



Tourism Industry Council Tasmania

Submission to

the Tasmanian Government's

White Paper on 'Tasmania's Place in the Asian Century'

15 October 2012

Tourism Industry Council Tasmania (TICT) is the peak body that represents and acts for the Tasmanian tourism industry

The Council is a not-for-profit organisation that promotes the value of tourism in the Tasmanian community. TICT provides a strategic direction and united voice for the sustainable development and growth of the Tasmanian tourism industry and in advocating policy on behalf of the industry.

TICT has a large, representative based board, bringing together various industry sectors, including commercial accommodation and hospitality operators; visitor attractions, experiences and tour operators; transport operators and ports, tourism-related industry associations, and regional tourism organisations.

Tourism's contribution to Tasmania's engagement in the Asian century

TICT welcomes the opportunity to contribute to the development of a 'white paper' on Tasmania's place in the Asian Century.

Tourism and the promotion of Tasmania as a visitor destination will be a major driver in Tasmania's engagement in Asia. Tourism is Tasmania's largest service-based export industry, and the value of inbound visitation from Asia to Tasmania is projected to grow significantly over the coming decade. Already the Chinese market is the fastest growing international visitor market to Tasmania, and projected to double in visitor numbers by 2020, while other emerging Asian markets including Indonesia, Thailand, and Singapore, as well as India, are all projected to increase in visitor engagement to Tasmania.

Our submission therefore explores two key issues to be considered in the broader context of the Tasmania's long-term engagement in Asia.

1. The projected growth in Asian visitor markets over coming years will create new opportunities and challenges for our industry; and
2. The fundamental role tourism play in building the Tasmanian brand in Asian markets, and the emerging opportunity to engage tourism-related activities with other sectors of the Tasmanian economy entering these markets.

International visitors to Tasmania

It is importantly to consider the context of international tourism to Tasmania, particularly from Asia markets, as it contributes to our overall industry.

The Tasmanian Visitor Survey (TVS) results for the financial year ending June 2012 shows that Tasmania attracted 141,200 international visitors over the previous 12-months. This was down 5% on the previous year. International markets constituted 16.5% of all visitors to Tasmania for the year ending June 2012. In way of comparison, international markets make-up a slightly larger share of Tasmanian visitor numbers to that of Queensland.

Tasmania's share of all international visitors to Australia was 2.6% in 2012. This was slightly down from 2.7% the previous year. In terms of leisure based-travel, Tasmania's share of international visitors represents 3% of the Australian market.

Table 1: Visitor Markets to Tasmania (All Visitors)

Market	2012 FY Visitor Numbers	% of All Visitors
Victoria	317,500	37%
New South Wales	173,400	20%
International	141,200	16.5%
Queensland	122,200	15%

Other Domestic	52,700	6%
Western Australia	48,200	5.5%

Importantly, while two-thirds of domestic visitors to Tasmania are leisure orientated travelers (on Holidays or Visiting Friends & Relatives); over 90% of international visitors to Tasmania are leisure-orientated travelers. This is a significant point to emphasise the important role tourism – and tourism marketing - plays in promoting Tasmania more broadly in these countries; Nine out of Ten International visitor arrivals to Tasmania are here for leisure purposes.

Table 2: Purpose for visiting Tasmania

Market	Total Visitor Numbers	Holiday Visitors	Visiting Friends & Relatives	% Leisure Visitors
Interstate Visitors	736,000	345,700	250,700	67%
International Visitors	141,200	100,900	30,400	93%

The TVS also shows there are significant and important differences between Tasmania's domestic and international visitor markets.

The average length of stay for an international visitor to Tasmania is significantly longer than that of a domestic visitor, while the average daily spend is less than half that of a domestic visitor.

Table 3: Visitor Spend and Length of Stay

Market	Average spend per night	Average Length of Stay (nights)	Average Visitor Spend
Interstate Visitors	\$189	8.3	\$1,566
International Visitors	\$88	20	\$1,792

Tasmania's average international visitor spend is roughly half that of the average international visitor spend in Australia (\$3,244).

This suggests there are two key market segments dominating international visitation to Tasmania

- First time visitors to Tasmania, generally on pre-packaged tour groups and organised travel, where the average daily visitor spend is much less than that of a free and independent traveler; and
- The Visiting Friends and Relatives Market that generally stay longer and spend less on accommodation and hospitality.

Historically, international visitors have made up between 12% and 17% of all visitors to Tasmania each year, varying more on fluctuations in the domestic visitor market, rather than significant changes in international visitor numbers.

Key International Markets for Tasmania:

Since the Global Financial Crisis in 2008, the trend in Australian inbound tourism has been declining arrivals and expenditure from Australia's traditional visitor markets of Europe, US and Japan, while emerging Asian markets grow rapidly in annual arrivals and visitor expenditure. This trend has been

largely driven by broader industry and macro-economic factors, including the high Australian dollar, flat western economic growth and strong competition among low-cost Asian airlines.

This trend has been reflected in Tasmania, where we have experienced decline in visitor numbers from our traditional markets, but growth in the emerging Asian markets.

Table 4: International Markets to Tasmania Pre GFC – (Financial Year Ending June 2007)

	Market	Number of Visitors
1.	Europe (not including UK)	30,800
2.	UK	30,100
3.	North America (USA & Canada)	28,700
4.	Other Asia (Not including China, Korea, Japan)	24,100
5.	New Zealand	13,600
6.	Japan	9,400
7.	China	9,100
8.	Korea	5,500

Table 5: International Markets to Tasmania Today (Financial Year ending June 2012)

	Market	Number of Visitors (Change in 07)
1.	Europe (not including UK)	31,600 (Up 3%)
2.	Other Asia (Not including China, Korea, Japan)	31,700 (Up 24%)
3.	North America (USA & Canada)	25,600 (Down 11%)
4.	UK	17,100 (Down 43%)
5.	New Zealand	12,700 (Down 7%)
6.	China	10,600 (Up 12%)
7.	Korea	3,300 (Down 37%)
8.	Japan	3,300 (Down 65%)

The most striking aspect of these results is the significant decline in visitors to Tasmania from the UK, and Tasmania's traditional Asian markets of Korea & Japan. These are obviously countries that have experienced significant economic and other challenges over the past five-years however it does suggest a changing of the guard towards emerging Asian markets.

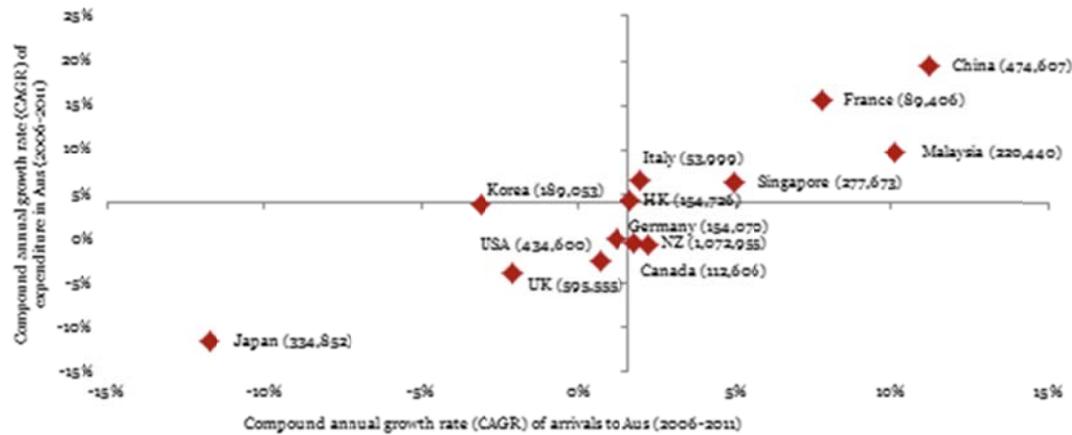
Indeed the key growth markets in the 'Other Asia' category include the non-traditional markets of Thailand, Hong Kong, Singapore and Indonesia. Visitor numbers from Singapore, Thailand and Hong Kong all now individually feature in the top 10 inbound markets for Tasmania, replacing the more established Asian markets of Korea and Japan.

The rate of growth in some of these new and emerging markets over the past five-years, although off a low base, out-strips the national growth rates for these markets, implying Tasmania is capturing market share.

This shift in demand mirrors a much broader, longer term trend of Australia being pulled into the Asian sphere of influence, where strong political and economic ties into Asia are becoming increasingly important.

The following chart shows the compounding growth rate in international markets to Australia from 2006 to 2011.

Table 6 International tourism to Australia Post GFC



It is important to stress, however, that while the current trend suggests Tasmania’s international tourism focus should increasingly turn to these new and emerging Asian markets, the reality is Tasmania’s traditional international markets will continue to be significant drivers of visitation to Tasmania in the foreseeable future.

Despite the strong growth potential of these Asian markets, the Commonwealth Department of Resources, Energy & Tourism’s Tourism Forecasting Committee still expects the four most valuable inbound markets for Australian tourism in 2011 – China, USA, UK and New Zealand – to remain the four most valuable markets for Australian tourism in 2020.

Visitor numbers to Australia from North America are already showing signs of recovery, while the UK, Europe and New Zealand markets are all expected to recover over the next four-to-five years as the economic cycle turns.

The following table forecasts Tasmania’s likely visitor numbers from key international markets in 2020 based on Tasmania maintaining its current market share as a percentage of the total projected visitor numbers to Australia from these markets in 2020 according to the Department of Resources, Energy & Tourism.

Table 7 Tasmania International Visitors in 2020 from key markets (based on current market share)

Market	2012 Visitors	2012 % of all Visitors to Australia	2020 Projected Visitors
USA	18,700	4.3%	26,187
China	10,600	1.9%	24,500
UK	17,100	3.0%	21,840
New Zealand	12,700	1.2%	16,680
Hong Kong	9,100	5.9%	12,980
Malaysia	6,800	3.1%	9,889
Singapore	6,500	2.3%	9,290
Thailand	2,900	3.8%	4,560
Indonesia	1,000	0.8%	1,992
India	700	0.5%	1,360

China

The market expected to generate the most opportunity for Australian tourism over the next decade is obviously China. The China market was worth \$3.8 billion in total visitor expenditure in 2011. Tourism Australia's Tourism 2020 Strategy estimates the China market has the potential to grow to between \$7.4 billion and \$9.0 billion in total visitor expenditure by 2020. To put this in context, this is the equivalent to the forecast combined visitor spend in 2020 of all visitors to Australia from the US, UK and Japan.

In terms of total visitor numbers, Tourism Research Australia Tourism Forecasting Committee forecasts 1,001,000 Chinese visitors to Australia in 2020. In 2011 Tasmania attracted 1.9% of all visitors to Australia from the China mainland, up from 1.6% the previous year. If Tasmania was to hold its current market share of all Chinese visitors to Australia then we could realistically expect to attract around 25,000 mainland Chinese visitors to Tasmania each year by the end of this decade, and an additional 13,000 visitors from Hong Kong. Together, this would position China / Hong Kong as Tasmania's largest international market.

Tasmanian tourism engagement in Asian markets.

In the context of the enormous scope of the Asian market, particularly China, one of the key challenges for Tasmanian tourism is identifying the best strategy to maximize the return on the limited resources the industry has at its disposal to influence these markets.

In 2012/13 the Tasmanian Government, through Tourism Tasmania, will directly invest \$1.1 million in international tourism market activities. Currently his market activity is spread across the globe, including maintaining contracted trade consultants in the United Kingdom, Europe, North America, New Zealand, Malaysia, Singapore, Japan and Korea.

Tourism Tasmania activities in Asia include coordinating co-operative campaigns and promotions with partners including airlines, tour operators, wholesalers and inbound tour operators as well as the in-country trade. Tourism Tasmania also provides opportunities to educate international travel buyers and to help them experience Tasmania and Tasmanian tourism product through sales calls, trade missions, workshops and familiarizations.

Tourism Tasmania also works closely with Tourism Australia as part of their campaign activities in these Asian markets. Over the past 12-months Tourism Tasmania has progressed positive initiatives with Tourism Australia in terms of promoting Tasmania's golf tourism experience and Great Walks Group to an international market. Tasmania candidacy as a National Landscape is also directed towards international markets.

Tourism Tasmania is in the process of reviewing its international market activities, which is likely to see a significant change in the way Tourism Tasmania engages in international markets. TICT supports this review and a number of tourism operators have been consulted as part of the process. TICT believes the outcome of this process should see further cooperation with Tourism Australia activities and less independent campaign activities.

It is important to emphasise in this context that in the foreseeable future Tasmanian tourism will continue to rely on its traditional domestic markets for the vast majority of its visitor activity and expenditure. Restoring and maintaining growth in the core domestic visitor markets of South-East Australia will remain the industry, and Tourism Tasmania's, driving priority.

While China obviously presents a considerable opportunity for Australia tourism, it is important to recognize that current projected annual growth in visitation to Tasmania from China over the next decade represents fewer visitors than the decline in domestic visitor numbers to Tasmania from Victoria in 2011.

Through research commissioned by TICT from leading tourism market forecasters, BDA Marketing, TICT identified that it is possible to trigger demand growth in these key domestic markets through relatively small investment in destination marketing. To achieve the same value in demand growth in international markets requires a far greater investment in international marketing activities.

With a flat domestic tourism market, declining budget forward-estimate for Tourism Tasmania, and considerable competition from other destinations in our domestic market, it is our view any additional marketing resources available to Tourism Tasmania should be prioritised in domestic market activities, not international.

If additional resources are to be made available to support tourism engagement in Asian markets, we believe these resources should be invested in strategic activities based on established market opportunities, rather than targeting new or emerging markets through traditional destination marketing activities.

International Students

One such established market that we believe warrants prioritisation are international students from Asian countries studying in Tasmania, as well as at International Students studying in mainland Universities.

It is our belief, borne out by anecdotal feedback from the industry that a significant proportion of the Asian tourists currently visiting Tasmania are students and their families. The TICT applauds the University of Tasmania's plan to double the number of International Student enrolments to 8,000 by 2018. We see potential significant linkages and benefits for the entire tourism industry including some obvious and cost effective promotional channels to increase tourism to Tasmania if this plan is leveraged by the tourism industry.

This initiative offers the opportunity for tourism to leverage the work being undertaken by the university and develop strong, mutually beneficial working relationships between UTas and the Tasmanian tourism industry as well as other universities around Australia with Asian student populations in order to grow Asian visitation to Tasmania.

Key to success in this highly competitive market will be to provide relevant and compelling destination messaging with consistency in positioning of Tasmania for the Asian market from UTas and tourism. Established agreement on this positioning and development of a leveraging plan should be seen as an immediate priority.

This is an example of practical engagement through established networks that our industry can tap into Asian markets within the current resources available to these markets.

A single Tasmanian Brand in Asian Markets.

TICT also believes consideration should be given to a single consistent 'whole-of-state' brand and identity for industries and sectors seeking to engage in the Tasmanian market. It could be suggested

that the current engagement in these markets is 'cluttered', with different images and bands promoting Tasmania as a place to visit, import from, study in, or invest.

We know tourism promotion is a major driver of overall consumer interest and awareness of Tasmania in all international markets, which supports market perceptions of Tasmanian export produce.

Given the complexity of engaging in the massive Asian market, we should consideration be given to a single, simple Tasmanian identify and brand in these markets covering all sectors of the economy. These could be based on emphasizing the common market traits of Tasmanian tourism and produce, particularly around our clean, green image that would also support our market industry. Similarly the fascination in Asian market around the Tasmanian devil is another opportunity.

Access

The discussion paper raises limitations around access to Tasmania from Asian markets as a key point for consideration in the 'White Paper'.

From a tourism perspective, reliable, affordable and easy access to our Island State is a fundamental to all markets, including obviously international visitation. TICT is an active participant in the Tasmanian Government's Access Working Group that is currently finalising its report to the Minister for Tourism on issues and opportunities for enhancing air and sea access to Tasmania.

We urge for that final report to be considered in the context of consideration about issues around access to Asia from Tasmania Asian markets, as this process has considered input from airlines and airports. While we do not believe it is achievable to attract direct international flights to Tasmania in the foreseeable future, there are considerable opportunities to work with the airlines to improve the networks for international carriers into Australia to make it seamless for visitors to transfer to international markets.

TICT believes a direct air service between Tasmania and Western Australia should be a strategic priority for our industry and the State, which would provide direct access into the emerging air gateway Perth provides into Asian destinations, particularly China.

Luke Martin
Chief Executive Officer
Tourism Industry Council Tasmania

PH: 6224 1930
Em: luke.martin@tict.com.au