



Quarterly market report

Australia

Q3 2009

Market Highlights

# of outbound travellers previous quarter:	560,400 (July only)
- % change from previous quarter last year:	+ 9.7% (over June)
# of visitors to Canada from January 2009:	95,328 (Jan to June)
- % change from January to June 2008:	- 14.73

Comments / Other information:

Additional market statistics available through [Tourism Snapshot](#).

Air Capacity

SINGAPORE Airlines' pilots have agreed to take one day of leave without pay - each month and a cut of 65% of one day's pay, pro-rated from their monthly basic salary. (e-travel blackboard 22 June)

ASIA PACIFIC REGION air ticket sales fell 14% in May, the first month the impact of the new pandemic was felt by the travel industry. (TD 29 Jun)

DELTA Air Lines has temporarily decreased its daily Sydney-Los Angeles operations to six times weekly for the 3 months Sep-Dec. Delta began daily flights to LAX less than two-weeks ago, and are stating that maintenance checks of aircraft is the reason behind the decision. (TD 17 Jul)

UNITED Airlines released new cut-price fares across the Pacific, with return flights - Sydney to New York from \$931 including taxes. (TT 31 Jul)

The fear of SWINE FLU wiped four % points off Asia Pacific's aviation growth last month in a market where yields and revenue are already being decimated. (TT 31 Jul)

V AUSTRALIA will reduce its Sydney-Los Angeles flights from daily to six per week form 01 Feb- 27 Mar 2010, with the new MEL / LAX flights to operate twice rather than three times per week from 01 Dec 09. (TD 28 Aug)

Carriers flying direct AUSTRALIA TO THE USA all recorded increases in passenger traffic & load factor in June, as travellers took advantage of cut-price fares. Gov't figures showed yields remain under pressure, but the traffic boost could be proof the market has bottomed out. Load factors inbound services rose from 56.4% last month to 60.8%. Flights to the US performed even better, with loads up from 60.8% in May to 78.6% (TT 03 Sep)

Economic / Political Environment

GDP growth:	+ 0.5% June quarter
forecasted economic growth:	0.6%
unemployment rate:	5.8% (August)
Inflation rate:	1.5% (CPI year to June 2009)
consumer price index:	rose 0.5% in the June quarter
exchange rate:	A\$1.09 = C\$1 (average June 17 to Sept 14)

Comments / Other information

The widespread travel industry discounting has been reflected in the ABS consumer price index. A 3.4% decrease in prices for overseas holiday travel and accommodation over the three months to 30 Jun. Interestingly the effect has only been limited to Int'l travel, with the figures showing a 1.0% increase in the costs of domestic travel. The reduction in prices for overseas travel contributed -0.1% to the overall CPI quarterly result, which was up 0.5% for the quarter and 1.5% for the 2008/09 financial year. (TD 23 Jul)

The Australian economy grew by a relatively solid 0.6% in the 3 months to June, increasing the prospect of higher interest rates this year. The rise in (GDP) compared with unrevised 0.4% growth in the March quarter, and took the annual rate to 0.6%. (DT 02 Sep)

Emerging Tourism Trends

TRAVELLERS CHOICE will begin a series of state meetings as its commercial tie-up with JETSET TRAVELWORLD comes into effect. From July 1st, the 2 networks will come together as 1 buying group (TT 30 Jun)

CREATIVE HOLIDAYS has been hammering home the value proposition in recent months to drive sales. Earlier this year it stripped out value ads in its tactical marketing to focus purely on price. They found that consumers were unclear about what the value ads were worth. (TT 30 Jun)

CREATIVE HOLIDAYS is not planning major changes to its product next year, claiming it is a year of consolidation. The wholesaler refreshes 5% of its product annually. Its new brochures are due by Christmas (TT 30 Jun)

Expectation is being created in consumer's minds that airfares will continue to fall, rendering the EARLY BIRDS redundant as consumers become accustomed to booking just weeks before departures as they hold out for rock bottom airfares (TW 3 Jul)

AMADEUS has noted a pick up in bookings, especially long-haul apparently as a result of the Government's stimulus package, heavy airfare discounting & a strengthening Australian dollar. (TW 3 Jul)

TOP 4 Internet agencies - 1. Webjet with 13.5% market share 2. Flight Centre with 9.3% 3. Expedia.com.au with 7.36% 4. Lastminute with 7.03% (TW 3 Jul)

GLOBUS has forecast lead booking times will shorten even further as the glut of discounts continue to play havoc with booking patterns and create a forward planning nightmare for the trade. (TD 08 Jul)

TRAVEL AGENTS remain the major booking channel for overseas holiday makers according to Roy Morgan Research. The study revealed 65% who went overseas on their last holiday booked with an agent (TD 10 Jul)

Domestic tourism is facing a long, steady decline as Australians increasingly SEEK NEW EXPERIENCES & cultures that overseas travel can provide, new research has found. Shifting behaviour, attitudes and demographics are all contributing to the trend for holidaymakers to turn their back on domestic travel, Roy Morgan Research revealed. Despite low consumer confidence, people are refusing to drop their holiday plans. Key findings from the survey of 20,000 Australians showed that the number who took an overseas holiday in the last 12 months increased from 12% nine years ago to 19% now. Those planning to travel abroad climbed from 4.4% to 7.1%. Consumers increasingly regard themselves as 'attracted to new ideas' while fewer describe themselves as 'cautious', further fuelling a desire to travel overseas to seek new experiences. (TD 10 Jul)

The SKI MARKET has mirrored the wider travel industry with late booking trend in recent months as skiers scour for bargain deals. Gary Grant, GM at Perisher, said the move to a late booking pattern had been in place for a few years, but had accelerated this year. (TT 07 Jul)

INSIGHT Vacations have seen an uptake of more than 100% over the past six-months in travel consultants using its online booking system for reservations. (TD 21 Jul)

INSIGHT'S 2009 season figures are not yet available, given the drastic change in

booking trends as a result of the global financial crisis, but they have seen a big jump in the number of last-minute (inside 60-days) bookings. "The USA is now the most popular long-haul destination for Australian travellers, ahead of the UK and Europe, and the most popular destination after New Zealand. (TD 27 Jul)

JETSTAR ceo Bruce Buchanan announced the introduction by the end of this year of "world first" technology which will see boarding passes available on mobile phones using standard SMS messages. (TD 5 Aug)

WEBJET has grown pre-tax profits by 14% to \$10.8m in the 12 months to June. (TT 06 Aug)

AUSTRALIANS looking for credible travel information are more likely to turn to BLOGS than travel agents, a new survey from VISA has found. The poll of 1,000 Australians found one in three preferred travel blogs, while 24% Preferred to consult family and friends. Travel agents were the third most popular source, with 13% of the vote. Newspaper travel supplements were ranked at the bottom, with just 4%. (TT 11 Aug)

NIELSON ONLINE says 14 million Australians now use the internet - of those, 8 million searched for travel-related material in July. Age bracket 35 – 49 spent the most time online (32%), followed by the 18-34 age brackets (22%). Closer analysis showed 28% of internet usage was from people over 50. Top 10 websites in Australia, three of them are social media sites with Facebook attracting 7.7 million visitors in July. Facebook had grown 69% year-on-year while Twitter had grown 979% year-on-year, albeit off a small base. Google, Ninemsn and Microsoft are the top three websites in Australia. (TT 9 Sept)

WOTIF.COM continued the growth curve for Australia's online sector posting a \$43.5 million after-tax profit, up 26% over last year. (TT 26 Aug)

One in four Australians have taken an overseas trip this year on impulse, according to TRAVEL.COM.AU. A survey showed 25% had no intention of travelling but did so when airfares were slashed. Lead in times has fallen from 4 to 6 months to 2 to 3 months. (TT 12 Aug)

Market Development Activities

INTREPID TRAVEL posted strong sales & passenger growth. The adventure operator expects to finish the year with sales growth of 11%. A 66% increase in passengers on its Australia program; international markets posted a 51% increase; strong sales recorded for NZ & the UK, while sales in Europe, Japan and NA remained steady. (TT 19 Jun)

TRAFALGAR TOURS research finds that consumers are delaying their holiday

plans but are still determined to travel. (TT 22 Jun)

Concern is rising that 2010 EARLYBIRD airfares will be worthless as consumers become accustomed to booking just weeks before departure as they hold out for rock bottom airfares. (TT 24 Jun)

TRAVELSCENE American Express have cancelled the annual meeting on the Gold Coast after management met with offices nationally who explained that while their teams wanted to attend the Frontliners conference - it was more important to continue to meet the needs of their business.

HARVEY WORLD TRAVEL is carrying out micro-marketing for the first time & is honing in on geographical regions that are escaping the worst of the economic downturn. This approach replaces HWT's national marketing strategy which has been not deemed cost effective in difficult economic conditions. Overall sales remain about 25% down, & those who rely on the retiree market are suffering more than most. (TT 25 Jun)

INSIGHT VACATIONS has posted a surge in bookings for its 2009/10 Winter Europe & Eastern Mediterranean program. M.D. Lorraine Sharp said that on the back of growing consumer confidence, the operator had seen "extremely promising" conversion rates for its winter holiday program. (TT 29 Jun)

APT has added Laos & Cambodia to its 2010 China & Vietnam brochure. The wholesaler said the introduction of Indochina followed demand from APT Club members looking for new destinations. (TT 29 Jun)

CREATIVE HOLIDAYS is pressing airlines to reinvigorate the concept of earlybird pricing by gradually ramping fares up during the traditional booking season for UK and Europe. The wholesaler will start speaking to its key airline partners this week, suggesting that rather than offering ongoing discounts and tactical offers with wide validity, they set a minimum Price and have it in the market for a few weeks to gain traction, and then step pricing up for later bookings. (TD 29 Jun)

VIRGIN BLUE AIRLINES GROUP and DELTA Air Lines have indicated their intention to form an alliance on the Pacific route which will lead to improved service and a code share on their respective networks (through Australia for Delta and through the US for Virgin Blue) (TD 9 Jul)

AIR CANADA has launched sale fares from \$1,462 incl taxes, at the same time bragging that it is "the only way to go if you don't fancy dragging your ski or snowboarding gear on and off planes in transit." (TD 23 Jul)

INSIGHT VACATIONS reports that its 2010 Oberammergau program is on the way to selling out, with a recent surge in bookings attributed to the addition of its Definite

Departure allocation on its website. (travelmole 13 Jul)

SKIMAX has introduced a new Premium brand line-up of accom options in the USA, Canada & Japan, aimed at the discerning traveller. SKIMAX has added luxury style apartments, 5 star hotels & ski-in, ski-out (TD 10 Aug)

EXPLORE Holidays & CREATIVE Holidays have axed their Africa programs for 2010 shifting their focus to core markets amid the difficult trading environment. (TT 21 Aug)

Sydney-based ski specialist ALPINE WORLD has called in administrators as the business looks to trade out of trouble. (TT 04 Sep)

CTC Activities

Trade Development

- The CSP e-newsletter continues every 2 month – the July issue focused on summer experiences that can be had in Canada.
- 6 ads were placed in Travel Daily throughout the quarter to increase the Explorer database.
- 10 tickets to the CDN film festival were given out as incentives to the CSP and Explorer agents.
- 14 presenters and 16 tabletops have been confirmed for Corroboree 2010. Work has begun on the Travel agent part of the website to ensure all agents can register online.
- Two Quebec webinars ran in July with 20 agents attending.
- CSP Fam – 6 agents took part in the Vancouver and the Yukon fam. 3 of the agents on the trip have already worked out ways to market the Yukon to their clients.
- An Olympic sales based incentive has been developed and is waiting on approval from VANOC. The details of the incentive will be sent out to all CSP agents by the 1st of October.
- Fortnightly contact with both CSP and Explorer agents has been kept up – keeping the agents on top of all things Canada.

Consumer Development

- The Consumer e-newsletter, Canada Revealed continues monthly - the third

quarter focused on Winter, Quebec and Water Adventures.

- The Consumer Ski e-newsletter, Ski Traveller recommenced on a fortnightly basis. It will focus on those resorts and partners that have bought into our Ski Campaign.
- Work has begun on the launch of the new Travel Guide. Advertising proposals will go out to partners mid-Sept and it is planned to be released in early November in time for the launch of our Summer FIT Campaign.
- The CTC Ski Campaign is launched on the 18th of July and will continue till mid to late October. Early results are encouraging in regards to feedback and website stats. Bookings to the wholesalers are only just starting to come in now which is a little later than expected. The feeling from the wholesale partners is that this is more of a reflection of the market here now, with shorter lead times, rather than anything to do with the campaign. The campaign total budget came in at A\$430k, which is slightly higher than last year.
- The Canadian Film Festival ran in Sydney from August 20-26 with the CTC as their major partner, along with the festival's organizers, The Festivalists. A landing page was created on the CTC Australia homepage to promote the event - as well, a publicist is working to promote the event. A trip for two to Canada was being given away – compliments of Air Canada & Natural Focus Safaris. Attendance to this year's festival was up by 40% which is a great result. The CTC also hosted 100 guests to the opening night of the festival which was a great success.
- Preliminary work on the Summer FIT campaign has begun with our agency pitching different creative options as well as a proposed media plan. Once agreed on, we will pitch to partners to buy in with the plan to be out in market by early November.
- Key Co-Op Marketing Campaigns began this quarter with the likes of APT, Scenic Tours, Creative Holidays, Exclusively Canada, Natural Focus Safaris, Insight Vacations & Trafalgar Tours.

Media

- It's been a busy quarter for media! A group family departed at the beginning of July. The group spent 4 days enjoying the Calgary Stampede and another 4 days exploring the Yukon. Journalists travelling covered print, online and freelancers.
- We have had magazines, newspapers and online journalists visit BC, Alberta, Ontario, Quebec, Yukon, Nova Scotia and PEI this quarter. All were briefed on the 2010 Winter Games before departure. These journalists all travelled independently, taking in new experiences right across the country.
- Planning is almost complete for GoMedia which begins in late September. The

event is taking place in Whistler this year and 5 Australian journalists are attending. They are all also taking part in pre and post media famils to various provinces.

- TV coverage on the Rideau Canal, Ottawa and Toronto was screened on The Great Outdoors (Ch 7) travel program in August.
- A crew from the Gurus Explore visited Alberta and Yukon in August. Their one hour Canada special will air on Channel 9 later this year.
- We are also in talks with radio station MMM to broadcast their drive program with Roy and HG from Whistler and Vancouver in November.
- A crew from subscription television program, FOXTEL, departed for Canada on Sept 13 taking in the Toronto Film Festival and Toronto surrounds Niagara, Vancouver, Whistler, Sonora Resort (BC), Banff, Lake Louise and Calgary. B-roll from Montreal and Quebec City will also be aired throughout this Canada special which will be screened in January on at least 3 FOXTEL channels. The crew are interviewing Michael Buble in Vancouver for this special.

Public Relations

- We held two large events on Canada Day this year. The first was a Pancake Breakfast for Sydney commuters on July 1. Sydneysiders were given Canada bags with collateral including our travel and ski guides, as well as a summer and winter deal from one of our wholesale partners. Over 3000 bags were given out by Canadian partners who were in Sydney for Tourism BC's Downunder roadshow. The same number of pancakes was served.
- The Canada Day lunch was held at The Ivy Room for 190. Guests included media and industry partners as well as 2 tables of Consulate guests. The event was 2010 Winter Games themed and was hosted by Australian Summer Olympian, Matt Shirvington. Winter Olympians Alisa Camplin, Craig Branch and Jenny Owens were in attendance and all spoke to the audience throughout the luncheon. Miga, Sumi and Quatchi were in attendance as well as the Tourism BC Canadian partners. Both events were a great success!

Advertising Equivalency Value

Date	Circ/Viewers	Editorial Value
July - September	20,026,404	\$ 2,987,168.47
Year to date	61,786,099	\$ 18,823,514.97

Competitive Environment

KENYA Tourist Board (KTB) has made its first marketing move in Australia with Global Tourism Interface appointed to raise its Profile. KTB wants to raise visitor numbers from Australia by 35% as the Australia market has proved resilient over the past 12 months (TT 22 Jun)

OBERAMMERGAU tours are hitting the market for travel to Germany in 2010 to view the Passion Play - which occurs once every 10 years. Much interest has been generated around these new tours.

Short-term visitor arrivals to Australia rose 1.3% in May 474,900 (TD 3 Jul)

MALAYSIA & INDONESIA - two of the strongest performing markets for inbound arrivals in the first half of 2009, Tourism Australia has said. Arrivals from Malaysia were up 29% in the six months to June, while Indonesia arrivals rose 4%. (TT 10 Aug)

Asian tourists have been scared off travelling to Australia. The swine flu, coupled with the global economic crisis, has exacerbated the decline in visitor arrivals from Asia, the TTF said. Figures released showed; Japan plummeted 44.5%, China 20%; Korea 20.6%; Hong Kong 18.1% and Thailand 20.1%. (TT 05 Aug)

Australian visitors to the US rose 1.1% in the second quarter to 190,726 as travellers took advantage of cut-price airfares. (TT 14 Sep)

AUSTRALIA & NEW ZEALAND are making plans to undergo joint tourism marketing under a proposal discussed by its' Prime Ministers. In what is regarded as a first collaboration of its kind, the two nations will draw up a trial joint campaign to push Australasia to long haul market. (TT 24 Aug)

TAIWAN Tourism appointed a marketing & PR agency in Australia, marking the start of a major push for the destination in this market. (TD 9 Sept)

Future Outlook

RBA Board Meeting Minutes Released*

Further interest rates cuts appear unlikely following the release of The Reserve Bank board minutes which suggested an economic recovery could start as soon as this year.

In a quicker than expected turnaround, the minutes for the bank's July board meeting, indicated an economy "more resilient than expected" with exports

"remarkably strong" and some mining companies and ports "operating close to capacity". The Reserve Bank credits a pick-up in China with the turnaround as well as the Government's fiscal stimulus programs and its own dramatic cuts in interest rates, which have more than halved variable mortgage payments in less than a year.

It says retail sales are 7% above their pre-crisis levels, "considerably stronger than in comparable countries", and that both consumer and business confidence is rising. "Housing loan approvals have recorded a strong increase, and house prices are again picking up, with the rises becoming more widespread. The outlook is for a gradual recovery to begin later in the year, and downside risks to that have diminished."

Given the better-than-expected performance, the RBA now forecasts the economy to post a modest growth of 0.5% in 2009, with the growth continuing to firm up in 2010. Moreover, the central bank expects a 2.25% growth in 2010 and a 3.75% growth in 2011.