
- **(2) Economic**
 - World GDP growth (or decline)
 - Declining 'real' costs of travel eg: STA \$A1399 RTW
- **(3) Political**
 - Visas (eg: Expansion of WHMs)
- **(4) Travel Industry**
 - Specialist agents (Eg: STA Travel)
 - Airline alliances & Round the World (RTW) airfares
 - Global-budget airlines (Cut costs of travel)

STA Travel (Sweden)

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Case Study: Kilroy Travels (Sweden)

<https://www.youtube.com/watch?v=OBW6Ryq4U5U>





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CHEF IN HO CHI MINH CITY

I WANT TO SEE MONET'S WATER
LILIES IN PARIS

I WANT TO WORK TEACHING
ENGLISH ALL OVER THE GLOBE

I WANT TO COVER MY CRAZY
MATES WITH TOMATOES IN SPAIN



Understanding Travellers

Road Culture (Sorensen 2003)

- How 'Travellers' gain status
- **(1) Paying Local Prices (Value)**
- **(2) Getting the Best Deal**
- **(3) Travelling off the beaten track**
- **(4) Long(er) term travel**
- **(5) Dealing with challenging experiences**

The “Backpacker - Flashpacker Ideology”

Jarvis, J, Beyond the Billion Dollar Backpackers. National Centre for Australian studies, Monash University

- *(a) Maintaining freedom and flexibility*
- *(b) Gaining an authentic cultural experience*
- *(c) Meeting ‘like minded’ people*
- *(d) Experiencing personal development*



Why youth tourists are beneficial



Why youth tourists are beneficial

- **(A) Economic Earnings**

- (1) High Yield due to length of stay
- (2) Dispersion spreads economic benefits
- (3) Hardy travellers - Constant demand
- (4) Different segments spread benefits in economy.
Eg: Working Holiday Makers (WHMs) & Study Backpackers

Why Backpackers are beneficial

- **(B) Economic Development**
 - (1) Consume local goods, low economic leakage
 - (2) Require basic infrastructure, low barriers to entry
 - (3) Stimulate Small Business development
 - (4) Stimulate product and destination development

Why Backpackers are beneficial

- *“For most Less Developed Country governments, the main focus has been upon international mass tourists.*
- *Recently, more emphasis has been placed on understanding and planning for various sectors such as high spending so-called MICE and ecotourists.*
- *However backpacker tourism is with the exception of the Australian initiatives, largely ignored by government and development planners and international agencies such as the World Bank.”*[\[1\]](#)

[\[1\]](#) Hampton.M “Backpacker Tourism and Economic Development” *Annals of Tourism Research*, Vol 25 1998.

Why Backpackers are beneficial

- *“Given the political will to constrain the larger players, backpacker tourism could increase local participation in real development,(and) be part of a more sustainable long term strategy which attempts to balance local economic development needs against powerful interests wishing to build large international tourism resorts”*
- Hampton.M “Backpacker Tourism and Economic Development” Annals of Tourism Research, Vol 25 1998.

Why Backpackers are beneficial

- **(C) Socio-Cultural**

- (1) Return potential, Future links
- (2) Lower environmental carrying capacity
- (3) Local ownership of firms (Local self fulfillment)
- (4) Local vs Global product development
- (5) Local reliance vs outside interests
- (6) Local urban renewal

Why Backpackers are beneficial

- *“ Emerging economy governments in particular, have an important responsibility to **facilitate equitable involvement of local communities in the industry.***
- *If they wish to support local development, they need to avoid the temptation of focusing exclusively on higher end tourists and consider strategies for encouraging and supporting carefully planned and managed budget tourism”[\[1\]](#)*

• [\[1\]](#) Scheyvens, R. “Backpacker Tourism and Third World Development” *Annals of Tourism Research*, Vol 29, No 1, 2002

Implications for Kenya

- **YES, there is potential here**
- **Will have a leisure youth market focus**
- **Education and volun-tourism market**
- **New 'unexplored' destination (High prestige value)**
- **Achievable and Accessible Africa!**
- **Early stages of industry development**
- **Micro packages - safety**

How to develop the industry in Kenya

- **Strategic plan**
- **Demand Stimulation**
 - Air links are **CRUCIAL**
 - Integrate with other carriers and distribute through the youth market agencies.
 - EG: London – Nairobi – Bangkok – Sydney
- **Supply Side**
 - Review planning regulations regarding hostel / Boutique hotel development.
 - Transport connections in country

Expensive stopovers!

Emirates

14:30

LGW

13h 10
1 stop DXB

05:40⁽⁺¹⁾
NBO

Emirates

16:35

NBO

15h 55
1 stop DXB

12:30⁽⁺¹⁾
BKK

Emirates

18:10

BKK

9h 20
Direct

06:30⁽⁺¹⁾
SYD

Operated by Qantas

Emirates

06:00

SYD

23h 15
1 stop DXB

20:15

LHR

1 deal

\$3,666

Select →

 **21:45**
LGW 14h 30  **14:15⁽⁺¹⁾**
1 stop DXB NBO

Operated by Emirates

 **22:45**
NBO 15h 30  **18:15⁽⁺¹⁾**
1 stop DXB BKK

Operated by Emirates

 **20:00**
BKK 8h 40  **07:40⁽⁺¹⁾**
Direct SYD

Operated by Emirates

3 deals from

\$8,662

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