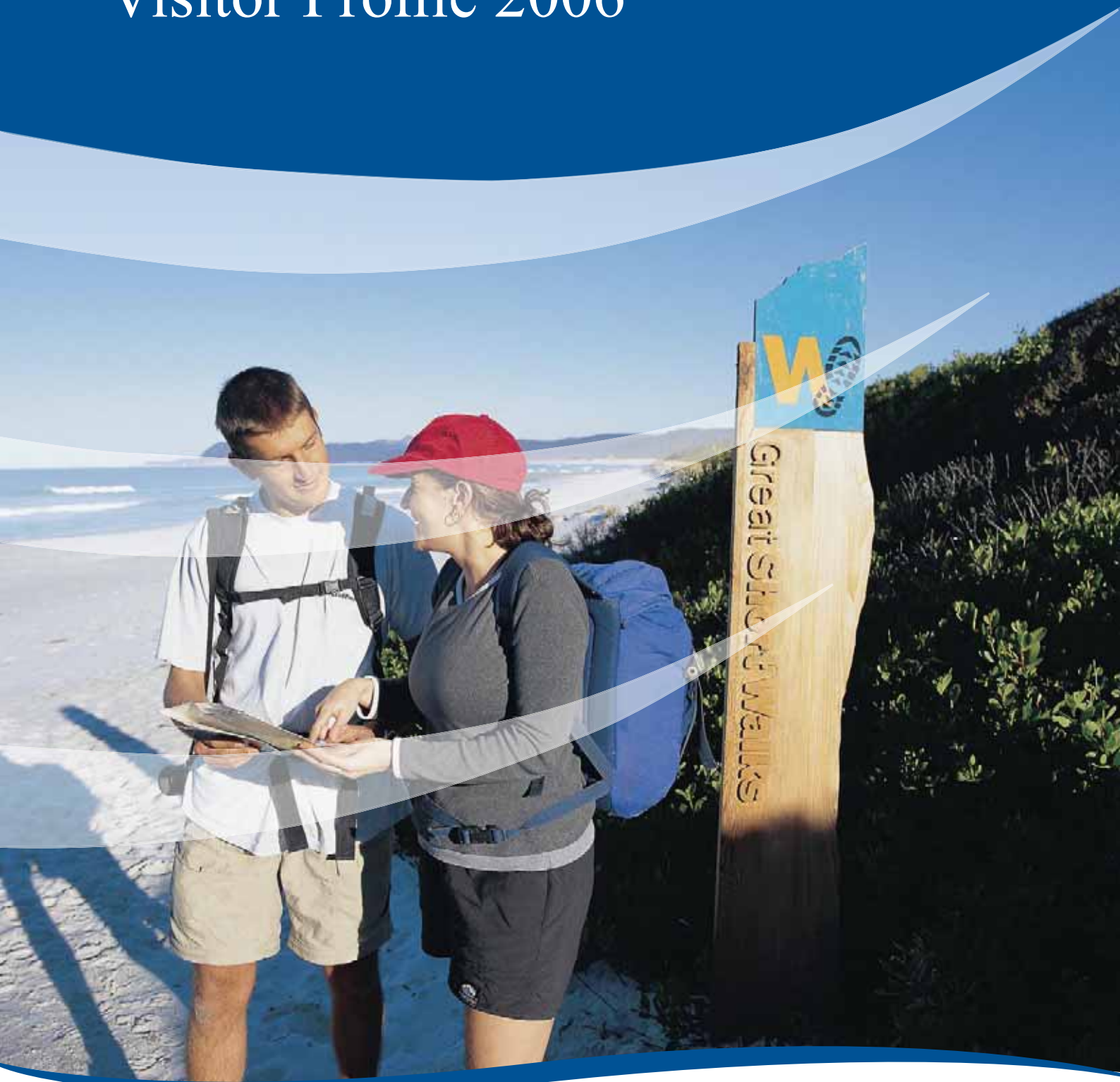


Tasmania Backpacker Visitor Profile 2006



Tourism Tasmania
Explore the possibilities

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EXECUTIVE SUMMARY

The purpose of this backpacker market profile is to acquaint the Tasmanian tourism industry with the potential of the backpacker market and describe backpackers' interests, needs and preferred activities.

We make use of the most current (calendar year ending) quantitative and qualitative data figures available mainly from Tourism Research Australia's International Visitor Survey (IVS), National Visitor Survey (NVS), and the Tasmanian Visitor Survey (TVS), conducted by Tourism Tasmania.

This Tasmanian Visitor Profile presents the characteristics of respondents who defined themselves travelling as backpackers during their stay in Tasmania, while the data used for the International and Australian Market Overview is based on the definition of travellers spending one or more nights in a youth or backpackers hostel.

Who are Backpackers?

Backpackers visiting Australia are predominantly less than 35 years of age. Backpackers are cost conscious and tend to travel independently. A large percentage comes from the United Kingdom and continental Europe. The major draw cards of Australia for international backpackers are its natural attractions and its lifestyle. Backpackers are often interested in experiencing a different culture, enjoy social and adventure activities, and tend to travel independently or with a companion. While in Australia, their travel decisions are often influenced by factors such as natural attractions, scenery, climate and the cost of

transport. Backpackers are cost-conscious, staying in lower cost accommodation and using lower cost transport in order to afford the higher cost of activities and entertainment. They place a high value on social interaction during their trip but also value the physical environment they find themselves in or choose to visit.

International Market Overview

Eleven per cent or 545,000 of all international visitors who travelled to Australia in 2006 were backpackers. This number has steadily increased over the past 5 years. Backpackers spent on average \$5,161 in total on their travel in Australia in 2006 (excluding package tours and prepaid international airfares). Backpackers are more profitable, on average, than business travellers and package tourists because they tend to stay for a longer time.

International backpackers spent 39 million nights in Australia in 2006 and the average duration of their stay was 72 nights. The largest single source market of backpacker visitors to Australia in 2006 was the United Kingdom, accounting for 134,000 (25 per cent) backpackers.

Seven per cent of all international backpacker visitors to Australia in 2006 came to Tasmania. This makes Tasmania the second least visited State by backpackers.

Australian Market Overview

Backpackers represent a small proportion of the national visitor market as there were 524,000 domestic backpackers travelling in Australia in 2006 and they accounted for more than 2.5 million visitor nights in Australia.

Domestic backpackers stayed on average 5.1 nights in 2006 and spent only 12 per cent (\$404 million) of the total \$2.81 billion spent by backpackers in Australia in 2006. Domestic backpackers had an average expenditure in 2006 of \$771 per trip.

Tasmanian Backpacker Visitor Profile

During the year ending December 2006 some 40,000 backpackers came to Tasmania, accounting for five per cent of all visitors. The number of backpackers to Tasmania has remained steady for the last three years.

The balance of Australian and international backpacker visitors to Tasmania was quite even in 2006, whilst in 2005 international backpackers accounted for fifty-nine per cent.

Backpackers spent an estimated total of 421,300 nights in Tasmania in 2006; with an average spend of \$1,104 per backpacker visit.

The average length of stay for backpackers visiting Tasmania in 2006 was 10.5 nights. Backpackers from Western Australia tended to stay the longest on average in the State (23.1 nights), followed by Queensland backpackers (18.5 nights) and other continental European backpackers (15.9 nights).

Eighty-four per cent of all backpackers visiting Tasmania in 2006 visited Hobart and surroundings. Other significantly visited places were Coles Bay, Port Arthur/Tasman Peninsula, Launceston City, Bicheno and Cradle Mountain.

A rental car was the main form of transport used in Tasmania by backpackers (41 per cent), and organised tours by coach were also popular (11 per cent of backpackers).

Before arriving in Tasmania, 54 per cent of backpackers visiting in 2006 made use of travel or guidebooks, while 51 per cent used web sites. Forty-four per cent consulted friends or relatives who had visited Tasmania – indicating that word-of-mouth is a very powerful resource for backpackers in planning their itinerary.

Key Differences for Tasmania

Backpackers in Tasmania accounted for five per cent of all visitors in 2006, compared to ten per cent nationally.

In 2006, backpackers as a market segment in Tasmania on average spent the least amount of money (\$1,104) compared to other travellers. Backpackers on mainland Australia spent the third most on average (\$4,675).

Australian backpackers stayed longer in Tasmania than they did when visiting any other state in Australia (11 nights). International backpackers stayed a shorter time in Tasmania (11 nights) compared with other states. The share that backpackers from North American accounted for was 14 per cent in Tasmania, compared with 11 per cent nationally.

Backpackers in Tasmania stay longer than other travellers, and spend less money. Nationally, the low spend per day is balanced out by a longer stay, and higher economical contribution.

This results in backpackers perceived as being less important to the tourism industry, affecting the focus on backpackers as a whole by the tourism industry.

Tasmania's limited opportunities for backpackers to obtain work and lack of established networks (for work on a working holiday visa) result in international backpackers staying in Tasmania for shorter periods than in any other state.

Research on the backpacker Culture

Backpackers themselves want to gain status among other backpackers as recognition of their travelling prowess. That can happen by adopting key elements of the Backpacker Culture, including:

- Experiencing at ground level
- Getting off the Beaten Track
- Flexible itinerary
- Travel inexpensively
- Outdoor activities

Pricing is important

Backpackers are not excessively preoccupied with budgeting out of need, but because it is

part of the culture. Travelling inexpensively is a sign of road competence.

Tasmania's Backpacker Potential

Tasmania can build on the backpacker culture through positioning its competitive advantages. These are:

- Small friendly, welcoming communities
- Rural, remote areas, away from the beaten track
- Provides good conditions for a flexible itinerary
- A wide range of outdoor activities
- Drawing mysterious power from being an Island

Implications for Tasmanian Backpacker operators

Focus on fair and low pricing combinations encompassing our competitive advantages and benefits to a backpacker as a destination.



INTRODUCTION

The backpacker market is an important sector of the tourism industry, presenting many opportunities for investment and development. The purpose of this Backpacker Visitor Profile is to acquaint the Tasmanian tourism industry with the potential of the backpacker market and describe backpackers' interests, needs and preferred activities. To ensure the profile is useful and timely, we have drawn on a wide variety of sources and used year-end figures for a year-by-year comparison.

The profile combines quantitative and qualitative data compiled by Tourism Tasmania with social demographic and individual psychographic information to describe as comprehensively as possible backpacker characteristics relevant to the Tasmanian tourism industry.

Three key perspectives are presented:

Firstly, we provide an Australian perspective on the international backpacker market, using data from the International Visitor Survey 2006 (IVS), which is conducted by Tourism Research Australia.

Secondly, we briefly provide a Tasmanian perspective on the national market, using data from National Visitor Survey 2006 (NVS), and Niche Market Snapshot reports on Backpackers in Australia 2003, 2004 and 2006, prepared by Tourism Research Australia.

Finally, we focus on the local market, using data derived from Tourism Tasmania's Tasmanian Visitor Survey 2006 (TVS).

The above data is used to compare and contrast backpackers visiting Tasmania with backpacking in Australia, and is followed by an analysis of the backpacker culture. This culture is investigated through the use of academic sources including Anders Sorensen's Travellers in the periphery: Backpackers and other independent multiple destination tourists in peripheral areas, the backpacker magazine TNT, and British Balls, a magazine aimed at British backpackers in Australia.

This cultural knowledge is subsequently used to determine Tasmania's competitive advantages as a Backpacker destination.

Who Are Backpackers?

Backpackers are often interested in experiencing a different culture, enjoy social and adventure activities, and tend to travel independently or with a companion. While in Australia, their travel decisions are often influenced by factors such as natural attractions, scenery, climate and the cost of transport.

Backpackers are cost-conscious, staying in lower-cost accommodation and using lower-cost transport in order to afford the higher cost of activities and entertainment. They place a high value on social interaction during their trip but also value the physical environment they find themselves in or choose to visit. The major advantage for Australia in attracting international backpackers is its natural attractions and lifestyle.

Definition of Backpackers

While the dictionary defines a backpacker as 'a person who hikes with a backpack',

the term might be misunderstood in regions such as the United States, where it is used to describe a bushwalker.

Perhaps, then, a backpacker might be better described as a 'budget traveller' or 'independent traveller'. Many backpackers identify themselves as being adventure travellers or nature-based travellers. The profile of backpackers visiting Tasmania provided in this document presents the characteristics of those who define themselves as backpackers. In this respect, it differs from studies in which backpackers have been defined as 'travellers spending one or more nights in a youth or backpacker hostel' – the definition used by Tourism

Research Australia. The rationale for this change in definition is that backpacking is an approach to travel encompassing individual's values and attitudes.

Forty per cent of those who called themselves backpackers in 2006 did not use hostel accommodation in Tasmania, while not all of those who stayed in hostels considered themselves backpackers. Some hostels in Australia are similar in standard to medium-class hotels, and this unusual degree of comfort may suggest to some of those who stay there that they are not true backpackers. For this reason, Tourism Tasmania regards self-definition as the most appropriate way of determining who is and is not a backpacker.



INTERNATIONAL MARKET OVERVIEW

How Many Backpackers Come to Australia?

In the year ending December 2006, some 5,098,800 international visitors travelled to Australia, of whom 545,000 (11 per cent) were Backpackers, according to Tourism Research Australia. This number has steadily increased over the past four years, which is consistent with the growth in the total number of visitors. The relative share of backpackers (11 per cent) has been constant over the last four years, indicating that the backpacker market has developed and grown at the same pace.

Forecast Slowdown in Growth

Several economists and marketers have forecast a decline in the total number of visitors to Australia. There may be many reasons for this, including the fact that consumers are more price sensitive or that other international markets are increasingly competitive. As the percentage of inbound visitors who are backpackers is relatively constant, a decrease in international visitors will result in a decrease in international backpackers. Furthermore, the fact that backpackers are extremely price conscious makes the competition from cheap overseas destinations even greater.

Main Purpose of Visit

Seventy-two per cent of backpackers visiting Australia in 2006 cited holiday as the main purpose of their visit, a decrease on previous years. This was followed by education (10 per cent), visiting friends and relatives (eight per cent), employment (four per cent), business (four per cent) and other reasons (one per cent).

Socio-economic Status

Contemporary backpackers have more disposable income and tend to be financially better off than the stereotypical backpacker of the past.

Backpackers spend on average \$5,161 in total on their travel in Australia (excluding package tours and prepaid international airfares). Backpackers are the third most profitable market segment on average. Visitors stating education as the main purpose of travel accounted for the highest average spending (\$12,200), followed by visitors stating employment as their main purpose of visit (\$6,800).

This makes backpackers significantly more profitable on average than business travellers and holiday visitors, which is mainly due to backpackers tending to stay in Australia for a longer period of time.

Origin of Backpackers Visiting Australia

Table 1	December 2006	
Country of residence		
UK	134,000	25%
Other Europe*	131,000	24%
USA	43,000	9%
Germany	47,000	9%
Japan	34,000	6%
New Zealand	33,000	6%
Korea	35,000	5%
Other Countries	26,000	4%
Canada	22,000	4%
Singapore	9,000	2%
Hong Kong	5,000	1.1%
Malaysia	5,000	1.0%
Thailand	3,000	1.0%
China	6,000	0.8%
Taiwan	5,000	0.6%
Other Asia	3,000	0.5%
Indonesia	2,000	0.3%
Total Backpacker	545,000	

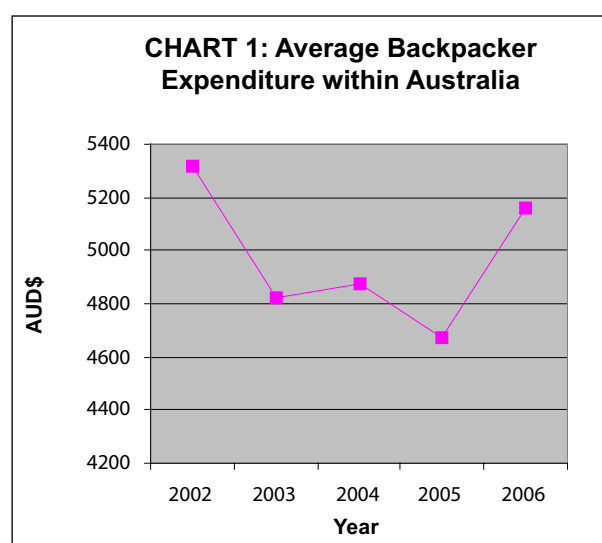
*Other Europe means continental European countries excluding Germany

The largest single source of backpacker visitors to Australia in 2006 was the United Kingdom, accounting for 134,000 backpackers, or 25 per cent of all backpackers. The United Kingdom was followed by continental Europe excluding Germany, with 131,000 visitors or (24 per cent). Other important markets are Germany and the United States (both nine per cent).

Average Duration of Stay and Expenditure

International backpackers spent 39 million nights in Australia in 2006 with an average duration of stay in 2006 per backpacker was 72 nights, an increase from 64 in 2005.

Chart 1 shows a decreasing trend in backpackers' average spending for the past four years, from an all-time high of \$5,319 per backpacker in 2002 to \$4,674 in 2005. The decline is in proportion to the decline in backpackers' average length of



stay. There are a number of reasons for this decline, including cheaper international airfares to alternative destinations and the increasing competitiveness of other overseas destinations.

However after three years of decline, average expenditure increased in 2006 to \$5,161 per backpacker. This translates to international backpackers' averaging \$72 per night.

Table 2 Country of residence	Number of backpacker visitors 2006	Average duration of stay (in nights) 2006	Average expenditure (on all items, in \$) 2006
UK	134,000	66	5054
Other Europe	132,000	92	5614
USA	43,000	53	5256
Germany	47,000	85	5579
Japan	34,000	89	5239
New Zealand	33,000	39	2354
Korea	35,000	114	6373
Other Countries	26,000	57	4035
Canada	22,000	82	5716
Singapore	9,000	31	4203
Hong Kong	5,000	43	3716
Malaysia	6,000	86	5302
Thailand	3,000	56	3935
China	6,000	74	5313
Taiwan	5,000	59	4526
Other Asia	3,000	82	7080
Indonesia	2,000	69	5117
Total	545,000	72	5161

**Other Europe means continental European countries excluding Germany*

States Visited

According to Tourism Research Australia, Tasmania received seven percent of international backpackers in the year ending December 2006. After the ACT that makes Tasmania the second least visited state by international backpackers. This is a small increase from six per cent in 2005. The most visited state in Australia was New South Wales, which was visited by 78 per cent of all international backpackers, followed by Queensland (65 per cent) and Victoria (47 per cent). These percentages reflect the fact that most backpackers visit more than one State.



AUSTRALIAN MARKET OVERVIEW

Number of Backpackers

Looking at how Australians travel domestically, the national travel market comprised of 524,000 backpackers in the year ending 2006. This made up only a small part of the total national visitor market.

Backpacker Nights

Australians travelling as backpackers spent 2.5 million nights in the country in 2006. The total nights spent by all Australian travellers in comparison was 285,661 million nights.

Length of Stay and Expenditure

Consistent with a shorter length of stay by Australian backpackers (on average 5.1 nights in 2006) than international backpackers (on average 72 nights in Australia in 2006), expenditure by Australian backpackers (\$404 million in 2006) was much less than expenditure by international backpackers (\$2.81 billion in 2006). However, the per night spend was greater.

Australian backpackers had an average expenditure in 2006 of \$771 per trip and \$151 per night, while international backpackers spent \$5,161 per trip and \$72 per night.

States Visited

New South Wales was the most popular destination, attracting 38 per cent of Australian backpackers. Victoria followed, with 23 per cent. Australian backpackers, like international backpackers, had a higher propensity (nine per cent) to visit the Northern Territory than total domestic visitors (one per cent).

Demographics

Australian backpackers were similar in age to international backpackers. Thirty-nine per cent of backpackers travelling in Australia were between the ages of 15 and 24. Gender distribution was split evenly, with 56 per cent of Australian backpackers being female.

Purpose of Travel

A majority (69 per cent) of the Backpackers travelling in Australia in 2004 stated holiday as their main purpose of travel, followed by visiting friends and relatives.

Travel Party

Thirty-six per cent of Australian backpackers travel with friends or relatives (without children).

Transport

The most popular mode of transport used by Australian backpackers was motor vehicles, used by 64 per cent.

NB: The data for domestic visitors is from the Niche Market snapshot on backpacker accommodation in Australia. This information is for the calendar year 2006 (source: Tourism Research Australia, May 2007), and the Niche Market snapshot on backpackers in Australia. This information is for the calendar year 2004 (source: Tourism Research Australia, June 2005).

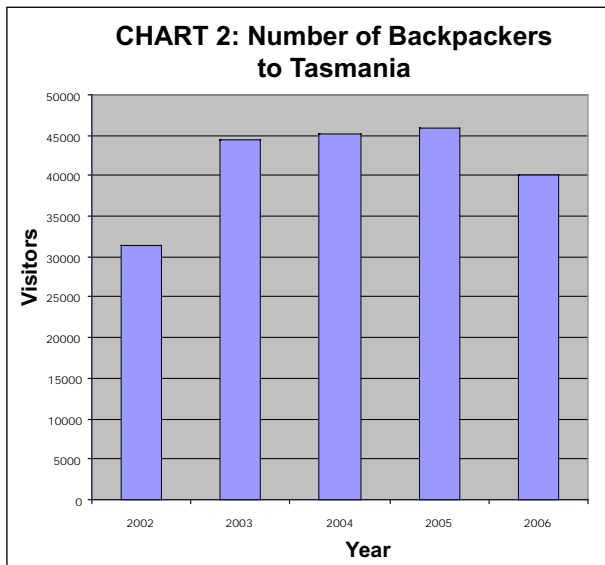
Where not stated, other data on domestic backpackers is from the Backpackers in Australia 2003, Niche Market Report # 4 (Source: Tourism Research Australia).

TASMANIAN BACKPACKER MARKET OVERVIEW

Number of Backpackers

In the year ending December 2006, 810,300 visitors came to Tasmania, of whom 40,100 were backpackers, accounting for five per cent of the total number of visitors.

Over the past three years the backpacker visitor number has remained stable as seen on the chart below.



The percentage share of the backpacker market has declined from eight per cent in 2004, six per cent in 2005 to five per cent in 2006.

International and Australian Backpacker Origin – Tasmania’s Market Share

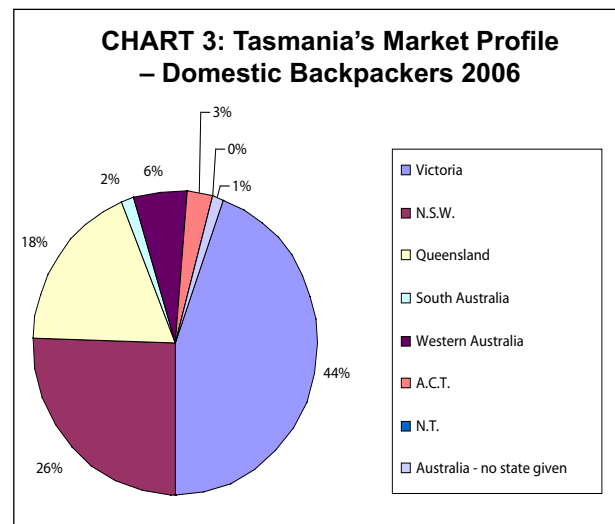
During 2006, 52 per cent of all backpackers to Tasmania were from overseas. More international than Australian backpackers came to Tasmania in 2006 – some 20,700 people, or 52 per cent of all backpackers who visited the State were international



backpackers. The proportion of international backpackers compared to Australian backpackers has decreased from 2005 (58%) after moderately increasing for the last three years.

Australian Backpacker Origin

Victoria is the key source market for backpackers in Tasmania, making up 44 per cent, followed by New South Wales at 26 per cent (chart 3).



The relatively short geographical distance from Melbourne and the introduction of cheap air fares between Melbourne and Tasmania contribute to this trend.

Table 3. Domestic Backpacker Visitors – State of Residence

	2003	2004	2005	2006
Victoria	8,400	11,600	8,500	8,600
N.S.W.	5,600	5,500	5,200	5,000
Queensland	3,200	2,000	1,900	3,500
S.A	400	300	800	300
W.A	800	700	1,100	1,200
A.C.T.	800	1,100	400	500
N.T.	200	500	0	0
No state given	300	1,900	900	300
Total Australia	19,700	23,600	18,800	19,400

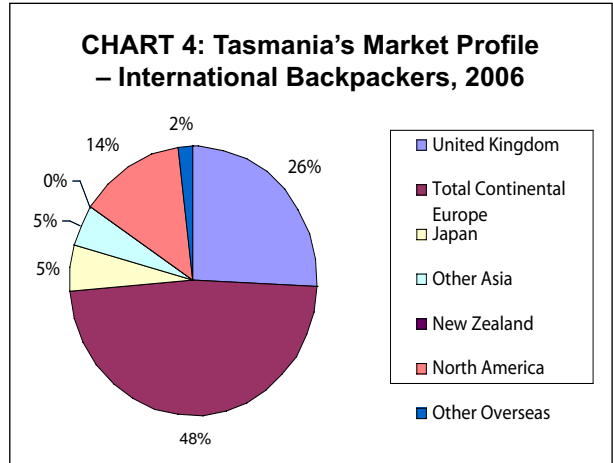
Table 3 shows increases from the estimated total number of visitors from Queensland, Western Australia and the Australian Capital Territory, whilst there were decreases from Northern Territory, South Australia and New South Wales.

International Backpacker Origin

Continental Europe contributed the largest share of international backpackers to Tasmania (47 per cent), followed by the United Kingdom (26 per cent). Britains account for a smaller share than they did in 2003, when they made up 39 per cent of Tasmania's international backpackers. Another significant backpacker market is North America (14 per cent).

Table 4. International Backpacker Visitors to Tasmania Country of Residence

	2003	2004	2005	2006
United Kingdom	9,600	6,500	7,700	5,400
Total Continental Europe	7,700	8,600	10,800	9,900
Japan	1,100	900	900	1,100
Other Asia	1,300	700	2,100	1,000
New Zealand	100	500	900	-
North America	4,700	4,000	4,300	2,900
Other Overseas	200	300	300	400
Total International Backpacker Visitors	24,700	21,500	27,000	20,700



Demographics

Female backpackers outnumbered the males, with 25,300 females visiting, compared with 14,500 males.

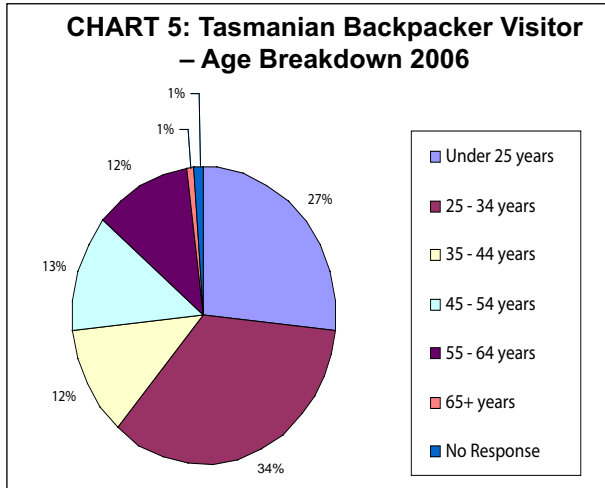
Educational Status

Backpackers visiting Tasmania were mostly well educated. Twenty six per cent of all backpackers had a degree from a university or a college of advanced education. Twenty six per cent had a higher degree or higher diploma (eg. PhD, Masters). Fifteen per cent had completed some parts of a university degree, while nine per cent were currently studying at university.



Age Profile

The largest age group of backpackers in 2006 was the category for those aged 25 to 34 years (34 per cent), followed by the category for those aged less than 25 years (27 per cent).



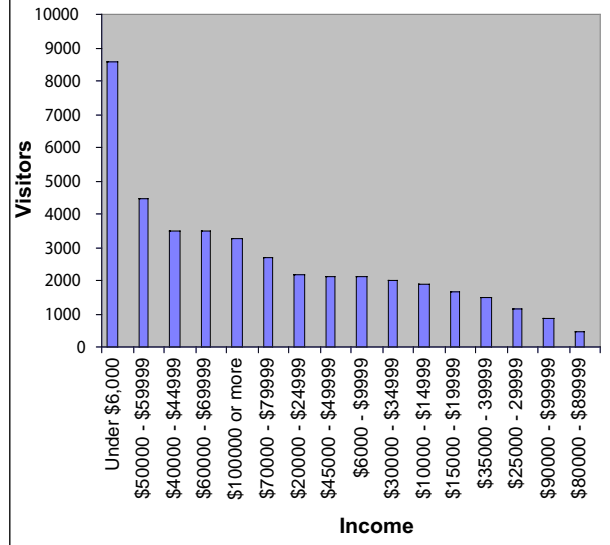
Employment Status

Forty-two per cent of all backpackers visiting Tasmania were employed full time. Fourteen per cent were students, 13 per cent were employed part time and another six per cent were looking for work. Ten per cent were out of work but were not looking for a job. This may include recent graduates.

Income

Backpackers visiting Tasmania are generally low-income earners, earning under \$6,000 per annum and accounting for nineteen per cent of all backpackers. This is possibly indicative of students taking a gap year. A significant group are middle-income earners (those earning between \$50,000 and \$59,999 per annum), accounting for nine per cent of backpackers. At the other end of the scale, seven per cent earned \$100,000 or more per annum.

CHART 6: Backpacker Annual Income 2006



Backpackers length of Stay

Backpackers spent a total of 421,300 nights in Tasmania. That total was twenty per cent less than the previous year and correlates with the Australia wide decrease in the average stay of backpackers.

The average duration of stay for backpackers in Tasmania has gradually decreased from a high of 12.9 nights in 2003, to 12.6 in 2004, 11.4 in 2005 to 10.5 in 2006.

Purpose of Travelling to Tasmania

Ninety per cent of all backpackers visiting Tasmania stated that the purpose of their visit was a holiday. Three per cent stated visiting friends and relatives as the main purpose of their visit.

Expenditure Within Tasmania

Backpackers spent 44.2 million dollars in Tasmania, which was a decrease of almost 5 per cent from 2005, and 4 per cent from 2004.

However, it is important to note whilst the total expenditure has decreased (due to the total number of backpackers decreasing), the average spend per visitor per night in 2006 has dramatically increased to \$105 which is much higher than \$89 in 2005 and \$81 in 2004.

Forty-four per cent of this was spent on food, drinks and shopping, 34 per cent on accommodation and 24 per cent on transport.

So in short, the stay is decreasing but the spend is increasing.

Places Visited in Tasmania

Eighty-nine per cent of all backpackers in Tasmania visited Hobart and its surrounding areas. Sixty-eight per cent visited Launceston and the Tamar Valley. Other places popular with backpackers were the East Coast, visited by 60 per cent, and the North West, visited by 53 per cent of backpackers.

Accommodation

Sixty-nine per cent of all backpackers visiting Tasmania stayed overnight or longer in youth hostel or backpacker accommodation, 31 per cent stayed in a caravan park, while 30 per cent stayed overnight in a tent or camped.

Attractions Visited

Backpacker visitors take in many attractions whilst in Tasmania. The most popular sights and attractions are: Cradle Mountain, Port Arthur Historic Site, Russell Falls/Mt Field National Park, Freycinet National Park, Salamanca and Sullivan's Cove, Cataract Gorge and Mount Wellington.

The Bay of Fires, the Overland Track and the Tasmanian Museum and Art Gallery were also popular for backpackers

Activities

Table 6 lists the 10 most popular activities undertaken by backpackers:

Bushwalk for two hours to a full day	36,000
Visit National Parks	33,200
Visit historic sites/attractions	26,800
Browse at the markets	20,800
Taste Tasmanian speciality food	18,700
Drink Tasmanian wine	18,300
View wildlife	18,000
Buy Tasmanian made goods	17,700
Visit craft shops	16,400
Visit museums	14,000
Bushwalk for less than two hours	13,600
Visit historic houses	13,200

Visits to national parks and historic sites were among the most popular activities. There has been a significant growth (36 per cent) in the number of backpacker visitors undertaking bushwalks of less than two hours.

In view of the types of activities most popular with backpackers in Tasmania it appears that backpackers in Tasmania prefer nature-based activities.

Transport

The form of transport most popular with backpackers in 2006 was a rental car or a four-wheel drive vehicle, which were chosen by 41 per cent. The second most popular form of transport was public transport (usually

bus), used by 22 per cent. Organised tours by coach were the third most popular form of transport, used by 11 per cent of all backpackers. Eleven per cent brought their own car with them.

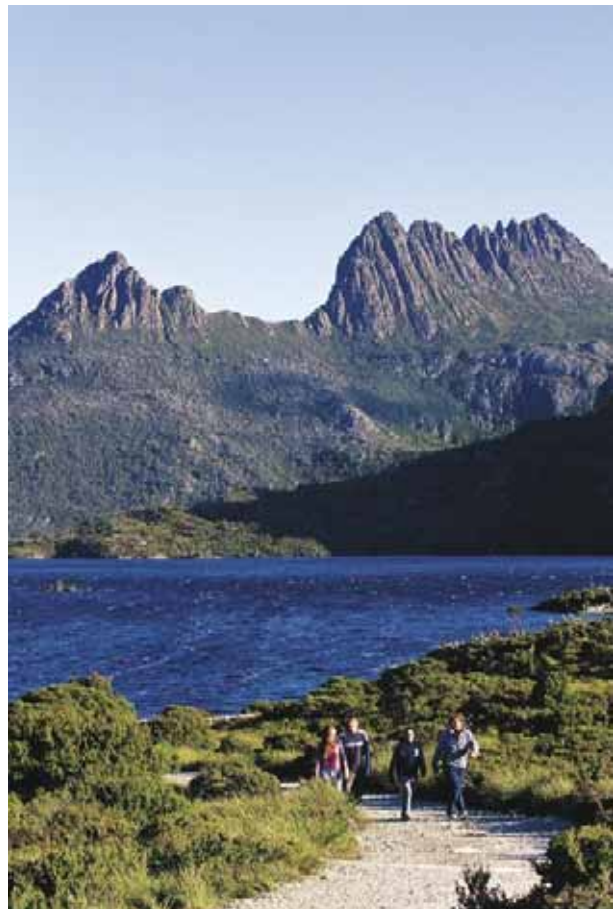
Travel Party

Thirty-one per cent of backpackers travelled alone in Tasmania. Thirty-four per cent travelled with a partner or friend, and fourteen per cent travelled with a small group of friends.

Use of Information Sources in Planning a Trip to Tasmania

In 2006 most backpackers (54 per cent) stated travel books or guides as their main source of information for planning the trip to Tasmania. The Internet was used in planning by 51 per cent of backpackers, which is a significant increase compared to previous years (46 per cent in 2005). Forty-four per cent consulted friends or relatives who had visited Tasmania before; suggesting that word-of-mouth is a powerful source of information among backpackers.

NB: The results of the Tasmanian Visitor Survey (TVS) are based on a sample of passengers departing Tasmania. The TVS is not a census, results are survey estimates only and therefore may differ from figures that would have been obtained if every passenger departing Tasmania was surveyed.



KEY DIFFERENCES

Percentage of Total Visitors

Backpackers in Australia have accounted for a constant relative share of total visitors (10 percent) in the last four years. Backpackers in Tasmania, however, have accounted for a declining share of the total number of visitors, from seven per cent in 2003 to five per cent in 2006. In summary, backpackers account for a much smaller part of the tourism industry in Tasmania than do backpackers on mainland Australia.

Total Contribution

Backpackers in Tasmania on average spend the least amount of money per visit. In Australia, backpackers are the third highest spenders per market segment, spending significantly more than other visitors

This difference is due to backpackers on the mainland of Australia staying a lot longer than other visitors, whereas backpackers in Tasmania stay for approximately the same time as other visitors.

Backpackers' receive a strong focus by the tourism industry in mainland Australia because of the significant contribution that they make



as a market segment. By contrast, the relatively limited contribution that backpackers make to the Tasmanian economy may indicate a lack of focus on this market segment by Tasmanian tourism organisations and operators, who perhaps do not realising the potential of the market.

Australian/International Backpacker Nights

There was approximately the same number of international and Australian backpackers in Tasmania in 2006. A similar distribution was recorded nationally. However, the average stay of domestic backpackers in Australia was 5.1 nights, whereas in Tasmania it was around 11 nights. So, Australian backpackers stay longer in Tasmania proportionately.

The average stay of international backpackers in Australia as a whole was 72 nights, but in Tasmania it was only 11 nights.

International backpackers travel to two states on average, and attracting these travellers to stay for a longer period is imperative.

Tasmania's Appeal for North-Americans

North Americans accounted for a higher percentage of backpacker visitors in Tasmania (14 per cent) than in Australia as a whole (11 per cent). Tasmania's growing appeal to North American backpackers suggests they are a market with strong potential. However, Tasmania's share of British backpackers is low compared to that of Australia as a whole, indicating that Tasmania needs to work harder to attract these backpackers – for example by targeting them through publications such as British Balls.

ANALYSIS OF KEY DIFFERENCES

Clearly, there are relationships between many of the key differences between Tasmania's backpacker market and the national backpacker market of Australia. The lower average expenditure among international backpackers visiting Tasmania is directly linked to their relatively shorter stays in the State. Their low expenditure compared to other visitors in Tasmania has an undeniable effect on the emphasis placed on this segment by the tourism industry, which in the long term could have an impact on visitor numbers and the relative share of total visitors.

Working Holiday Visa

According to TNT's Annual Backpacker Report Autumn 2005 a majority of backpackers in Australia are travelling on various types of Working Holiday visas. This allows people from a range of countries to work in Australia for up to a year, with a maximum of six months with any single employer.

Matthew Hingerty, Managing Director of the Australian Tourism Export Council, says that backpackers are a vital part of the workforce in the agricultural sector as well as in the tourism sector in regional and rural Australia. They are willing to take the jobs that Australian citizens normally reject and tend to stay longer in those jobs.

Fruit picking is especially popular among backpackers. Backpackers spend the money they earn on travelling and experiencing Australia, which means that the money goes back to the local communities.



Backpackers are willing to travel to remote locations to take up appropriate work, but Tasmania does not provide many of the kinds of jobs that backpackers can undertake.

The lack of opportunity for backpackers to work in Tasmania results in a shorter duration of stay, and therefore a lower contribution to the overall economy.

This may create an unfortunate cycle: the shorter time international backpackers spend in Tasmania makes them less attractive to target.

Thus, international backpackers will be less important to the Tasmanian tourism industry than they are to our mainland Australia counterparts.

While creating jobs for backpackers is not within the control of the tourism industry, if work opportunities existed for backpackers it would enhance the overall attraction of Tasmania to international backpackers.

Tasmania has several attributes that should make it an attractive backpacker destination other than work, which will now be explained.

THE BACKPACKER CULTURE

What Do Backpackers Want

The anthropologist Anders Sorensen has researched backpackers in depth, including thorough field studies. One of his more important findings is backpackers have a desire to increase their status amongst backpackers by integrating themselves as fully as possible into backpacker culture.

Important elements in this culture that may be of interest to operators include:

- experiencing at ground level
- getting off the beaten track
- flexible itineraries
- travelling inexpensively
- engaging in outdoor activities

Experiencing at Ground Level

Backpacker culture is about being a traveller, not a tourist.

Tourists stay in Hiltons, travellers don't. The traveller wants to see a country at ground level, to breathe it, experience it – live it. This usually requires two things the tourist can't provide – more time and less money

**Tony Wheeler– Co-founder,
Lonely Planet Publications, 1989**

Backpackers want to experience a country or a destination by temporarily becoming part of it, possibly by working, or by staying on a farm or in a home.

Off the Beaten Track

Backpackers also enjoy the excitement of getting off the beaten track. Having



the freedom to experience a destination on their own and being able to tell other backpackers about it gives them status among backpackers.

However, according to Sorensen, the unbeaten track for a backpacker can include destinations and attractions covered in travel books. For example, following a Lonely Planets guide can take you off the beaten track.

Flexible Itineraries

Having the freedom to arrange one's itinerary independently is important to backpackers. They like to organise their own transport, and work out for themselves how long they will stay in different locations. From their perspective, this differentiates them from "herded power tourists". Operators can accommodate this preference by providing options in organised tours, but this flexibility must be targeted and communicated effectively.

Travelling Inexpensively

Backpackers are price conscious, as indicated by their accommodation preferences. However, data shows that the majority of backpackers are not in the lowest income group. Sorensen explains this by suggesting that backpackers gain status in backpacker culture by being able to travel inexpensively, as to do so is evidence of “road competence” and also enables them to gain a more authentic experience of local communities.

Outdoor Activities

The International Visitor Survey and the Tasmanian Visitor Survey (TVS) indicate that backpackers value outdoor activities very highly. According to the TVS, outdoor

activities are the most popular of all activities undertaken by backpackers. Examples are, scuba diving and trekking and short walks. It is worth mentioning that viewing wildlife is a popular activity and Tasmania has a competitive advantage in regards to native wildlife species.

Pricing is Crucial

Creating a backpacker industry that will be sustainable in the long term requires a price structure that reflects an awareness of the backpacker culture. Pricing too aggressively or trying to adopt any yield management pricing culture will damage Tasmania as a backpacker destination in the long term.



TASMANIA'S COMPETITIVE ADVANTAGE

According to the theory of backpacker just mentioned, Tasmania has a range of characteristics that backpackers desire.

These are:

- small friendly, welcoming communities
- rural, remote areas away from the beaten track
- good conditions for a flexible itinerary
- a wide range of outdoor activities
- mysterious power drawn from being an island

Small, Friendly, Welcoming Communities

All over Tasmania people welcome tourists and backpackers. The Tasmanian Experience strategy builds on this by recognising the value of engaged, local communities. The importance of ensuring backpackers are able to experience local communities at ground level must be intensively communicated to communities.

“Rural”, Remote Areas Off the Beaten Track

Tasmania has a range of places that would be considered to be off the beaten track by backpackers. Experiences such as the Overland Track and the far south Walking Tracks are accessible and known (for example they are described in travel guides) but not overcrowded.

Providing Conditions for a Flexible Itinerary

The highly developed infrastructure and large supply of low-budget accommodation around



Tasmania make it easy for backpackers to keep their itineraries flexible as they travel around the island. In addition, Tasmania is regarded as one of the cheapest Australian states in which to rent vehicles, which gives backpackers the possibility of even greater freedom. Tasmania also has an extensive network of free campsites along routes favoured by backpackers.

A Wide Range of Outdoor Activities

Tasmania provides excellent conditions for undertaking outdoor activities, including scuba diving, golf, horse riding, kayaking, rafting, trekking and short walks. Tasmania's unique environment is more conducive to these adventure and soft adventure activities and affords the opportunity to combine multiple activities in one visit.

Drawing Power from Being an Island

Islands have always had an allure for the adventurous. The isolation of islands creates a seemingly mysterious environment that is particularly attractive to backpackers. This

is a competitive advantage that should be highlighted when positioning Tasmania as a backpacker destination.

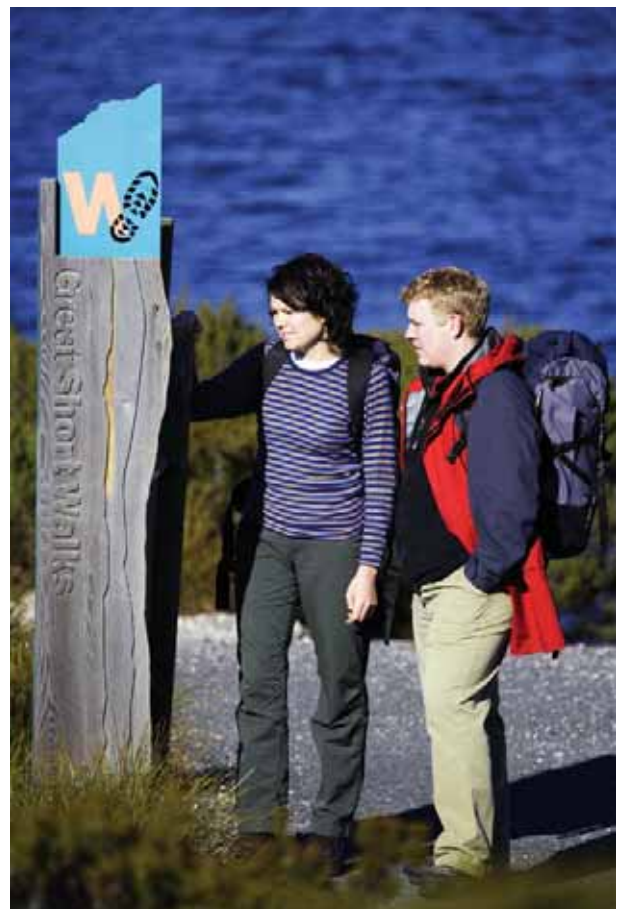
Implications for Tasmanian Backpacker Operators

The Tasmanian backpacker experience must gain more exposure if it is to thrive. There is great potential for additional economic benefits to be derived from this market. The challenge is to increase the amount of time backpackers spend in the State.

A major impediment is the limited availability of work backpackers can undertake on a working holiday visa. Pricing is also an important consideration. Backpackers expect great deals. They are preoccupied with budgeting because it is part of their culture to show that they have “road competence” by travelling inexpensively. A fair pricing structure with a focus on low costs is vital for the backpacker industry’s long-term sustainability.

Nevertheless, Tasmania has many attributes that make it attractive to backpackers. Backpackers want to experience a destination from ground level, get off the beaten track, have a flexible itinerary, travel inexpensively and engage in outdoor activities. By highlighting these advantages of a Tasmanian holiday, operators can increase their appeal to this market.

Better communication is essential to ensure backpackers are made aware of all the aspects of a Tasmanian holiday can offer that are valued by their culture.



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