

Italy

Key Market Message

Italy's recession deepened at the start of 2009, with first-quarter gross domestic product falling to its worst level since at least 1980, confirming the impression that Europe's fourth-largest economy is now headed for its worst downturn since World War II. Preliminary data from the national statistics office (Istat) show that Italian GDP fell 2.4 per cent in the first quarter of 2009 when compared with the last quarter of 2008. This follows a downwardly revised 2.1 per cent contraction in the fourth quarter of 2008. Year on year GDP fell by 5.9 per cent, which was also the sharpest drop since Istat's most recent data series starts in 1980.

Despite the economic gloom, Italian consumer confidence rebounded slightly in April and reached its highest level since December 2007 as the lure of slowing inflation seemed to offset concerns about rising unemployment; Italy's unemployment rate is expected to rise to 8.8 per cent this year from 6.8 per cent in 2008.

Overall consumer sentiment and travel to Australia has surprisingly held up well in this market. Media coverage on the economic crisis is decreasing – which is perhaps directly linked to the recent slight increase in consumer confidence. Increased airline capacity and the aggressive approach undertaken by Emirates has led to very competitive fares, with feedback received from major tour operators reporting a very satisfying trend in this first quarter. Summer bookings are slow due to the emerging last minute booking trend but anecdotal feedback from the industry is cautiously optimistic.

Source: <http://italyeconomicinfo.blogspot.com/>

1. Key Market Results and Achievements

- Two famils were conducted during the months of March and April 2009. The first in Queensland and New South Wales was dedicated to 11 wholesalers' booking staff, and the second, held in South Australia, Northern Territory and New South Wales, was organised for eight Italian Aussie Specialists.
- Tourism Australia, in conjunction with Twentieth Century Fox home video department, ran a campaign called Australian Red Dream in over 2,500 retail shops in Italy.

- Tourism Australia, together with the Destination Australia Partnership (DAP) partners organised the TTG Australia Roadshow in Southern Italy. Almost 200 travel agents were trained during the three days in Bari, Naples and Catania.
- The Italian industry met in Milan on 12 May 2009 to celebrate the fourth edition of Tourism Australia's Ozcars. *Viaggidea* won the best brochure award, *Australia for you* won the best website, and *Hotelplan* the best retail programme. Roberta Poli (from *Dimensione Triade*) received the recognition for the Outstanding Contribution, having over 20 years' experience in promoting and selling Australia. In the special category created to award the Best Promotion related to *Australia* the movie, the judges awarded ex aequo *Cividin – Your Travel Planner* and *Australia for you*.

2. Australian Travel Market

2.1 Market performance

- Italy visitor arrivals in March 2009 were 3,500, an increase of 17 per cent relative to March 2008. In the year ending March 2009, there were 59,300 arrivals, an increase of 13 per cent relative to the previous 12 months.
- Italy visitor arrivals in April were 2,500, a decrease of seven per cent relative to April 2008. For the four months to April, visitor arrivals totaled 14,800, an increase of two per cent relative to the same period in 2008. In the year ending April 2009, there were 59,100 arrivals, an increase of 12 per cent relative to the previous 12 months.

2.2 Airline Issues/Changes

- There is strong competition between the major airlines in the market, each advertising special offers to Australia. The cheapest fare which has been advertised is by Emirates (€650 return, taxes included).

2.3 Trade Information Summary (including Business Events)

- *Adeltur* appointed a new product manager on Australia and launched a new brochure.
- *Viaggi Sintesi* launched a new catalogue on Australia and Polynesia, and has increased its activities to promote long haul destinations.
- *South Side Viaggi*, in cooperation with South Australia and the Northern Territory, launched six new itineraries between the two states.
- As at April 2009, there were 575 Aussie Specialist agents in Italy with a further 604 agents are in training.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Dates	Project / Event	Partners
March – May 2009	<ul style="list-style-type: none"> 20th Century Fox Australia the movie DVD Promotional Launch. 	Tourism Australia, 20 th Century Fox
Feb-May 2009	<ul style="list-style-type: none"> Tourism Australia/CTS Coop marketing activity to target the youth market – online/print/competition. 	Tourism Australia CTS
March-June 2009	<ul style="list-style-type: none"> International Media Hosting Program (IMHP) visits: <ul style="list-style-type: none"> CNBC Class Life visiting NSW, VIC Vogue visiting SA, NT Freelance journalist visiting SA, NT Group press with Etihad (5 mainstream media) visit to QLD, VIC ATE: freelance journalist for Italia Oggi attending. 	Qantas, Etihad, South Australian Tourist Commission, Tourism Northern Territory, Tourism Queensland, Tourism New South Wales

3.2 Trade Marketing:

Dates	Project / Event	Partners
31 March – 1 April 2009	<ul style="list-style-type: none"> New Product Workshop; 4 Italian wholesalers (Dimensione Triade, Cividin, Ventaglio and Australia Alternativa) attended the event. 	Australian suppliers, European buyers and STOs
29 April 2009 - 13 May 2009	<ul style="list-style-type: none"> Corroboree Europe '09: 307 Aussie Specialists from the UK/IRE/Nordic, Europe and South Africa flew to Australia thanks to our partnership airline Qantas, and joined one of 22 itinerary options prepared and hosted by Australia's State and Territory Tourist Organisations across Australia. Immediately following the famil, all agents travelled to Hamilton Island in the Whitsundays, to participate in workshops with 136 Australian tourism sellers to develop product and destination knowledge. 	STOs, Qantas, Hamilton Island
12 May 2009	<ul style="list-style-type: none"> The OZcars 2009 - Tourism Australia's industry awards. 	Tour operator, airline and product partners

4. Media Environment

- Due to H1N1 Influenza, many people have cancelled their trips to Mexico. As at the 4 May 2009, there were four reported infected patients in Italy.
- *Turismo Oggi*, the daily insert of the daily financial Italia Oggi (circ 104,000) has ceased publication.
- Paolo Garimberti was elected the new President of RAI, the Italian public television, effective 26 March 2009.
- The Italian media coverage is now focused on the electoral campaign for the election of the European Parliament and the election of the government of the Province.
- An earthquake in the Abruzzo region on 8 April 2009 left 260 dead and 30,000 homeless.

For general media information visit www.tourism.australia.com/NewsCentre.asp

5. General Travel Outlook

5.1 Political and Economic Outlook

- Italy's GDP this year is expected to plunge 4.4 per cent then decline a further 0.4 per cent in 2010, the International Monetary Fund (IMF) said in its revised world Economic Outlook. The IMF had previously predicted that Italy's economy would shrink by 2.1 per cent in 2009 and 0.1 per cent next year.
- Italy's year-on-year inflation rate fell to 1.2 per cent in March, compared to 1.6 per cent in the previous two months, the lowest it's been since 1969, according to Italy's national statistics bureau Istat. Istat explained that the decline in inflation was for the most part due to a decline in energy prices which were 6.6 per cent lower than in March 2008 and down 0.4 per cent from last month.
- In March 2009, Mr Berlusconi – Italy's Prime Minister- was formally chosen as the leader of the new right-of-centre party, the Popolo della Liberta (PDL, People of Freedom), which merges two major parties and a dozen smaller parties.
- By the end of March 2009, most of the €10-12 billion earmarked by Mr Tremonti – Italys' Minister of Economy and Finance- to help Italian banks to boost their capital base, had already been taken up.
- New public finance projections published in April showed a sharp deterioration compared with the February Stability Programme, reflecting mostly the impact of the deepening recession rather than a change in fiscal policy.
- On a calendar-day adjusted basis industrial output fell by a massive 21 per cent in the first quarter of 2009 following a fall of 10.2 per cent in the fourth quarter of 2008.
- In April business and consumer confidence indictors were up, suggesting that the decline in the Italian economy may be starting to bottom out.

Source: *economist.com*, accessed on 15th May 2009 and 28th May 2009

5.2 Outbound Travel

- A research run by Unioncamere 2009 reveals that over the 53 per cent of the Italian travelers have not booked the summer holiday yet. This result confirms the strong last minute booking trend in the current market environment.
Source: *Unioncamere*,
http://www.unioncamere.it/index.php?Itemid=105&id=358&option=com_content&task=view
- Guida Viaggi published research findings about holiday pricing trends for Summer 2009; the findings show that prices will be substantially stable compared to last year, but many tour operators are working on advanced booking formulas granting discounts between 10 and 40 per cent.
Source: *Guida Viaggi*, <http://www.guidaviaggi.it/>
- According to Condé Nast Traveller Italy these are the dream destinations for

Italian travelers in descending order: Polynesia (first place), Australia, Caribbean, Maldives, Sardinia, New York, United States, Hawaii, New Zealand, Paris, Madagascar, Mexico, Cuba, Egypt and Greece.

Source: Condé Nast Traveller Italy, <http://www.cntraveller.com/>

- Following a PhocusWright survey, the online booking tourism market in Europe registered a 19 per cent growth in 2008. The market share of online tourism market is 44 per cent in UK, 40 per cent in Scandinavia, 27 per cent in Germany, 16 per cent in France. Italy and Spain are the last among most important European markets with 10 per cent each.

Source: Ciset, <http://venus.unive.it/ciset/>

6. Next 90 Days

Italy						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
9 June 2009	9 June 2009	Italy	<ul style="list-style-type: none"> Tourism Australia is hosting a luxury press dinner in Milan focusing on food & wine and "Australia in Style". 	Luxury media	Italy	N/A
23 May 2009	23 June 2009	Italy	<ul style="list-style-type: none"> IMHP: Alessandra Roncato (Repubblica XL) to WA & QLD. 	Consumers (youth)	Australia	QF, WA, QLD
12 June 2009	04 June 2009	Italy	<ul style="list-style-type: none"> IMHP: ATE Antonio Ciampi (Italia Oggi & Guida Viaggi). 	Trade/ Consumers	Australia	QF, VIC
15 June	19 June	Italy	<ul style="list-style-type: none"> Buyers from Italy will attend ATE in Melbourne, giving them the opportunity to meet with Australian sellers and gain valuable information to help increase sales to Australia. 	Trade	Australia	N/A