

MARKET UPDATE

JANUARY - MARCH 2010

USA

Market Summary

Visitor arrival performance from the United States to Australia has remained healthy, with February arrivals 3 per cent up on last year. Holiday and Visiting Friends and Relatives arrivals continue to lift performance. With highly competitive business class fares available, business travel has also increased on 2008 levels.

US consumers are expected to respond to travel offers in an economy that continues to improve. Strong tactical activity from airlines has kept Australia competitive with continued leisure airfare deals and ground packages. Trade have reported strong retail agent booking volumes, with January and February typically being peak months for travel to Australia. It is anticipated this will continue going forward, indicating renewed confidence to travel and a possible expression of pent up demand.

The stronger Australian dollar continues to put pressure on the US traveller's purchasing power on the ground in Australia. The market is expected to remain highly competitive, with more 'value-added' options and choice being included in already cheap vacation deals. However, per person spending will be impacted.

1. Market News

- Tourism Australia's "It's Time for Australia" campaign launched on 5 January 2010 and strong results have been recorded to date. Key activity as follows:
 - National Geographic TV activity in January to March.
 - Two page feature, one page ad and bonus features in *Conde Nast Traveler* and *National Geographic Traveler* publications.
 - American Express Platinum mail out.
 - Online activity included banners, integrated content and email blasts (*Luxury Link*, *MSN*, *NY Times* and *Fodors*).
 - Promotions included Tourism Australia and Wine Australia virtual wine tasting sweepstakes that ran from January to April 2010 in partnership with upscale food retailer Whole Foods.

- Tourism Australia's signature US campaign, "One Week Walkabout" launched phase two activities in January 2010 with Goway as the partner for the second

window, with good results to date. The integrated media plan includes TV, Print, Online, Radio and Outdoor.

- Ten International Media Hosting Program (IMHP) visits took place in the last quarter, including:
 - Visiting Opinion Leaders Program (VOLP) visitors included blogger Peter Shankman; Alison Stein Wellner and selected Food and Wine media.
 - A group of top Sommeliers; Extra, InTouch; Passport; Fox TV Birding Adventures; Surf Magazine; Current.com (Youth).
 - Additional media coverage generated included TV Extra special; San Francisco's *View from the Bay*; *MSNBC*; *New York Times*, *Conde Nast Traveler*, *National Geographic Traveler*, and coverage of Peter Shankman's 7 blogs (reach 1.9 million people).
 - Posts/tweets to 14,000 facebook fans and 56,000 twitter followers.
 - In total, Tourism Australia has generated nearly 1 billion media impressions through owned and earned media.

2. Consumer Insights

- Latest results show the Consumer Confidence Index has increased further in April.
- Economic analysis from our recent Brand Heath Monitor has shown travel is still a financial priority for our target consumers, the Experience Seeker. This audience is more likely to include long haul travel on their list of discretionary spending items.
- According to *Departures* magazine's Luxury Advisory Board (comprised of 497 AMEX Platinum and Centurion Card Members), 84 per cent of members plan to spend the same or more on travel in 2010, with 80 per cent planning to take a trip outside of the U.S.
- eMarketer predicts US online leisure and unmanaged business travel sales growth will begin to accelerate this year, peaking at seven per cent in 2012.
- In the last quarter of 2009, Americans increased their overall media usage and media multitasking according to The Nielsen Company's latest Three Screen Report.
- With most U.S. homes connected to broadband, the viewing of online video has never been easier. Whether watching a short clip on YouTube or an entire TV program, almost three-quarters (72 per cent) of internet users view videos online, amounting to 144 million people. To marketers, this presents a huge – and largely untapped – audience to reach. And while online advertising fell overall in 2009, ad spend on online videos grew 41 per cent. *Source: NeilsenWire 4/16/10*
- Apple sold over 300,000 iPads in the U.S. as of midnight Saturday, April 3 -- nowhere near the 700,000 units predicted.

- A survey of agencies and marketers revealed that 52 percent of them plan to spend more on content sites this year, whereas only 35 percent said they were likely to increase budgets for ad networks. Source: Huffington Post 4/26/10

For the latest in visitor arrivals, please visit 'Research & Statistics' at www.tourism.australia.com

3. Trade Update

- Ensemble Travel in partnership with Tourism Australia, Tourism Tahiti, Fiji Tourism and Qantas Vacations have launched a comprehensive South Pacific Specialist Program, an initiative designed to position participating members in the U.S. and Canada as leading destination authorities and to drive qualified leads to its agents.
- Goway is currently running a promotion surrounding its 40th birthday celebrations to attract travel agents to become 'social media superstars'. They are looking to encourage agents that have embraced and leveraged social media to promote themselves and their agency. Goway will select seven agents to travel on a Goway fam to Australia to capture the essence of the destination and provide video and photo journals en route. For more information check out <http://www.gowayagent.com>
- Royal Caribbean is going deep down under. The cruise-line will double its capacity in Australia in 2011, home-porting two ships in Sydney starting in October.
- Cunard Line's Queen Mary 2 will circumnavigate Australia in 2012. It is the largest ship ever to visit Australia. Queen Mary 2 will call at eight Australian ports including Sydney, Fremantle, Adelaide and the Whitsundays, as well as maiden visits to Cairns, Darwin, Melbourne and Brisbane.
- Retail powerhouse Liberty Travel has launched a massive new promotion of escorted tours. Called "*Tour Power*" and featuring exclusive offers from escorted tour heavyweights like Globus and Trafalgar, the promotion is poised to be the largest and in many ways, the first of its kind for the U.S. leisure travel market.
- MLT Vacations (Delta Vacations) have appointed Debbie Lloyd as the new Product Manager for their Australia program. Debbie will be representing MLT at ATE in 2010 with their program expected to launch in August.
- A recent Travel Leaders survey has revealed when asked, "*What would you recommend as the ideal length of trip for a vacation to Australia?*" 88.5 percent recommended planning 12 or more days for a trip Down Under.
- As at 30 March there were 2,088 Aussie Specialists in the USA of which, 65 per cent are fully qualified (1,372 Agents).

4. Airline News

- On 4 May US airlines United Airlines and Continental announced plans to merge, creating the world's biggest carrier. This means that the USA's three largest airlines are now servicing Australia, either direct or via a code-share. More frequent fliers will now have access to United Airline's Australia route, and there will be some better feed to US travel hubs.
- Delta Airlines have re-arranged the numbering on its flights between Australia and the USA, and will offer one-stop direct, same flight number service from New York to Sydney from 1 June. The move is expected to increase the accessibility of Australia from the East Coast in the minds of the US consumers.
- Jetstar and Air Canada have signed an agreement that will allow passengers to combine both airlines' flights on a single booking. The new interline agreement will allow travellers to connect their Jetstar domestic or international service with travel to or from destinations such as Vancouver, Toronto and Quebec City through Honolulu, Hawaii. The move, which will provide new access opportunities for inbound visitation to Australia from Canada.
- Tourism Northern Territory and Qantas teamed up to offer US travellers a chance to visit the Red Centre during the Australian winter at the lowest fare ever. The US\$999 to Ayers Rock and Alice Springs was available during January, departing Los Angeles or San Francisco. *Source: Travel Daily – January 2010*

5. Competitor News

- Search engine HotelsCombined.com has tracked its booking statistics for the upcoming year and determined the 10 most popular travel destinations for 2010. Sydney was reported as number 9. *Source: Travel Agent Central, March 2010.*
- Tourism New Zealand and Air New Zealand have joined forces in a long term plan aimed at boosting Tourism Performance in the United States. The initiative will include a joint website that will help Americans research, plan and book their vacation in one easy step. *Source: Tourism New Zealand, Tourism News April 2010.* Tourism Australia and Tourism New Zealand have met and agreed on areas of possible co-operation in 2010/11 such as targeting the series groups business, pre/post cruise opportunities and incentive travel groups.
- Tourism New Zealand is hosting Taste New Zealand from May 18 to 20 in San Francisco, Dallas and Minneapolis. The event offers incentive focused New Zealand tourism businesses the opportunity to present to and network with incentive planners in the USA market. Tourism New Zealand and Air New Zealand aim to attract qualified incentive planners to the event and showcase New Zealand through supplier presentations and New Zealand food and wine.

6. Key Campaigns and Activities in Market

January to March campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
10 February	30 June 2010	<i>Ensemble Travel (Consortia Partnership)</i> Premier retail training event to educate Aussie Specialist agents from the United States and Canada about Australian tourism experiences. This campaign consists of trade training and development to create a team of South Pacific Specialists within Ensemble travel and driving the team leads from a consumer marketing campaign directed to Ensembles database of past clients and prospective clientele.	Ensemble Travel Retail Agents	Ensemble Travel (USA & Canada)
1 September 2009	30 June 2010	<i>Travel Leaders Partnership (Retail Travel Consortia)</i> This partnership between Travel Leaders and Tourism Australia will focus on developing a core group of destination Australia experts. Agents will be supported by an integrated marketing plan directing consumer inquiries to the Travel Leaders agents who have completed the Aussie Specialist Program. The partnership includes two famil trips (November and April), training initiatives as well as representation at the Travel Leaders National Conference and internal promotion and incentives.	TLFG Travel Agents	TLFG and Qantas Vacations
30 September 2009	30 June 2010	<i>Virtuoso Partnership</i> Tourism Australia has entered its third year of the Virtuoso partnership. The partnership consists of consumer marketing initiatives targeting luxury consumers in North America, with a call-to-action driving business through to Certified Aussie Specialists within Virtuoso. The campaign will be supported by a famil from May 10 to 19, 2010, in addition to webinars and face-to-face training opportunities for the entire Virtuoso network.	Virtuoso Travel Agents and consumer database	Virtuoso, Travel 2, Classic Vacations, Swain Tours, Southern World, Tourism Tasmania & Tourism Victoria

January to March campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
January 2010	30 June 2010	<p><i>Australia Now USA</i> Includes digital, print and television. Also events during G'Day USA program in January which focused on Nature and Adventure and Food and Wine Experiences.</p> <ul style="list-style-type: none"> Majority of activity is complete, but Q4 activity includes a small online buy, Wine Australia/Whole Foods viral wine challenge (3 March to 5 May) and promotion with local public radio and TV KQED with TV, print and online sponsorship of the popular series. 	<p>First Time Experience Seekers - Americans with household income higher than \$150K and who are predisposed to travel to Australia in the next 12 months. They can be identified by: Recent travel to Europe Passion for unique experiences offered by Australia (Nature/Adventure & Food/Wine)</p>	<p>Swain Tours, Tourism Victoria, Tourism Queensland and SATC</p>
March 12 2010	May 4 2010	<p><i>Whole Foods Promotion</i> Whole Foods have partnered with Wine Australia to promote Australian wine labels within their network of stores across the USA. Tourism Australia is now working with Whole Foods to allow Premier Aussie Specialists to market and promote travel to Australia throughout this promotion by way of in-store promotion, wine tastings, educational seminars and so on. Tourism Australia provided the Premier Agents with marketing collateral for the agents to use and the contacts for each local store.</p>	<p>Whole Foods consumers</p>	<p>Whole Foods Wine Australia Premier Aussie Specialists</p>

April to June campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
28 April	30 April	<p><i>GOGO Worldwide Vacations Showcase</i></p> <p>Over 275 Agents will be present at this one day trade show, where Australia as a preferred destination will have a booth display promoting the Aussie Specialist Program and educating them on the unique experiences of Australia.</p>	East Coast USA Retail Travel Agents preferred with GOGOWWV	GOGO Worldwide Vacations
24 May	31 May	<p><i>Pre-ATE Marketing Mission</i></p> <p>AAT Kings and Tourism Australia are conducting the annual Marketing Mission with 24 Premier Aussie Specialists from North America. The Mission is designed to showcase Regional Australia. In 2010, the itinerary will be driving from Melbourne across to Adelaide. Along the way AAT Kings and Tourism Australia also discuss marketing concepts and educating Premier Agents on how they can increase their marketing presence in their local area, and how they can market the experiences and destinations visited on the famil.</p>	24 Premier Aussie Specialists	AAT Kings Tourism Victoria South Australian Tourism Commission Qantas
May 10	May 19	<p><i>Virtuoso Educational</i></p> <p>25 Virtuoso Aussie Specialist Agents have been confirmed for an educational trip to Australia. Attendees in 2010 are first time visitors to Australia. A marketplace of preferred Virtuoso product will be conducted on May 18 in Melbourne to conclude the Educational.</p>	25 Virtuoso Retail Travel Agents	Qantas Southern World Swain Tours Travel 2 Tourism Victoria Tourism Tasmania
June 2010	June 2010	<p><i>Ensemble Travel Educational</i></p> <p>25 Ensemble Agents will be pre-selected by Qantas Vacations for an educational to Australia to learn about the destination first hand.</p>	25 Ensemble Retail Travel Agents	Ensemble Travel Qantas Vacations
29 May 2010	4 Jun 2010	Australian Tourism Exchange (ATE)	Trade – North America	-