

## United States of America

### **Key Market Message**

*Performance from the USA is slowly but conservatively picking up as we move into the second quarter of 2009. Extremely aggressive airfare pricing is helping to stimulate demand, with fares in the market up to 56 per cent lower than last year. New carriers such as Emirates and Delta are adding to the airfare buzz. Booking trends are becoming shorter as consumers wait for the best possible deal, making it somewhat difficult to predict arrivals in the near future.*

### **1. Key Market Results and Achievements**

- The One Week Walkabout campaign has recorded strong results to date. Activity highlights include:
  - San Francisco / Budget Travel and LA Times print featured advertorial and ad spread with One Week Walkabout packages.
  - ABC LA and SF:30 sec Come Walkabout commercial and :15 ABC-produced OWW spots feature on each of the destinations. In addition, Australia featured each morning on KTLA Morning News with segments featuring the three Walkabout cities (Sydney, Melbourne and Brisbane) and Aussie icons.
  - Other activity included KTLA activity was supported by CBS Radio Partnership with 30 second spots running on JACK, KNX, KRTH and KOST featuring Sydney, Melbourne and Brisbane plus :15 second OWW trip giveaway spots in drive time. Extra (Sat 28th March) featured a 30-minute special focused on Australia.
  - Results have exceeded targets for page views, leads (calls and emails) and click throughs) and continue to over achieve. Qantas Vacations reports good quality inquiries from the campaign, with an average booking of around \$1,800.
- With the marketing around Australia finishing so does the first year of our partnership with Orbitz promoting the movie and country came to a close. Garnering industry buzz and compliments for its innovative way of featuring a destination, the project produced 77,462,086 online impressions and 245,000 page views, with 14.35 pages viewed per unique visit, double the Orbitz average.
- In conjunction with Business Events Sydney, the marketing and partnership team coordinated a June ad buy targeting meeting and incentive planners to feature a new campaign with double page spreads in Meetings and Conventions Magazine

and in Corporate Meetings and Incentives and a single page in Successful Meetings.

- Virtuoso Symposium 2009 was a huge achievement for Australia with top agents attending that in some instances had not had the chance to visit. More than 260 Virtuoso Member Agency Representatives, preferred suppliers and travel industry representatives experienced the best of Australia's luxury experiences and hospitality we have to offer at the 2009 Virtuoso Symposium in Sydney. The theme was "return to life" and created a buzz together with the excitement of the cheapest airfares in market. It was felt by participants the Australian invitation to come walkabout resonated well with virtuoso agents.

## **2. Australian Travel Market**

### **2.1 Market performance**

- United States arrivals in March were 40,900, a decrease of three per cent relative to March 2008. In the year ending March 2009, there were 445,500 arrivals, a decrease of four per cent relative to the previous twelve months.
- The decline in the first quarter of 2009 continues to be mostly attributed to the soft travel bookings in the last quarter of 2008. Airline competition on the Australia route remains strong with unprecedented air deals available in some instances are 56 per cent less than the previous year.
- United States arrivals in April were 33,200, a decrease of three per cent relative to April 2008. For the four months to April, visitor arrivals totalled 152,400, a decrease of six per cent relative to the same period in 2008. For the year ending April 2009, there were 445,400 arrivals, a decrease of three per cent relative to the previous 12 months.

### **2.2 Airline Issues/Changes**

- V Australia commenced flying between Los Angeles and Brisbane on April 8. This will be followed by services from Los Angeles to Melbourne in September.
- Delta will begin their daily non-stop services on the Sydney to Los Angeles route from 1 July 2009.
- Marketing activity in Los Angeles has continued a strong presence in the lead up to the launch of the Brisbane and Melbourne services flights.
- Summer airfare war continues with aggressive price competition on the Australian route from Qantas, V Australia and Delta.
- Emirates fare sales from New York to Australia (Brisbane, Melbourne, Perth and Sydney from \$1,299 - June 11, 2009, or from August 31 to October 26, 2009). This is the first ever fare deals from Emirates East Coast.

### **2.2 Trade Information Summary (including Business Events)**

- ATE2009. The Americas region will be represented by 31 buyer agencies from the USA, 5 from Canada and 11 from Latin America. 24 Aussie Specialists will also be in attendance this year.
- Virtuoso Educational. Virtuoso Aussie Specialist Travel Agents will depart for Australia for an 8 night educational trip to Australia. The trip commences in Sydney for the opening evening celebration, before the group splits into five separate destinations across Australia for five to eight night touring itineraries hosted by State Tourism Boards and US Tour Suppliers that are part of the Local Business Development Program with Virtuoso. The educational is the centre piece of an extensive training program for these agents and will be a great opportunity to provide many stakeholders the opportunity to showcase their products and experiences to one of the most sought after group of travel agents in North America.
- Corroboree 2009. North America's biggest trade event 'Corroboree' will be held this year in South Australia, from the 11 to 14 September 2009. The theme of the event is Corroboree 2009: THRIVE! and focuses on cultivating strong relationships with industry partners as well as getting back to the grass roots. The event will also showcase marketing techniques to help our agents build new business and create immediacy for Australia.
- Aussie Specialist Program, as at May 2009 there were:
  - 1,154 Qualified Aussie Specialists
  - 131 Premier Agents
  - 582 Trainee Agents

### 3. Current and Upcoming Activities in Market

#### 3.1 Consumer Marketing:

Dates	Project / Event	Partners
Feb – May 2009	<ul style="list-style-type: none"> <li>• <b>One Week Walkabout Campaign</b> aims to tap into the time poor west coast short break market by positioning three regions of Australia (Sydney Melbourne and Brisbane) as unique and compelling one week vacations comparable to mono-destinations in Europe.</li> <li>• Activity is now in the second phase with TV, newspaper and magazines added to the online already running. Results to date have been positive.</li> </ul>	TQ, TNSW, TVIC, Qantas Vacations
Jan 2009 – Jun 09	<ul style="list-style-type: none"> <li>• <b>Destination Brand Campaign</b> will drive consumers to Australia.com to plan their vacation to Australia.</li> </ul>	
Sept 08- ongoing	<ul style="list-style-type: none"> <li>• <b>PR activity around Brand Australia Campaign:</b> continued pro-active effort to generate US media coverage of Tourism Australia's new brand campaign.</li> </ul>	US Media
Sept 08 - ongoing	<ul style="list-style-type: none"> <li>• Tourism Australia's <b>PR for editorial coverage for Baz Luhrmann's <i>Australia</i></b> continues to result in widespread noise. TA</li> </ul>	US Media

Dates	Project / Event	Partners
	will continue PR activity to leverage off the release for Baz Luhrmann's <i>Australia</i> .	
Oct 2008 – ongoing	<ul style="list-style-type: none"> <li><b>International Media Hosting Program</b> - is sending several high profile journalists to experience Australian in the next two months for the shortbreaks projects.</li> </ul>	STOs and Qantas

### 3.2 Trade Marketing:

Dates	Project / Event	Partners
Ongoing	<ul style="list-style-type: none"> <li>Continued Trade development activities including Aussie Specialist program recruitment and training.</li> </ul>	North America retail agents
Jan – Jun 2009	<ul style="list-style-type: none"> <li>Virtuoso Webex Training</li> </ul>	Virtuoso Agents
TBA	<ul style="list-style-type: none"> <li>Virtuoso Latin Academy – This event was postponed due to Swine Flu. Awaiting new dates.</li> </ul>	Virtuoso Agents
May- June 2009	<ul style="list-style-type: none"> <li>Virtuoso DDP Educational Famil</li> </ul>	Virtuoso Agents
August 2009	<ul style="list-style-type: none"> <li>OzTalk North America</li> </ul>	North American Trade & Australian Experiences
September 2009	<ul style="list-style-type: none"> <li>Corroboree 2009</li> </ul>	North American Trade & Australian Experiences

## 4. Media Environment

- Tales of the economic downturn continue to dominate the media across America. Unstable markets have everyone shopping for bargains, especially when it comes to the luxury of travel. Stories covering where to go and what to do without breaking the bank prevail, and Australia is looking more attractive than ever thanks to a favourable US – AUD exchange rate.
- Coverage of Obama's first 100 days in office has been rife in the press with both praise and criticism over his dealings with the current economic environment and business bankruptcy.
- Airline tickets to Australia have reached record lows and deals are flooding the market as Qantas and V Australia vie for traffic. Delta has also been offering deals and will join the competition this summer launching their own direct Los Angeles to Sydney flight.
- Tourism Queensland's 'Best Job in the World' and a top-50 contender from Bethlehem, PA have also made headlines this Spring.
- While news of the horrific Victoria bushfires has ceased, talk of the aftermath, including benefit concerts for victims, lingers.

- The LA Times printed a story titled “What Will Global Warming Look Like? Scientists Point to Australia” (<http://www.latimes.com/news/nationworld/world/la-fg-climate-change-australia9-2009apr09,0,65585.story>) outlining the effects that Global Warming has had on Australia.

For more information on Tourism Australia’s publicity, VJP and results, please visit [www.publicity.australia.com](http://www.publicity.australia.com) [optional sentence, dependant on each region]

Alternatively for general media information visit [www.tourism.australia.com/NewsCentre.asp](http://www.tourism.australia.com/NewsCentre.asp)

## 5. General Travel Outlook

### 5.1 Political and Economic Outlook

- Latest commentary from the Economist Intelligence Unit (EIU), has reported the US economy is now in recession, and the latest data show that this could be one of the longest and deepest downturns since the Great Depression.
- First-quarter data show an annualised contraction in real GDP of 6.1 per cent, following a contraction of 6.3% in the fourth quarter of 2008. The Economist Intelligence Unit has made slight adjustments to its forecast in the light of the first-quarter data, principally to reflect a stronger than expected private consumption outturn in the period and a steeper than anticipated drawdown in inventories.

*Reported by the Economist Intelligence Unit (EIU), May 2009*

- As at the 28<sup>th</sup> May 2009 the US dollar exchange rate was, at USD\$1 to AUD\$ 0.7779 Source: Reserve Bank Of Australia

### 5.2 Outbound Travel

- The recent swine flu (H1N1) outbreak, lead to the U.S. government urging Americans to cancel travel to Mexico if not essential, the message from President Obama and Homeland Security Secretary was that while the outbreak was troubling, it is not cause for alarm. In response a number of airlines suspended or reduced services to Mexico in the r short term. The Centers for Disease Control and Prevention (CDC) has downgraded its Travel Health Warning that recommended against non-essential travel to Mexico to a "Travel Health Precaution and will be monitoring the swine flu (H1N1) outbreak in Mexico together with Mexican authorities, and now has a more comprehensive picture of the current behavior of the outbreak. The message to travelers is to take steps to protect themselves from swine flu infection.
- The Australian Government has introduced a number of significant measures in light of the emergence of the H1N1 virus internationally. Australian tourism remains open for business and continues to welcome travellers from around the world.
- A latest report by the Canadian Conference Board on the outbound USA market has reported that the economic environment for US outbound travel continues to be challenging. US consumer confidence and buying intentions have begun to rebound but remain lows. The US dollar is stronger than at this time a year ago

however fewer Americans are able to afford to travel as unemployment levels continue to grow.

- Fewer Americans expect to take a vacation trip over the next six months. US vacation intentions, which fell to a 30 year low in the June 2008 Conference Board survey, have continued to be weaker in all subsequent surveys.
- A rebound in US consumer confidence in March and April has the travel industry hopeful of a better summer travel season than what had been expected.
- Canada, Europe and the Oceania region experienced the largest drop off in US arrivals in 2008. The Caribbean and Mexico had only modest success in attracting US visitors in 2008. Only the Middle East and Africa saw significant growth in their US arrivals last year.
- Only 2 of 14 destinations (Bali and South Korea) the Conference Board track each month in the Asia/Pacific region have reported an increase in their US arrivals so far this year. Australian arrivals are position better than other key destinations in the region.

*Reported by the Conference Board of Canada, Outbound USA – April 2009*

- A recent survey on the Vacation market by Y Partnership reported that Americans are still travelling, but they are trying to save a buck anyway they can. Here are how they are trying to cut back “How if all are you planning to change your travel behavior in the months ahead - 87 per cent will book a package to save money, 84 per cent will spend less overall, 66 per cent will comparison shop online, 66 per cent will take more day trips and 51 per cent will stay fewer nights”.

*Reported in Vacation Agent, May 2009*

## 6. Next 60 Days

USA						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
15 Nov 09	15 April 09	USA	<ul style="list-style-type: none"> <li>Co-operative partnership with 20<sup>th</sup> Century Fox – Orbitz and DVD promotion</li> </ul>	Consumer / Trade	National	20 <sup>th</sup> Century FOX, Qantas, Orbitz
15 June 09	19 Jun 09	USA	<ul style="list-style-type: none"> <li>Australian Tourism Exchange (ATE)</li> </ul>	Trade	National	Australian and American Travel Trade
June 09	Jul 09	USA	<ul style="list-style-type: none"> <li>Project Planning and Partner engagement for 2009-10</li> </ul>	Trade / Consumer	-	-