

Fascinating reading!

DOMESTIC TOURISM AUDIT

Insights into Australian's domestic travel behaviour, barriers and motivations

Geoff Buckley, Managing Director, Tourism Australia recently said "While the spend on Australian holidays is pleasing, we are seeing some worrying fundamental shifts in holiday patterns that are starting to impact on who, where and how many Australians are now holidaying in Australia"

He said the younger generation is "less familiar" with domestic holidays and are "now more likely to take their holiday overseas rather than travel in Australia".

On the positive side, greater airline competition in Australian skies saw air travel climb 5% in 2007.

Supporting these comments are some very interesting findings shown in this report from an excellent national market demand study conducted by Research International recently.

Advance Tourism is indeed grateful to
Jonathan Sinton
Strategic Director

RESEARCH INTERNATIONAL

www.research-int.com

for making available findings of this self-funded research for this report

With compliments of Norm White, Director

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Please feel free to make this paper available in full or in part to others who may be interested in a more successful tourism industry. If published, please provide acknowledgment to Advance Tourism.

DOMESTIC TOURISM AUDIT

Insights into Australian's domestic travel behaviour, barriers and motivations

Across Australia, tourism results show

- Domestic tourism is flat,
 - Outbound tourism is showing strong growth
- and the two are closely linked.

Domestic marketing is not at the standard of the strong destination marketing of off-shore locations, cruise companies or airlines like Qantas, Virgin Blue and Jetstar which are very active with marketing off-shore destinations in addition to the domestic marketing.

Because of airline commission policies, while thousands of Australian travel agents are still promoting domestic travel products, they tend to place a far greater emphasis on overseas travel, cruising and long distance coach touring.

A study around Australia of newspaper travel supplements, e-newsletters, TV lifestyle programs and other market communication mediums shows off-shore destinations and cruising to be more vigorous and achieving a higher profile than domestic destinations and products.

Research International

Recognising the need to know more about the travel behaviour, barriers and motivations of Australian travellers in regard to domestic and overseas travel, leading research company Research International developed their own special self-funded research across Australia which set out to uncover

- How well Australians know their own country's best holiday destinations/ experiences,
- How well travelled Australians are within their own country & overseas,
- What the barriers are to holidaying in Australia, and
- How compelling the Australian holiday experience is compared to overseas experiences.

Determining the barriers to Australians travelling locally will help businesses within the tourism industry with information to help develop effective strategies for product and communication

Design and Execution of this Research Project

A total of 1147 Australians were interviewed, via a combination of online & telephone interviews. All respondents met the following criteria:

- Have taken a holiday in the last 12 months OR
- Have desire to take a holiday in the next 12 months

Sampling was conducted nationwide

- Respondents were between the ages of 18-70
- Quotas were set on gender, age and location of residence to ensure national representation
- Data was collected between 4 and 12 June '07
- Destinations included were identified as the most appealing by various tourism publications, both locally and overseas

Key findings

- Australia is perceived as a great place to relax with family and escape everyday routine,
- Appeal of Australian destinations is very high, although there are some specific issues with particular destinations,
- Experience of Australian destinations is quite low and is weighted by the retirement community,
- The young crave international destinations without necessarily understanding what is in their own backyard,
- Diminishing disposable income is claimed as the primary barrier to domestic travel, although time pressure (& leave hoarding) and perceived inaccessibility also contribute,
- While 71% wanted to travel within Australia compared with only 56% who wanted an overseas holiday,
- Only 10% said they had little desire to travel within Australia or cited lack of attractions.

Give Australians \$5,000 to spend on anything, and they will use it for a holiday in Australia!

	%
• A holiday in Australia	47
• Pay off debt (mortgage/loan/credit card etc.)	38
• An overseas holiday	36
• Put it into my savings account	29
• Buy a big ticket item (e.g. plasma TV, car etc.)	26
• Reward myself/partner with a special gift	25
• Go on a shopping spree	19
• Spend it on home renovation/DIY	19
• Treat myself/family/friends to a meal at a fancy restaurant	18
• Put it into an investment plan/superannuation	16
• Put it towards a deposit for a property	13
• Put it towards payment for my child's education	10
• Treat myself/family/friends to a concert/show etc	10

Holiday Plans in the Next 12 Months

Australians' desire to travel domestically is higher than the desire to travel overseas. This desire to see their own country increases with age (e.g. amongst those aged 18-24: 59%, amongst those aged 55-69: 77%).

The youngest age group (18-24 y/o) has the greatest desire to holiday overseas (62%).

62% of Australians cite lack of disposable income as the greatest obstacle to touring in their own backyard

Comments by Advance Tourism.

Two comments

1. This figure does not seem to deter the upsurge in Australians travelling overseas. Also the average time away for overseas travellers is far higher than most holidays in Australia
2. If 62% of Australians cite lack of disposable income as their greatest obstacle to touring domestically, there are still 38% of Australians, (pop 21,260,114¹) who are not affected.

¹ Australian Bureau of Statistics 1 April 2008

35% of respondents cite the high costs of Australian travel/ holiday packages as a barrier to holidaying in Australia.

Comment by Advance Tourism. There has been substantial growth of Australians visiting some areas of Australia, many being distant locations where modern marketing methods are used, particularly packages, special offers and other merchandising techniques. Advance Tourism suggests this is an old perception which has not been attacked with special strategies designed to neutralise this problem.

Other barriers

Other barriers preventing domestic travel for Australians

- A lack of knowledge about destinations to visit
- Being too busy at work to take time off
- The lower price and better deals available for overseas packages

Combined with factors such as increasing pressure on interest rates and a strong Australian dollar, overseas travel is seen as more affordable, thus contributing to a stuttering domestic travel industry.

Jonathan Sinton, Strategy Director Research International says *“This study demonstrates that the domestic tourism industry is under pressure from the ever increasing ease of travelling overseas on a budget. There is clearly strong enthusiasm for domestic travel but at the moment this is not converting into travel by everyday Australians. Desire to see local destinations such as the Great Barrier Reef is actually higher than for a trip to Italy.”*

Top 10 Global and Domestic Destinations

The Domestic Tourism Audit found a desire see domestic destinations that is higher than some overseas locations.

1. Great Barrier Reef
2. Italy
3. Whitsunday Islands
4. London
5. Kakadu National Park
6. Uluru/Ayers Rock
7. Queenstown NZ
8. Hawaii
9. Egypt
10. Paris

“With the Airline price war escalation within Australia, the domestic tourism industry has a great opportunity to make people aware of what there is to do out there, whilst offering greater value on domestic holidays. Once they’ve been, they just want to keep going back”, Research International Strategy Director, Jonathan Sinton suggests.

Interesting snippets from the research

- More Australians have been to Egypt than the Kimberley Coast in Western Australia
- Only 1 in 5 Australians has heard of the Bay of Fires in Tasmania
- As many Australians who have been to Bali, have sailed the Whitsundays
- Australians would rather visit Kakadu than Paris
- Less than 2 in 5 Australians have been to the Great Barrier Reef
- Queensland is the most popular holiday state
- NSW residents are the most travelled Australians
- Only 2 in 5 Australians have been to Western Australia or Tasmania

Travel patterns

2 out of 3 Australians surveyed have taken a Domestic holiday in the last 12 months...

Over the past 12 months it was found



On average

- 2.2 trips had at least one overnight stay in a paid accommodation taken
- 2.0 trips had at least one overnight stay with family or friends
- Length of stay was 8 days

On average

- 1.4 trips had at least one overnight stay in a paid accommodation taken
- 1.0 trips had at least one overnight stay with family or friends
- Length of stay was 23 days

Visited

Visited	%
• Qld	33
• NSW	31
• Vic	27
• Tas	9
• SA	8
• WA	10
• NT	3

Visited

Visited	%
• New Zealand	17
• United Kingdom	16
• USA/Canada	15
• Singapore	11
• Thailand	10
• Malaysia	8
• Indonesia	5

Incidence of overseas travel is directionally higher amongst those aged 18-24 yo (31%) 55-69 yo (34%)

About Research International

Research International (RI) has been conducting research in Australia since the 1930's. RI provides custom research solutions for its clients around innovation, Market Strategy, Brand Experience and Service Measurement issues.

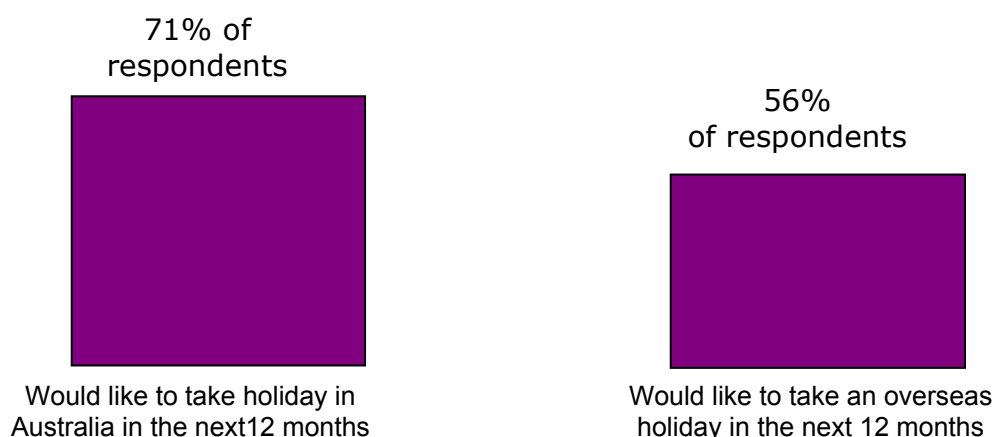
The business operates in over 50 countries, with offices across Asia Pacific including Singapore, Malaysia, Thailand, Indonesia, the Philippines, China, Taiwan, Hong Kong, South Korea, Japan, India and NZ. It has more than 2,500 employees and works with blue chip clients around the world.

For further information or to arrange an interview with Jonathan Sinton, please contact

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...desire to tour Australia in the next 12 months is higher than an Overseas experience

Over the next 12 months



Desire to travel domestically increases with age (e.g. amongst those aged 18-24: 59%, amongst those aged 55-69: 77%)

The youngest age group (18-24 yo) has the greatest desire to holiday overseas (62%)

Key barriers to taking more domestic holidays

Top barriers preventing people from taking more domestic holidays

1	62%	lack disposable income for travel
2	40%	increases in household expenses, therefore less money to spend on holiday
3	35%	paying off a mortgage\loan
4	35%	high costs of Australian travel\packages
5	34%	too busy at work; can't get away
6	25%	young family, kids at home, difficult to go away on a holiday
7	25%	saving money away for a car, house, laptop etc
8	24%	desire to holiday overseas more
9	23%	increase in debt reduces disposable income for travel
10	23%	lack of affordable Australian holiday packages
11	21%	lack of affordable airfares within Australia
12	19%	lack of affordable accommodation in Australia
13	18%	shortage of annual leave
14	17%	unwilling to take leave because of job security, family\personal reasons
15	17%	lower costs of overseas travel\packages
16	17%	overseas travel and accommodation are more affordable than domestic
17	6%	Little desire to see Australia
18	4%	Lack of attractions – insufficient things to do on holidays within Australia

18-24 years old travellers

The following BARRIERS are also strong amongst those aged 18-24 years old:

- 27% indicate overseas holidays have more brag appeal
- 24% show little knowledge about where to go / what to do

Research International draws attention to the important fact that 24% of adults 18-24 years of age say they have little knowledge about where to go and what to do within Australia.

Comments by Advance Tourism

An important issue raised above is the perception that holidays in Australia are less affordable than holidays overseas as illustrated with these results

Line	Responses	Comments
4	35%	high costs of Australian travel\packages
10	23%	lack of affordable Australian holiday packages
11	21%	lack of affordable airfares within Australia
12	19%	lack of affordable accommodation in Australia
15	17%	lower costs of overseas travel\packages
16	17%	overseas travel and accommodation are more affordable than domestic

Since low cost carriers, Virgin Blue and Jetstar have been operating, domestic travel volumes have rocketed up to unprecedented levels because new low airline fares allow Australians to travel further and travel more often. Numerous destinations have seen visitor growth as a result of the new low air fares, more direct flights and the competitive marketing of the low cost airlines.

When most other destinations have seen flat results, Gold Coast visitor numbers are up (+3.5% in 2007) because of effective destination marketing and travel bargains being offered. Furthermore, many overseas destinations are not as low cost as Australian travellers think they are. This opinion is formed because usually Australia's destination merchandising and marketing is not competitive with off-shore destinations.

There is a need for a new strategy at three levels to combat this problem

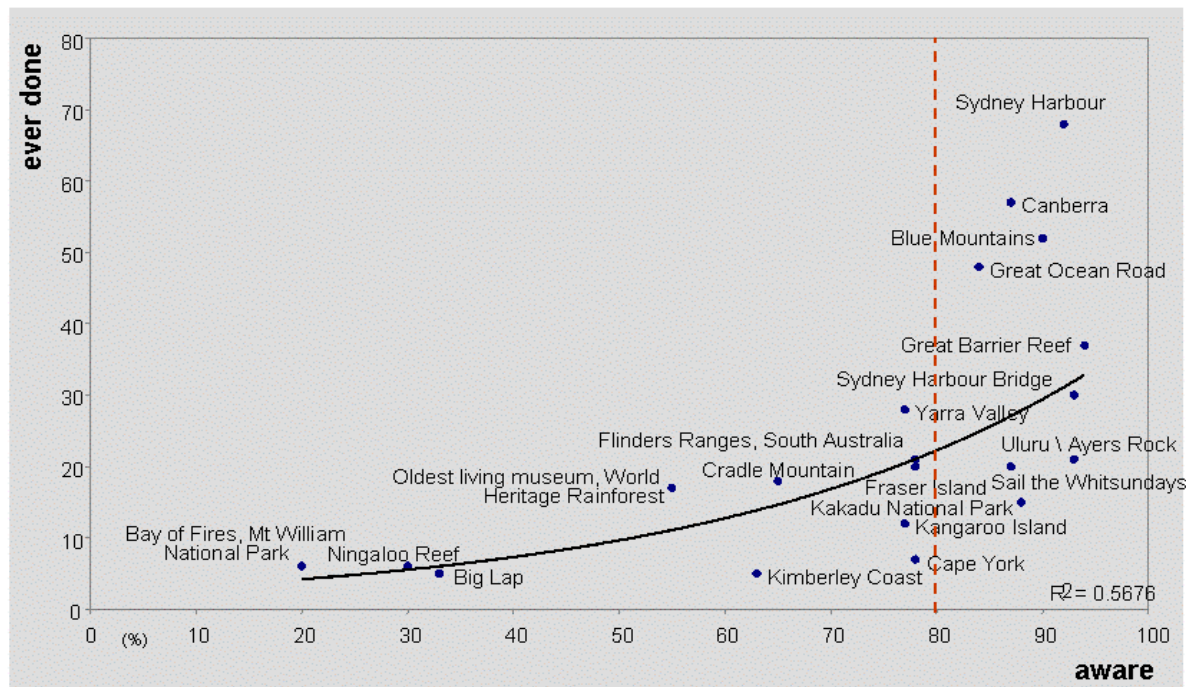
- At the national level, Tourism Australia and State Tourism Organisations could work together to mount "soft period" campaigns with low priced packages coupled with low air fares and low TT line and Sealink fares. This is what the low cost carriers do to maintain their image as low fare airlines. They use bargain fare periods and special fare sales to promote their airlines. In other businesses, it is a standard practice to use "price leaders" for marketing activities even though they also offer higher priced fares. Australia's tourism industry needs to consider using the same practices
- At the regional level, Regional Tourism Organisations need to have strategies to project an image that their destination is not expensive unless it is an upmarket destination
- At the local level, individual tourism businesses will benefit by better understanding yield management and be appraised as to how use of packages can improve profitable revenues. Holding back industry results is the widespread belief that packages need to forego revenue and be discounted. This is not true, ease of purchase is an important factor. Packaging is a marketing tool to boost profitable revenues. Where would leading destinations like Tasmania, Queensland and the Northern Territory be today if they did not use packages and yield management to benefit their business results?

Awareness of locations

This diagram indicates that using a threshold of 80% only, the distinctions to the right of the dotted line enjoy a high level of awareness.

The ratings on the left of the dotted line indicate the percentage of respondents who have actually visited the nominated destinations.

Threshold of awareness required (i.e. 80%+) a destination gets high levels of visitation – less well known destinations/ experiences need to focus on awareness first



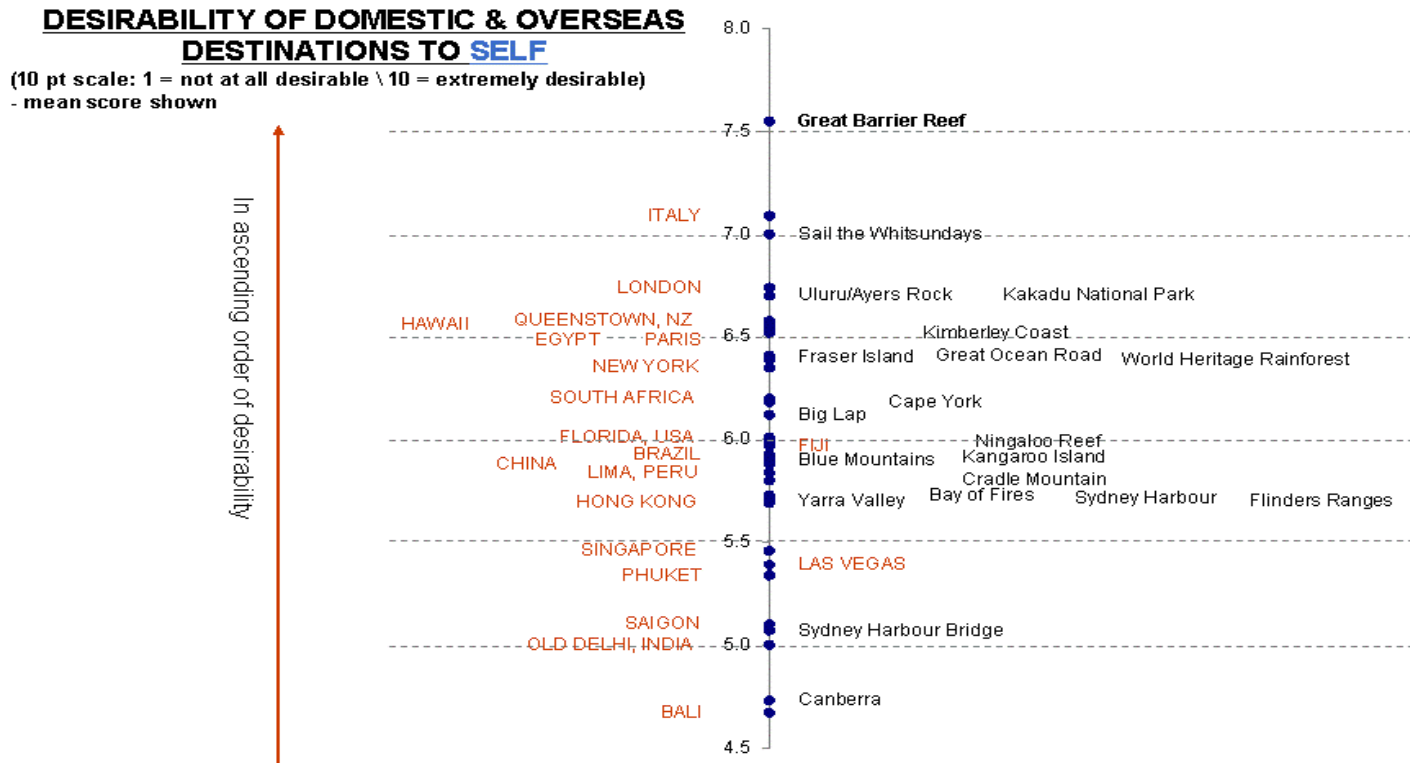
RESEARCH INTERNATIONAL

Desirability of Domestic and Overseas locations

This diagram shows the desire of respondents to visit domestic and overseas destinations. Key findings are

- √ Great Barrier Reef is the most desirable destination to visit
- √ Many domestic destinations are as desirable or even more desirable to visit than overseas destinations

**The Great Barrier Reef is the most desirable destination.
Overall, domestic destinations are just as appealing as overseas ones**



Base: total sample n=1147

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Destinations visited

The aim of this section is to ascertain the levels of visitation within each state from within the state and from other states. Columns (a) and (b) show the percentages of respondents who have actually visited the locations shown.

Queensland	(a)	(b)
% Ever been	Reside in Qld	Do not reside in Qld
Great Barrier Reef	44	36
Fraser Island	35	16
Oldest living museum, World Heritage Rainforest	21	17
Sail the Whitsundays	33	17
Cape York	9	6

Of Australians who reside in other states, 81% have visited Queensland

New South Wales / ACT	(a)	(b)
% Ever been	Reside in NSW	Do not reside in NSW
Canberra	77	47
Sydney Harbour Bridge	40	26
Sydney Harbour	87	59
Blue Mountains	81	38

Of Australians who reside in other states, 86% have visited New South Wales

Victoria	(a)	(b)
% Ever been	Reside in Vic	Do not reside in Vic
Great Ocean Road	81	36
Yarra Valley	58	18

Of Australians who reside in other states, 76% have visited Victoria

Tasmania	(a)	(b)
% Ever been	Reside in Tas	Do not reside in Tas
Cradle Mountain	54	17
Bay of Fires, Mt William National Park	25	5

Of Australians who reside in other states, 37% have visited Tasmania

South Australia	(a)	(b)
% Ever been	Reside in SA	Do not reside in SA
Flinders Ranges	62	17
Kangaroo Island	52	8

Of Australians who reside in other states, 57% have visited South Australia

Western Australia	(a)	(b)
% Ever been	Reside in WA	Do not reside in WA
Kimberley Coast	12	4
Ningaloo Reef	27	3

Of Australians who reside in other states, 38% have visited Western Australia

Many Australians have visited the destinations near to them, but have not necessarily those further afield

Visitor volumes from outside each state fall far short of intrastate volumes in all states.

Comment by Advance Tourism.

The low level of interstate visitors to most states is due in part to the growth of outbound tourism, interstate destination marketing frequently not being as competitive as off-shore destinations and the cruise shipping companies.

States, Territories and cities locations visited

Questioned about having ever visited states, territories and capital cities, respondents indicated as follows

States/Territories	%
Queensland	64
New South Wales	90
Australian Capital Territory	60
Victoria	80
Tasmania	39
South Australia	60
Western Australia	43
Northern Territory	31

Cities	%
Brisbane	79
Sydney	89
Melbourne	80
Hobart	37
Adelaide	57
Perth	42

Northern Territory and Tasmania have lower visitation rates, the five mainland states and capital cities have much higher visitation levels.

The more appealing destinations stay attractive even if a person has done the trip

Respondents were asked to rate destinations as they appealed to them on a scale of 1 (Not at all interested) to 10 (Extremely interested) for both domestic and overseas destinations. Respondents were also asked to indicate whether they had or had not been to the nominated locations.

DOMESTIC DESTINATIONS

Desirability (to respondents)	Done the trip	Not done the trip
Kakadu National Park	77%	43%
Great Barrier Reef	63%	57%
Big Lap	63%	39%
Sail the Whitsundays	63%	47%
Ningaloo Reef	61%	30%
Kimberley Coast	51%	41%
Oldest living museum, World Heritage Rainforest	51%	36%
Uluru \ Ayers Rock	43%	44%
Fraser Island	42%	34%
Kangaroo Island	42%	25%
Great Ocean Road	41%	36%
Cradle Mountain	40%	27%
Bay of Fires, Tas	38%	25%
Cape York	37%	34%
Flinders Ranges,	33%	20%
Sydney Harbour Bridge	30%	21%
Sydney Harbour	29%	29%
Yarra Valley	28%	25%
Blue Mountains	25%	27%
Canberra	17%	12%

OVERSEAS DESTINATIONS

Desirability (to respondents)	Done the trip	Not done the trip
Italy	71%	48%
Brazil	67%	32%
Lima, Peru	67%	32%
New York	66%	39%
London	63%	43%
Old Delhi, India	63%	21%
Paris	62%	39%
Egypt	61%	47%
China	59%	33%
South Africa	54%	37%
Las Vegas	54%	30%
Hawaii	50%	40%
Queenstown, New Zealand	49%	40%
Florida, USA	48%	36%
Hong Kong	45%	23%
Phuket	43%	25%
Fiji	39%	32%
Bali	38%	17%
Saigon	35%	22%
Singapore	29%	23%

Desirability to visit the destination was strong for most locations that had been visited. This often did not apply to locations that had not been visited. This is very pertinent information.

The domestic destinations selected for the survey were chosen from a review of a range of Australian magazines, evaluations by industry experts, consumer press and other similar publications.

The over 35's have the greatest appetite to see Australia

The aim of this section was to determine the level of interest in visiting by various age groups.

Desirability (to respondents)	18-24 %	25-34 %	35-44 %	45-54 %	55-69 %
Great Barrier Reef	58	59	64	61	52
Sail the Whitsundays	46	50	54	53	45
Uluru/Ayers Rock	31	42	51	47	41
Kakadu National Park	23	39	47	50	52
Kimberley Coast	25	31	47	49	49
Big Lap ("Grey Nomads" Round Australia)	24	32	42	45	53
Great Ocean Road	30	37	38	38	48
World Heritage Forest	24	35	38	42	50
Fraser Island	36	33	43	36	29
Cape York	23	30	37	38	40
Ningaloo Reef	22	27	37	36	35
Sydney Harbour	34	25	27	24	36
Cradle Mountain	18	25	29	29	42
Kangaroo Island	23	23	27	29	32
Blue Mountains	23	28	27	25	26
Yarra Valley	20	29	26	28	25
Bay of Fires, Mt William Nat Park Tas	15	25	28	27	32
Sydney Harbour Bridge	32	24	27	21	18
Flinders Ranges	15	20	22	27	27
Canberra	12	13	12	16	20

Consistent with earlier findings, it is indicated that 18-24 and 25-34 age groups are generally less interested in visiting Australian destinations.

The over 35s show far more interest in visiting Australian destinations.