

2011-12 Strategy Update for Industry

Tourism is a vital industry for Australia. It currently generates \$94 billion in spending and directly employs around half a million Australians. As a sector, tourism contributes \$34 billion in GDP – that's 2.6% of Australia's total GDP. Tourism is Australia's number one services export.

TOURISM AUSTRALIA

Tourism Australia is the Federal Government Agency responsible for attracting international visitors to Australia and encouraging Australians to travel throughout Australia. Tourism Australia reports through to the Minister for Tourism, is governed under the Tourism Australia Act 2004, and is directed by the Minister's Statement of Expectations.

Its role is to grow demand for both leisure tourism (international and domestic) and business events (international) and support industry to increase visits, dispersal and economic value.

Tourism Australia does this by targeting those people globally who have a preference for Australia, spend more and travel most widely.

The organization is committed to working with industry and government to add value to the Australian tourism industry and to help realise its potential to contribute to Australia's future economic growth.

THE NATIONAL LONG-TERM TOURISM STRATEGY

In December 2009 the Federal Minister for Tourism, Hon. Martin Ferguson AM MP launched the **National Long-Term Tourism Strategy (NLTS)**.

The strategy outlines the importance of tourism as an economic driver of growth for Australia and establishes the framework to ensure that the industry is competitive and sustainable into the future.

It focuses on the supply side of the industry, seeking to remove obstacles to investment, help build greater investor confidence, look at issues such as labour and skills, quality and the industry's online capability.

Nine working groups have been set up to address some of the industry's key supply side issues, including tourism access, investment and regulatory reform, quality assurance and accreditation and labour and skills.

The strategy reaffirms Tourism Australia's role and seeks to drive greater alignment and linkages between supply and demand for the Australian tourism industry.

Further information on the NLTS is available at www.ret.gov.au/tourism.

THE 2020 TOURISM INDUSTRY POTENTIAL

The successful roll-out of the National Long-term Tourism Strategy will be assisted by the **2020 Tourism Industry Potential**.

The Potential provides a vision for the industry and all levels of government to rally behind, a unifying direction to improve performance and maximise opportunities.

The Potential focuses on scenarios for growth, increasing overnight visitor expenditure from the current level of \$70 billion to between \$115 billion and \$140 billion by 2020. Tourism Australia has set its own 2020 goal as the high growth scenario of the Potential – \$140 billion.

Australia and the key overseas markets where this expenditure growth will come from have been identified, and this is where Tourism Australia will focus its efforts.

To help achieve the Potential, Tourism Australia has refined its organisational structure and strategy to place greater focus upon the consumer, undertaking a continued global market strategy, and focusing on marketing, distribution, as well as facilitating aviation development and investment attraction.

Further information on the Potential is available at www.tourism.australia.com

INDUSTRY OUTLOOK

The core ingredients to a strong Australian tourism industry are:

- A healthy economy in source markets – economic wealth, employment and consumer confidence
- Strong competitive destination appeal
- Competitive airfare pricing and capacity
- Exceptional tourism products and experiences that meet consumer demand, and
- Holding and gaining market share against competitor destinations.

In 2010, international arrivals to Australia grew by 5.4%, with 5.9 million visitors. Tourism Australia anticipates an improved environment for inbound and domestic tourism in 2011/12. The global economy continues to recover although the pace of recovery is uneven. Emerging economies, particularly in key Asian source markets, are growing more strongly than many advanced economies, including key source markets of USA, Japan and UK.

The Australian economy weathered the Global Financial Crisis better than most developed countries and continues to perform well. The Federal Treasury expects the economy to grow by 3.75% in 2011/12 and 3% in both 2012/13 and 2013/14. Employment is expected to grow strongly, with unemployment declining to 4.75% in 2011/12.

Demand for travel to and within Australia is forecast to increase modestly in 2011/14, with international inbound visitors and domestic trips increasing annually 4.6% and 0.6%, respectively. (Tourism Forecasting Committee, Forecast 2011, Issue 1)

Australia is still one of the most popular destinations in the world and consistently ranks highly for its natural beauty and as a place people would like to visit if money was no object. In 2010, Australia was ranked 9th overall in the Anholt Nations Brand Index, a ranking it has held since 2007 and 2nd overall in the Future Brand study of country brands, up from 4th position in 2009. The continuing challenge for Tourism Australia is to convert this strong interest into actual visits. And to ensure Australia's tourism products and services keep pace with global competition, including investment in the sector.

Australia's aviation sector is likely to continue to benefit inbound and domestic tourism in 2011/14, with growth in capacity and improved load factors. In the short term, international aviation capacity to Australia is being driven by Indonesia, Malaysia, the UAE and China. The aviation environment in China and USA is also opening up, presenting new opportunities.

The period 2011/14 will see Australian tourism face a progressively more competitive marketing environment, with increased marketing by competitor destinations, changing distribution channels and broadening media options such as online, blogs and multiple digital and cable TV channels. An example is in China where the USA and Canada now have approved destination status from the Chinese Government.



TOURISM AUSTRALIA'S OBJECTIVES 2011/12

Tourism Australia's objectives are to work with industry and governments across Australia to achieve the high growth scenario of the Tourism Industry Potential (\$140 billion in overnight expenditure by 2020). This will be achieved by:

- Growth in leisure and business events visitors
- Continued improvements in visitor value (\$per trip / \$per night)
- Gaining market share
- Supporting supply side issues by applying consumer insights and reinforcing competitiveness.

HOW TOURISM AUSTRALIA WILL ACHIEVE ITS OBJECTIVES IN 2011/12

1. CUSTOMER FOCUSED – TOURISM AUSTRALIA'S KEY DRIVER

Know the customer

The customer will be at the heart of all Tourism Australia's leisure consumer and business events marketing and research activity in 2011/12. The focus will be on consumers that are predisposed to Australia, who are likely to spend more and do more when they travel. From a business events perspective, Tourism Australia will target international corporate conference and incentive agents, corporate decision makers and Australian and international associations.

Tourism Australia will continue to undertake research to understand its target consumer and the products and experiences they want, and use these insights to drive targeted marketing communications. These insights will be shared with government and industry.

Tourism Australia will focus its global marketing resources on those markets that represent the greatest expenditure growth potential to 2020:

- **Category 1: (worth over \$3 billion by 2020)**
A: Worth over \$5 billion by 2020: China, USA, UK, Australia
B: Worth over \$3 billion by 2020: New Zealand, Japan, South Korea
- **Category 2: (worth between \$1.5 billion and \$3 billion by 2020)**
Singapore, Middle East, Malaysia, Germany, Indonesia, Hong Kong, India, Canada, France
- **Category 3: Rest of World**
A: Fast Emerging: Brazil, Vietnam
B: High Priority: Italy
C: Other markets

Tourism Australia will spend 75% of its global marketing budget on making an impact in its Category 1 markets in 2011/12.

In international markets Tourism Australia's role is to work with partners to promote a compelling tourism destination brand and encourage more people to visit Australia, growing market share, spend and numbers of long haul visitors.

Tourism Australia's role in the domestic market is to add value to an already cluttered travel and tourism message. This includes raising awareness about the need for Australians to take their leave by taking a domestic holiday. This program is called No Leave No Life.

Deliver effective marketing communications

Tourism Australia's marketing communications will be focused on creating urgency to visit, increasing knowledge and building a strong image of what Australia has to offer potential visitors.

It will do this through a variety of approaches and channels, including brand advertising, australia.com, public relations, promotions, events and advocacy programs that promote positive word of mouth. A key channel is digital, which will be further strengthened.

Build partnerships to engage customers

Tourism Australia will develop partnerships and relationships with industry and distribution that will enable the target customer to easily access quality Australian tourism products. The ability to reach the consumer most easily and with greatest clarity of message will be a guiding principle.

Tourism Australia will also continue to promote high impact events that target special interests and provide immediate reasons to visit Australia.

2. DEVELOPMENT FOCUSED

Facilitate industry development

Tourism Australia will share with industry, insights on the global consumer to help inform investment and the development of better quality Australian tourism products and experiences. It will also use its understanding of the consumer and global network to assist with investment attraction. Tourism Australia will support Austrade and the Australian States and Territories, to target the global tourism infrastructure investment community in a bid to develop a more appealing Australia of tomorrow.

Other industry partnership initiatives include the National Tourism Accreditation Framework; continuing and improving demand for Indigenous tourism experiences; continuing work with Parks Australia to promote Australia's distinctive natural and cultural experiences through National Landscapes; and the ongoing trade events program.

Activate access

Underpinning the 2020 Potential is recognition that Australia's international and domestic aviation capacity needs to grow by approximately 40-50% and 23-30%, respectively. In order to achieve these levels of growth, Tourism Australia will play a facilitation role to help grow sustainable and competitive aviation capacity to and through Australia.

It will also develop relationships, partnerships and initiatives to ensure visa issuance keeps pace with the growth and changes in consumer demand and keeps Australia competitive against key destinations. This will involve continuing to work closely with the Department of Immigration and Citizenship as part of the Tourism Visa Advisory Group.

3. GOVERNMENT FOCUSED

Supporting and collaborating with government stakeholders will continue to be central to Tourism Australia's operations. A whole of government approach, through partnership with complementary bodies and agencies such as the Department of Foreign Affairs and Trade, Austrade, Department of Infrastructure and Transport and the Department of Immigration and Citizenship will help Tourism Australia deliver on the needs of the broader tourism industry.

The Department of Resources, Energy and Tourism will take the lead on this whole of Government approach and use the National Long-Term Tourism Strategy as its framework.

Tourism Australia will continue to work closely with State Tourism Organisations to ensure alignment of activities and has forged a highly collaborative relationship in this area.

Evaluation and targets

Tourism Australia will track its global performance through key performance indicators such as:

- Total overnight spend by all visitors
- Marketshare of inbound trips against competitors
- Visitor value – spend per night and spend per trip

CONTACTING TOURISM AUSTRALIA

If you want more information on how to get involved with Tourism Australia contact:

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