

Lighthouse Report Two

Think Global or Miss Out

Welcome to the second Lighthouse Report. In this edition we'll be talking about opportunities for growth in our overseas markets. The international market currently represents about 14 per cent of our overall business. Tourism Tasmania believes that at the current rate of growth, the international visitor market could be accounting for as much as 20 per cent of all visitors to our State in just five years.

Put in context, more than five million international visitors came to Australia last financial year. Our share was around 157,000 people, or just three per cent. However, we actually grew our numbers by nine percent on the previous financial year.

Can you afford not to share in a piece of this growth?
It's time to ask yourself 'am I ready for this? If not, what do I need to do to get ready?'

How is Australia faring?

Although the total number (5.2 million) of international travellers to Australia remained stable in the year to June 2007, these visitors have continued the trend of staying longer, spending more and travelling more extensively around the country compared with the same period in 2006.

New Zealand provides the most visitors to Australia: a total of one million in 2007, equating to 19 per cent of the total market. It's followed by the United Kingdom with 685,000 visitors (13 per cent), Japan 565,000 (11 per cent), USA 427,000 (8 per cent), and from the three emerging markets, China provided 323,000 (six per cent), Korea 247,000 (five per cent) and India 83,000 (just two per cent).

For the financial year ending June 2007 a total of 159.5 million visitor nights were spent in Australia. This represented a 10 per cent increase on the previous year, with total expenditure increasing 14 per cent to just under \$14.1 billion.

Total leisure (which is a combination of holiday and Visiting Friends and relatives) nights increased almost nine per cent while education, business and employment nights collectively increased 10.5 per cent and now account for 42.9 per cent of all nights spent in Australia.

The average trip expenditure in Australia per international visitor was \$2,705 (excluding package tours and international airfares), increasing from \$2,574 in 2006.

Source: www.tourism.australia.com

What's our piece of the international visitor pie?

Total international visitors to Tasmania in 2007 increased by nine per cent to 157,000, representing a market share of three per cent (up from 2.9 per cent in 2006). Our share of international leisure visitors is now 3.2 per cent (up slightly from 3.1 per cent in 2006).

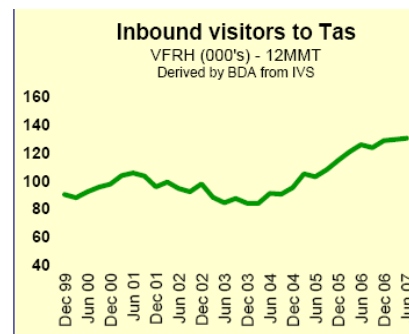
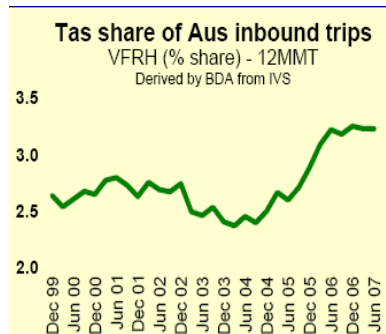
The total number of nights spent in Tasmania increased by 14 per cent to 3.323 million nights with our share of all nights increasing marginally to 2.1 per cent (leisure night share remained steady at 1.6 per cent) with visitors staying an average 21.1 nights, an increase of two nights over 2006.



Expenditure climbed 16 per cent to \$231 million, an increase of 16 per cent over the previous year and representing a steady market share of 1.6 per cent.

As you can see from these charts, the number of international leisure visitors to Tasmania, and our share of their trips to Australia, has climbed consistently since 2004. We've achieved this growth despite really tough competition right across the country.

Source: IVS December 2007



Who are we chasing?

Our major markets are:

- The United Kingdom & Germany;
- North America;
- Singapore, Malaysia, Hong Kong and Japan; and
- New Zealand.

Tasmania is represented by regional managers in London, Toronto, Singapore, Tokyo and Auckland. We also have public relations people in New York, London and Frankfurt.

There are other tactical opportunities for us in other European markets such as France, the Netherlands and Scandinavia, and we have identified our emerging markets as China, India and Korea.

We work closely with Tourism Australia and the other states and territories to target the same major and emerging markets, which mean we can extend our resources even further by sharing intelligence and adopting strategic marketing opportunities.

What does Australia's ideal visitor look like?

Tourism Australia has identified a target audience for Australia with common characteristics across all markets, regardless of nationality or origin of birth.

Typically these people have the drive for self development and learning, and the desire to connect with friends and family through socialising, relaxing, and enjoying. They seek health and rejuvenation opportunities, and they wish to immerse themselves in local culture and experiences. Importantly, they have a sense of freedom and escape.



In general, they are experienced international travellers who seek out and enjoy authentic personal experiences that they can brag about! This segment makes up 30 to 50 per cent of all potential long-haul outbound travellers from key source markets.

Specific segments have also been identified from the emerging markets;

- China - sightseers (new travellers), incentive and student travel;
- Korea - backpackers and student travel; and
- India - upmarket family groups, honeymooners and incentive travel.

How do we sell Tasmania?

Compared to other Australian states and territories, Tasmania is quite a unique destination. We have unique selling points that help to set us apart from our competitors such as:

- Our status as a contemporary island community with a rich living history;
- Our location, the edge of the Great Southern Ocean with strong maritime connections;
- Our ancient temperate wilderness and our unique accessible wildlife;
- Our cool climate wine and food; and
- Our celebrated seasonal differences.

What are our challenges moving forward?

We have a number of challenges to overcome if we are to realise our potential in this challenging marketplace.

Tasmania's focus until recently has been our core markets of the United Kingdom and Germany, Singapore, Malaysia, Hong Kong and Japan and North America and while slower growth from those countries will still deliver the bulk of our visitors for some time, new approaches to attract visitors from China, India and Korea are being concurrently evaluated and implemented.

Visitors to Australia from its traditional long-haul markets have been in decline for some time, while the emerging markets, although still relatively small in terms of actual visitors (representing 13 per cent in total), are nonetheless growing at significant annual rates.

In general there has been a decrease in leisure travel and increase in business and education travel to Australia with the impact of low cost carriers in Asia and now Japan also leading to a greater propensity for these markets to travel within their own region.

The delay in the delivery of the Airbus A380 and 787 Dreamliner to airlines globally has impacted on the ability for specific markets and carriers to offer competitive fares to Australia. The continued growth in outbound travel by Australians, however, has brought some lower cost carriers into the region using midstream aircraft types.

We know that the travellers who do come to Tasmania tend to visit Hobart, Launceston, Freycinet and the West Coast, but there is little dispersal to the North West, Tasman Peninsula and North East regions.



Our offerings are generally appealing to visitors from the emerging markets, but we are handicapped by the lack of particular activities or services such as mass market shopping, fashion malls and duty free goods, Indian vegetarian and halal meals.

We need to make sure our international distribution partners are fully trained on Tasmania, and the availability of internationally market ready products in Tasmania is a key issue. Lastly, and by no means least, we only have a small number of tourism operators in Tasmania that are actively involved in international marketing activities. There is a real need to provide a greater understanding of international distribution and marketing to our industry to ensure that Tasmania remains competitive in the growth market of international travel.

Our opportunities

We need to position Tasmania as a new destination in Australia for repeat visitors to the country; we need to build on the notion of visiting the capital (or gateway) cities; and entice people to come for an experience underpinned by nature and wilderness.

This includes establishing Tasmania as a 'new' destination distinct from Australia for the 'Experience Seeker'. In Japan for example, Tasmania is brochured with 'aspirational' destinations such as the Himalayas, Patagonia and Peru. Tasmania is also positioned as a mono-destination, illustrating Tasmania's appeal in Japan without the need to play off the back of gateway destinations like Melbourne or Sydney. And with some niche operators, Tasmania is the only Australian destination in their program.

We are developing new partnerships with Tasmanian exporters to our core markets, such as Tasmanian Fine Merino Wool and Teko in North America, Montbell and ASICS in Japan. Other opportunities include leveraging the presence of Tasmanian industry and businesses like Aurora, Incat, Tas Alkaloids, Roaring 40s, Hartz International, Lactos, King Island Cheeses, Petuna Seafoods, Tamar Ridge Wines, and the University of Tasmania). We are also developing integrated promotions via public relations and media opportunities and key trade partners such as the Mark Webber Pure Tasmania Challenge with Wanderlust Magazine and STA Travel in the United Kingdom.

Following the 2007 success of G'day USA, opportunities exist to leverage 'cause marketing' (e.g. raising money to fight the Tasmanian 'devil disease') activities with philanthropic organisations and develop an education style product targeting affiliate and alumni groups with an interest in nature and wildlife.

In spreading the story of Tasmania's links to nature and the environment, opportunities exist to leverage carbon offsetting initiatives with partners such as Goway, Britz/Maui and BP and to work with our industry to promote eco-friendly travel experiences.

Online distribution and conversion opportunities exist in all core markets given the increased percentage of visitors to Australia using the Internet for booking part or all of their travel arrangements. We must ensure we can reach potential customers on-line through a range of new media and using www.discovertasmania.com as the key portal.

New airline carriers such as Etihad, Air Asia X, Tiger Airways and 'V' Australia also provide opportunities to stimulate visitation to Tasmania, improve connectivity to our island, and bring new customers.

Our Strategies

Tourism Tasmania intends to focus the best use of its resources in partnership with the industry, with airlines and with key trade partners.

We will continue to collaborate with Tourism Australia and the other state and territory tourism offices on specific marketing programs including the Australian Journey's campaign in New Zealand, the Best of Australia campaign in Singapore and Malaysia and the G'day USA and Canada (Australia Weeks) and Great Aussie Online Auction in North America,

We will continue to work closely with trade partners on marketing programs targeting the 'Experience Seeker', examples of which are the Wanderlust Adventure supplement with STA UK and the Mark Webber Pure Tasmania Challenge.

We will develop niche market opportunities including hiking, adventure, gay and lesbian and cruise ship visits.

Strong public relations programs with consumer and trade press also remain important to stimulate awareness and educate the markets about Tasmania, as well as an increasing emphasis on web and e-marketing opportunities with traditional tourism partners as well as partners outside the industry.

Are you interested in working with the international market?

An increasing number of Tasmanian tour operators are interested in taking their product to the international market and Tourism Tasmania can provide a range of tools and advice to assist in getting started.

The best way to start this is to meet with us! Our International and Destination Promotion Units can help you to gain a broad understanding of the markets and to establish your specific opportunity.

Other opportunities include developing relationships with inbound tour operators, international wholesalers and the Aussie/Tassie Specialist retail travel agents and working with your regional tourism associations, industry associations and other Tasmanian tourism operators.

Worth considering are memberships with Australian Tourism Export Council (ATEC), Cruise Down Under, and organisations such as Ecotourism Australia.

The first place to start is by attending our first ever International Symposium being held in Hobart on 27 and 28 November. Details can be found at www.tourismtasmania.com.au/tasind/intsymposium/

For more information, contact Tourism Tasmania International Markets on 03 6230 8164 or visit www.tourismtasmania.com.au/

Don't miss out! Be part of this growth area for tourism and let's work together to ensure Tasmania retains the profile and appeal it deserves on a world stage.