

## **Understanding and Communicating with Australian Holidaymakers**

**Tourism Futures Conference  
Melbourne, Australia  
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**Presented by  
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Roy Morgan Research  
Melbourne, Australia**

Australians' tourism dollars are flowing out of the country at an increasing rate.

We heard yesterday that there are expected to be fewer (or at least not more) international visitors to Australia. However, with the combination of billions of \$s in the world, and millions of people wanting to travel to Australia, we must not give up too easily.

Today I want to make three points:

- The trends are pointing away from Australian domestic travel;
- It is all about 'perception'. And if we want to change perception and thus behaviour, listening to and understanding Australian holiday makers is crucial;
- The fundamentals of communication, marketing and sales still apply – the trends don't have to happen.

First, I want to announce partnership between Roy Morgan Research and the University of Queensland. The School of Tourism and Leisure Management at the University of Queensland has as its mission 'to be an International Beacon of Best Practice in Tourism Education'. The School is involved in teaching and research, and has a commitment to developing the international standing of the School, being involved in industry partnerships and contributing to the growth of the tourism industry.

Roy Morgan Research is in the business of market and social research in Australia, New Zealand, the US, UK, and Indonesia. Our data, software and analytical techniques are used by Government and private sector in a whole range of industries including tourism. Roy Morgan Research is committed to helping our clients be more competitive.

In line with this, we are eager to support and facilitate any endeavour that enhances the understanding of the role of information in tourism development, for instance providing real market data for course work, and for PhD students and other academics to use in their research and publish.

In essence, the partnership between University of Queensland and Roy Morgan Research is about Best Practice through combining leading academic thinking and leading edge data, software, and analytical frameworks.

**The trends are against us.**

According to Roy Morgan Research, Australians spent almost \$50 billion on holidays and tourism in the last 12 months – some 60% (an estimated \$30.1 billion) on travel in Australia and 40% (an estimated \$19.8 billion) in travel overseas.

Domestic spend at \$30 billion is marginally up (from \$27.3 billion last year) while international travel is up around 40% (from \$11.6 billion last year to almost \$20 billion).

This is a serious trend – and it’s away from Australia – toward international travel. In 2005 domestic travel represented an estimated \$27 billion (or 70%) compared to international travel at \$11.6 billion (30%). Domestic travel now represents around 60% compared to international travel at 40%.

| Total \$s spent by Australians on holidays/tourism |                       |                          |                       |                          |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
|  | <u>September 2005</u> |                          | <u>September 2006</u> |                          |
| <b>Within Australia</b>                            | <b>70%</b>            | <b>\$27.3 bil</b>        | <b>60%</b>            | <b>\$30.1 bil</b>        |
| <b>Overseas</b>                                    | <b>30%</b>            | <b>\$11.6 bil</b>        | <b>40%</b>            | <b>\$19.8 bil</b>        |
|  | <b><u>100%</u></b>    | <b><u>\$38.9 bil</u></b> | <b><u>100%</u></b>    | <b><u>\$49.9 bil</u></b> |

Source: Roy Morgan Single Source – approximately 7,000 Australians surveyed between July and September about their travel in the past 12 months.

*Discover your edge*

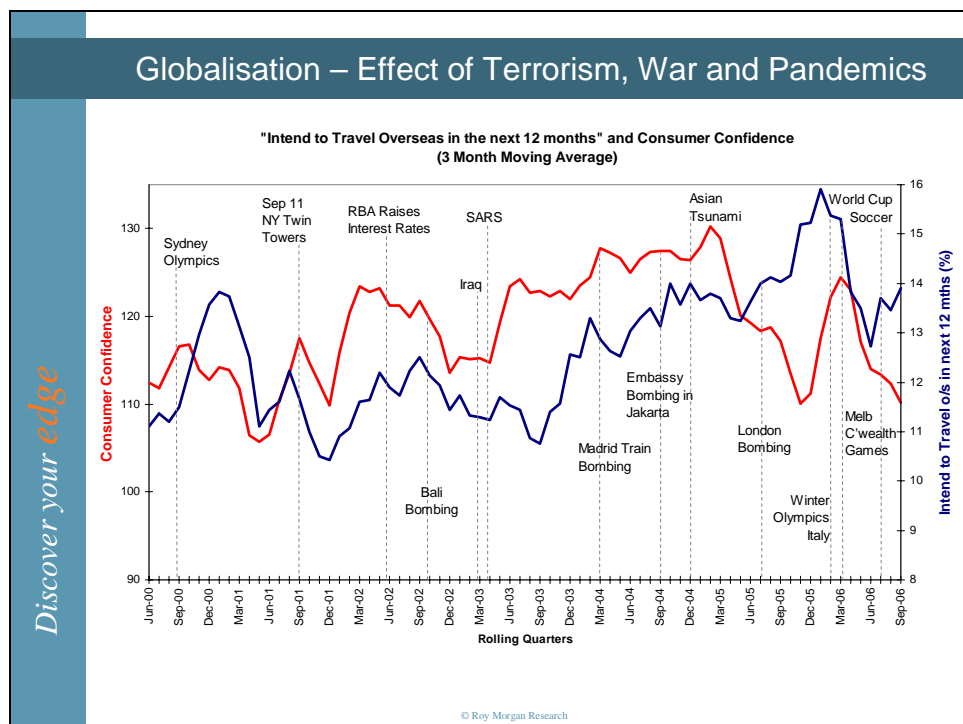
© Roy Morgan Research

As we pointed out last year at this same conference, tourism and leisure in the 21<sup>st</sup> Century are being shaped and buffeted by many forces.

Globalisation is having a huge impact on the world and tourism is particularly affected by these changes.

It is not only our **economies** that are linked – it's the **people**.

Last year our focus was very much on how **new** communication technologies provide up-close and real-time media coverage of terrorism attacks, wars, and natural disasters, and their impact on Australians' appetite for travel.



It is now time to focus our attention to the other implications of globalisation and the technological revolution, and the other trends that drive travel and tourism activity and choice – and the opportunities.

## Technology and Communications

Walker in 1997 and Lord Marshall in 2000 said:

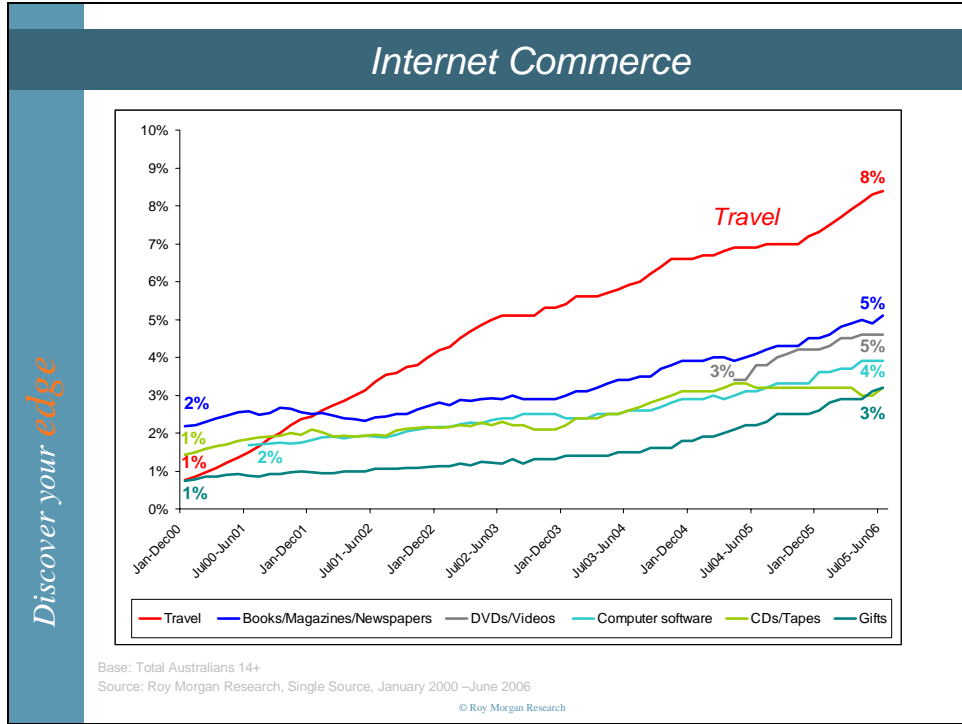
*“The sheer size and dynamic nature of two of the world’s fastest growing areas of commercial activity have ensured that technology and tourism are increasingly interdependent and that, indeed, technology is dictating the restructuring of the entire tourism industry.”*

D Walker (1997) and Lord Marshall (2000) on the  
World Wide Web and Digital Television.

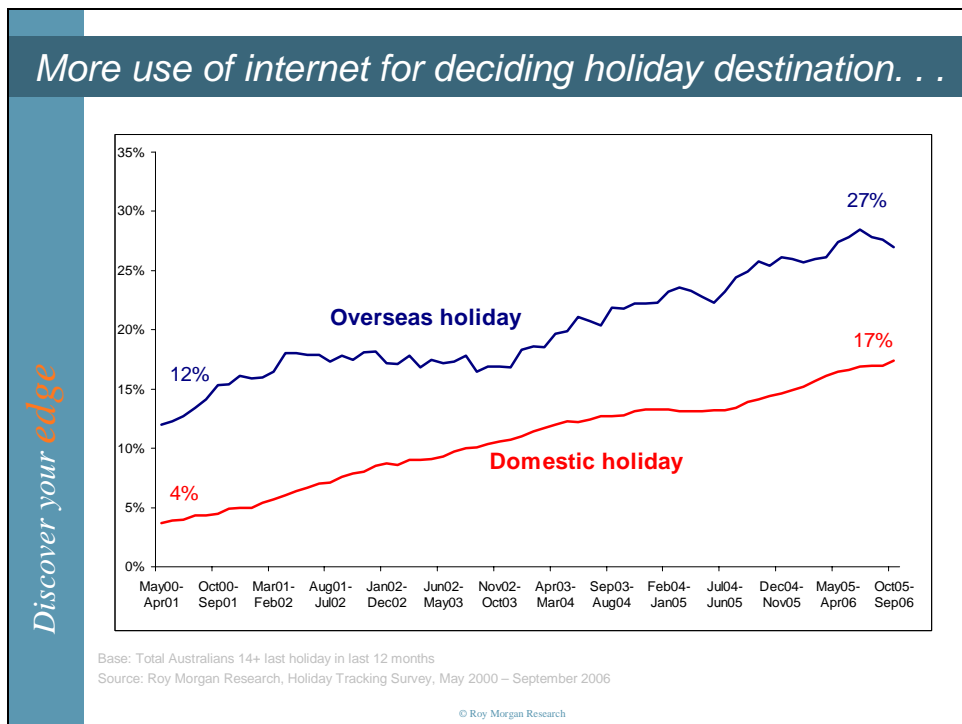
Source: Journal of Vacation Marketing April 2001: *Consumers, Travel and Shopping – A Bright Future for Web or Television Shopping*

The Internet has radically changed tourism distribution channels and booking patterns. It is now one of the most important pre-departure tools for Australian travellers.

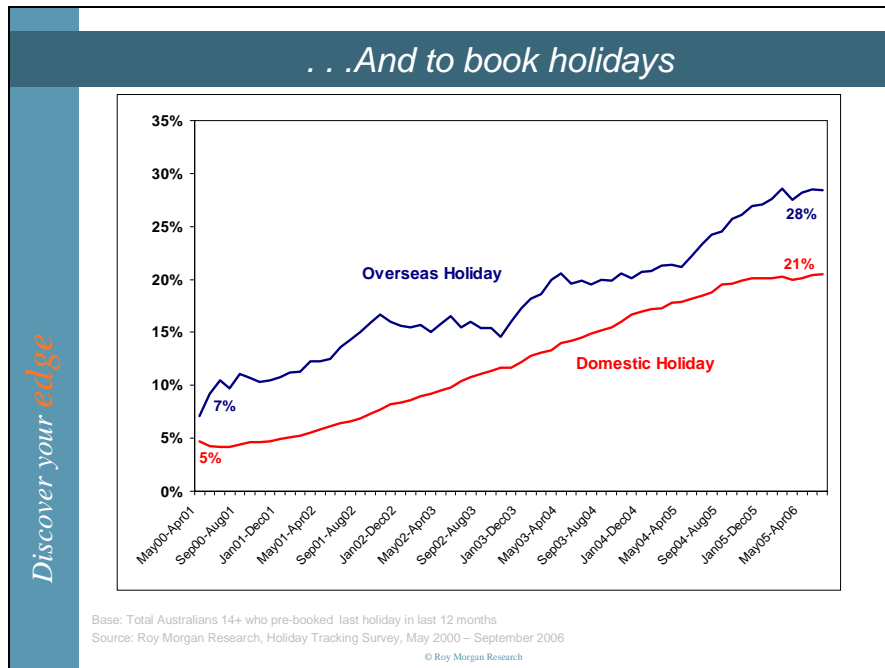
Travel is the No. 1 product or service sold via the Internet, with 8% having used the Internet to book travel in the last three months.



Many now use the Internet to assist in choosing their holiday destination.



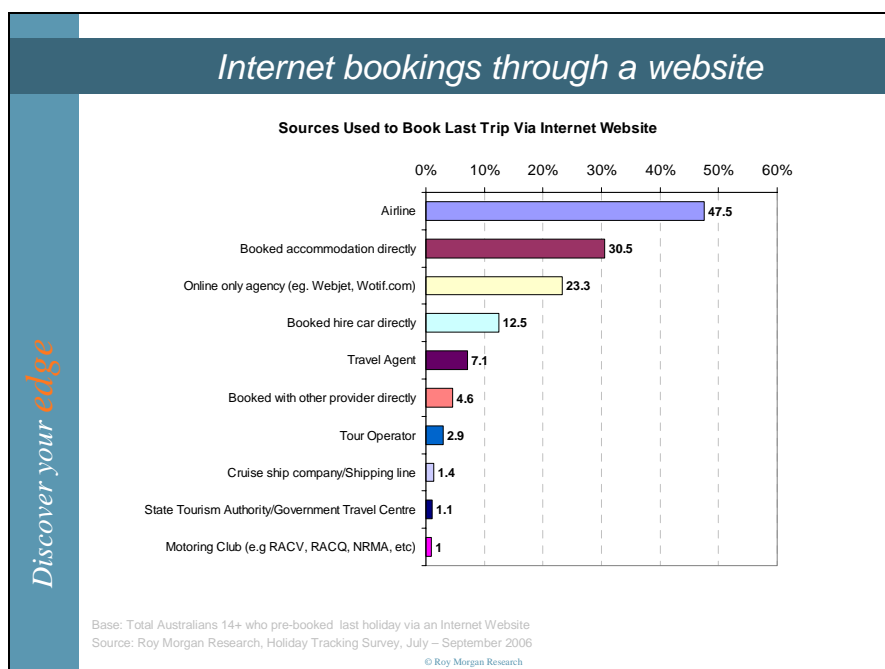
And the Internet is increasingly popular as a booking mechanism for both domestic and overseas holidays.



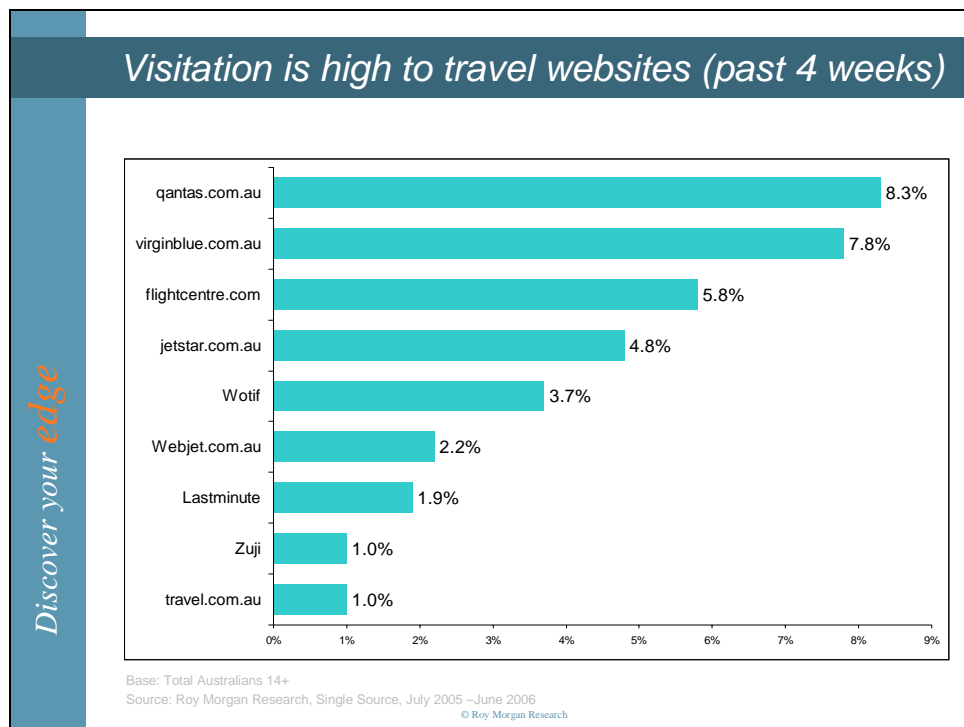
For shorter domestic holidays some people don't pre-book (think of an intrastate holiday to visit friends and relatives).

Travel agents are still important in planning and booking overseas holidays but non-stop flights by low cost carriers to medium haul destinations are likely to further threaten the position of travel agents.

For those travellers who have booked through an Internet website (as opposed to email) almost half booked through an airline. Second most popular was direct with an accommodation provider (30.5%).



Visitation to travel websites in the last four weeks is also high; the airline websites are the most popular sites.



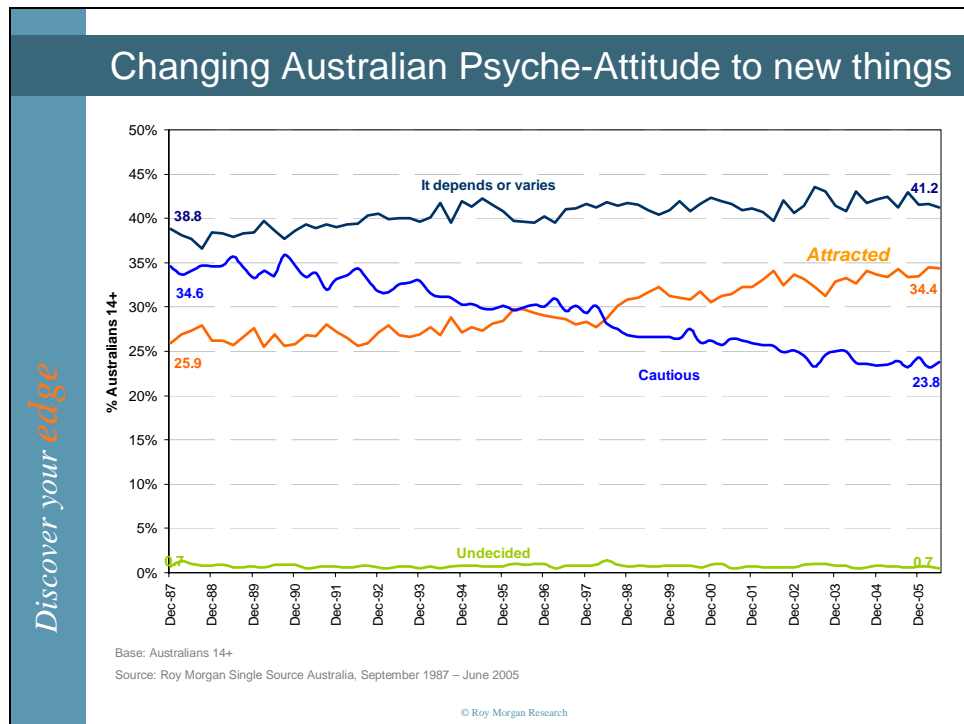
Airline websites have given customers control of their travel purchases. They now have the flexibility and ease to view a selection of flights and customise their travel options. Simple short haul air travel is moving to the web while international long haul travel still requires human interaction. Complex long haul pricing and lack of destination knowledge continue to drive long haul travellers to travel agents as a preferred booking method.

The Internet has also established itself as the chief source of travel information (other than personal recommendations), growing its influence over the destination choices of Australian holiday seekers. And remember personal recommendations ‘W.O.M’ turbo-charged by Internet.

So as Andrew Grove would have said – this is an “*inflection point*” – there will be winners and losers.

### Changing Australian Psyche

We are seeing some very slow but fundamental shifts emerging in the Australian psyche. Australians are becoming more open to new things. Now more Australians consider themselves “*attracted to new things*” rather than “*cautious*”.



## Patterns of work and play

A decrease in unemployment also represents a net decrease in leisure time. With Australia's unemployment rate at relatively low levels, our recreational time is being stretched.

According to our most recent survey research on annual leave accrual, working Australians (an estimated 6 million of them) are sitting on an estimated 110 million days of accrued annual leave. The new IR legislation that allows employees to trade leave entitlements for cash may have particular relevance to this work/leisure travel dynamic. How many will choose to trade holidays for \$s?

There is also evidence of a change in the pattern of leisure. With increasing work demands, flexibility is driving the choice of leisure activities with a move to more self-selecting/personal activities as opposed to group-controlled and scheduled leisure.

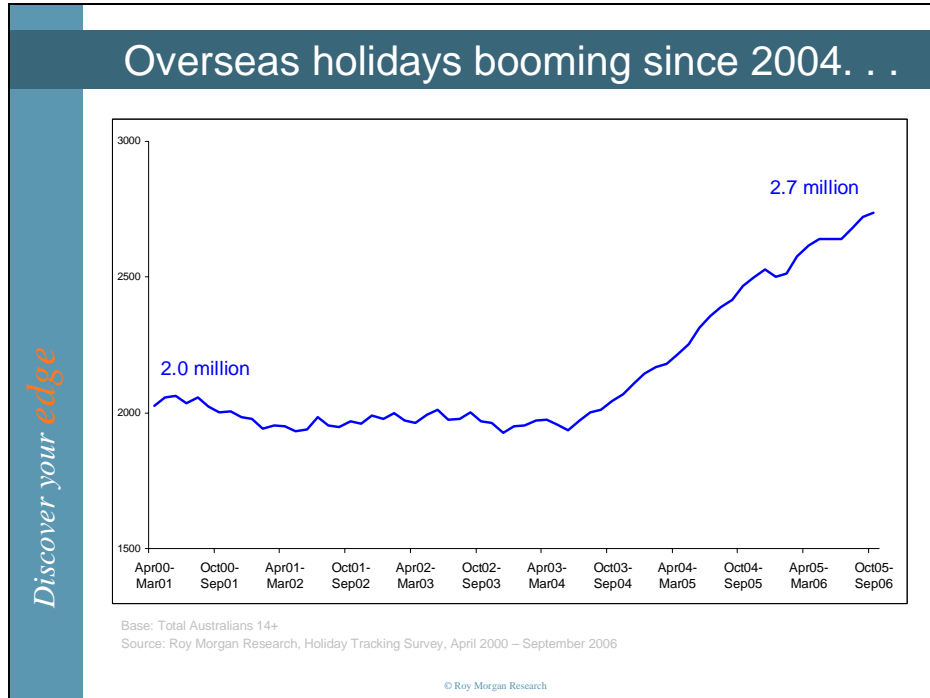
## The 'cheap airfare phenomenon' – what is the impact of discount airlines?

First we see a marked increase in air travel since the launch of Jetstar.

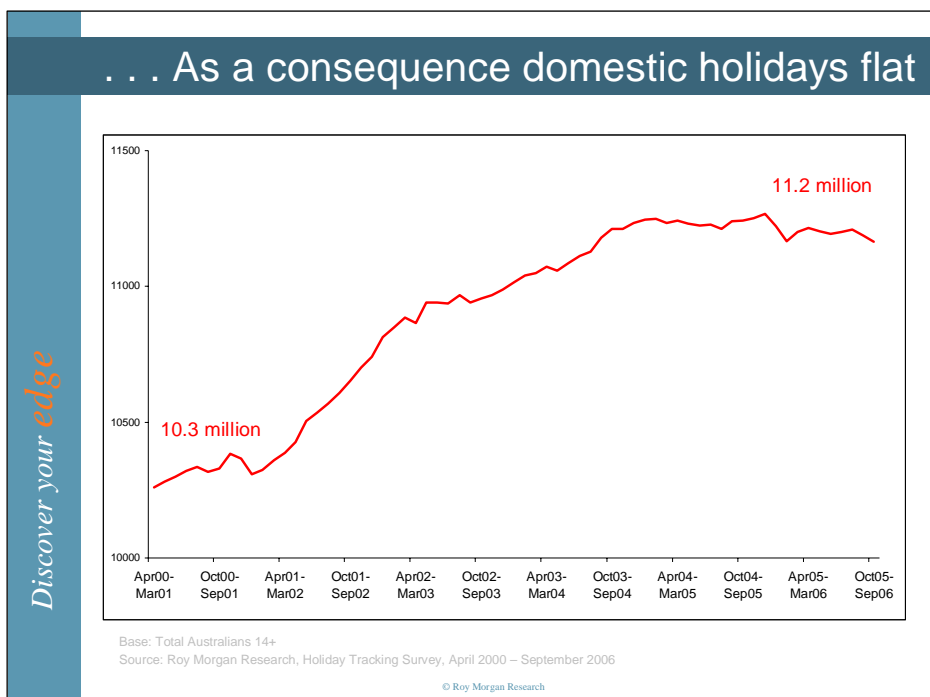
Second, people are no longer visiting friends and relatives in the same numbers. Customers are now choosing to capitalise on the 'cheap' airfares and let the airlines' pricing dictate their destination.

As people are not travelling to 'VFR' destinations we see an increase in paid accommodation and car hire as these are no longer supplied by friends and relatives.

Australians have been taking advantage of the cheaper overseas airfares since 2004, leading to an outbound boom.



Unfortunately for Australian tourism operators this has impacted negatively on the number of Australians taking a domestic holiday.





So we have:

- the rapid increase in Internet as a valuable search engine combined with –
  - more ‘impulse’ travel decisions
  - more customisation, and
- an increased willingness to go to different places;
- increased appetite for new things;
- less time for leisure.

Given the trends that all look to be pointing in the wrong direction for domestic tourism, it is important to realise that none of these trends are set in stone. Trends are all about ‘the rear vision mirror’. The outcome will be determined by choices – in particular by the choices consumers make.

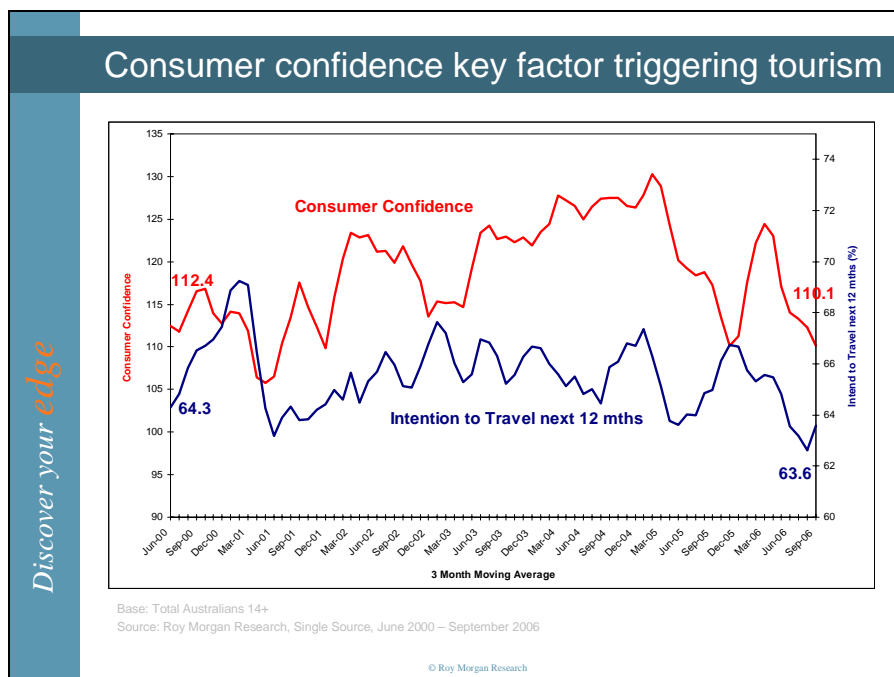
### **It’s all about perception.**

And when it comes to choices, it’s all about perception. We know that how people think and feel about events and situations is often more important to the outcome than the event itself.

### **How people think and feel about events and situations is often more important to the outcome than the event itself.**

- Economists look at trends, the value of the dollar, interest rates, price of commodities, etc, etc, and this explains/predicts a lot, but much, much more is dependent on how people respond – Consumer Confidence;
- Share market analysts study charts and cycles, etc, etc, but it’s all (mostly) dependent on how people respond. Do they like the stock? Is there a sell down that escalates into a meltdown, or a run on the stock that sends the price way over any real value?
- Major corporations have their technology ready to step up in the case of a pandemic (bird flu or the like) but what actually happens in such an event is more to do with how people respond. And it goes on...

Consumer Confidence is a key factor that triggers Australians to consider taking a holiday. If the economy is healthy and interest rates are low, Australians tend to feel more confident about their future and are more likely to take a holiday, and where they choose to holiday is all about their ‘perception’ of the options.



**And if we want to change perception and thus behaviour, listening and understanding Australian holiday makers is crucial.**

I'm sure no-one here believes we should not be listening to people, but Roy Morgan Research has spent the last 60-plus years seeking out and recording the views of the people in every known topic, so we have given a lot of thought to why the views of the people matter.

If you are in the business of marketing a new product, or idea, you had better understand your potential consumers, how they think, feel, and act, so you can best shape your product or idea to their 'world' view, or at the very least communicate it in a way that resonates with this.

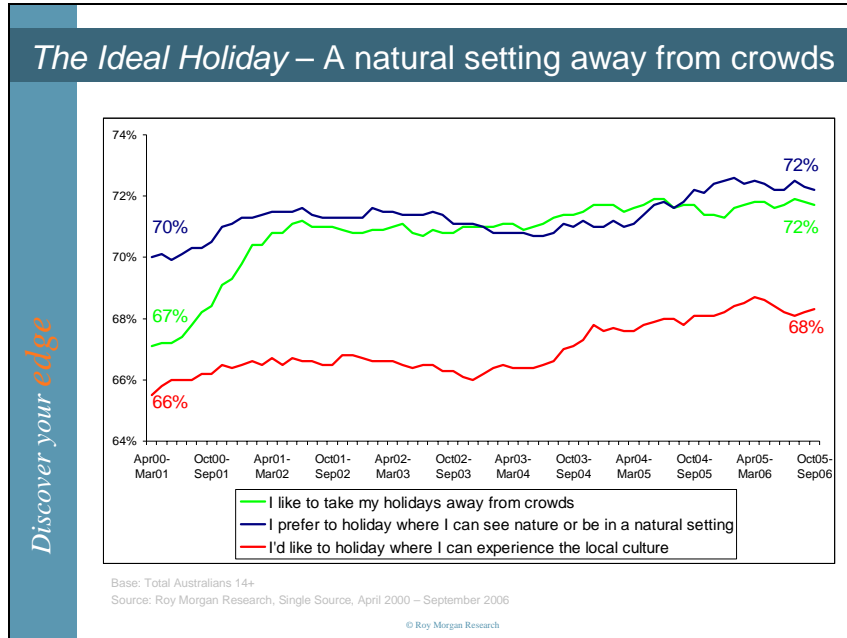
**People want to be listened to.**

All our experience tells us that people want to be listened to. Anyone here who has seen the weekly Roy Morgan Survey questionnaire will likely say "*I would never do it*", "*I wouldn't waste my time answering all those questions*". So why are we still in business?

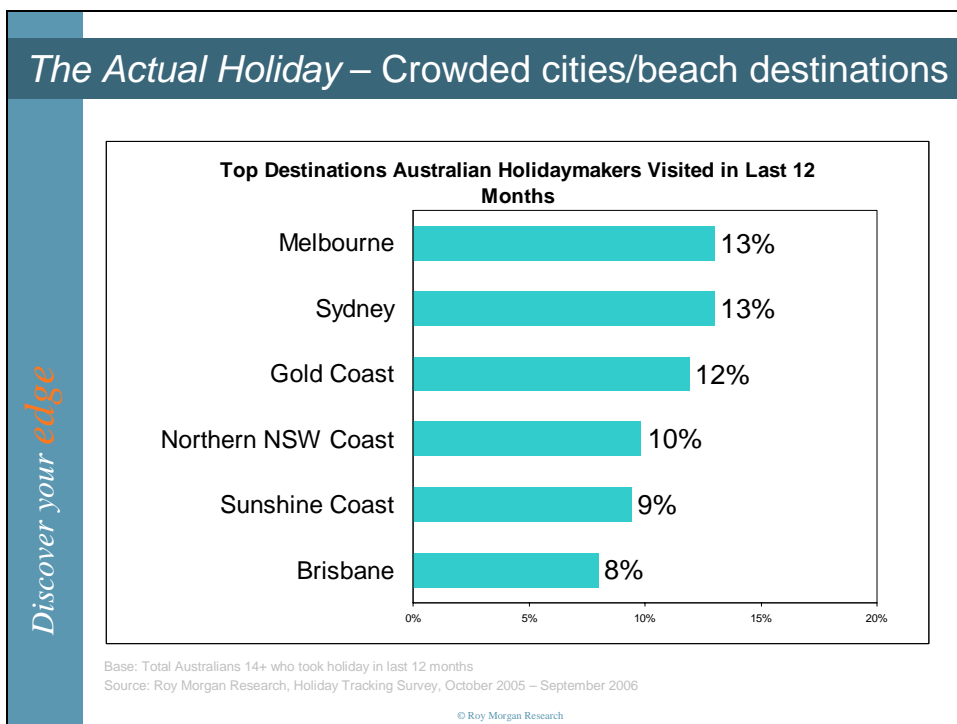
The answer is simple. Generally people aren't listened to. Few people have an opportunity to give their views to a captive listener for an uninterrupted half an hour. And that's the point! Roy Morgan always made this point.

While it is relatively easy to listen, if we really want to understand and make sense of what people have to say, and be able to communicate with them and respond responsibly to them, we need to see the world from their perspective.

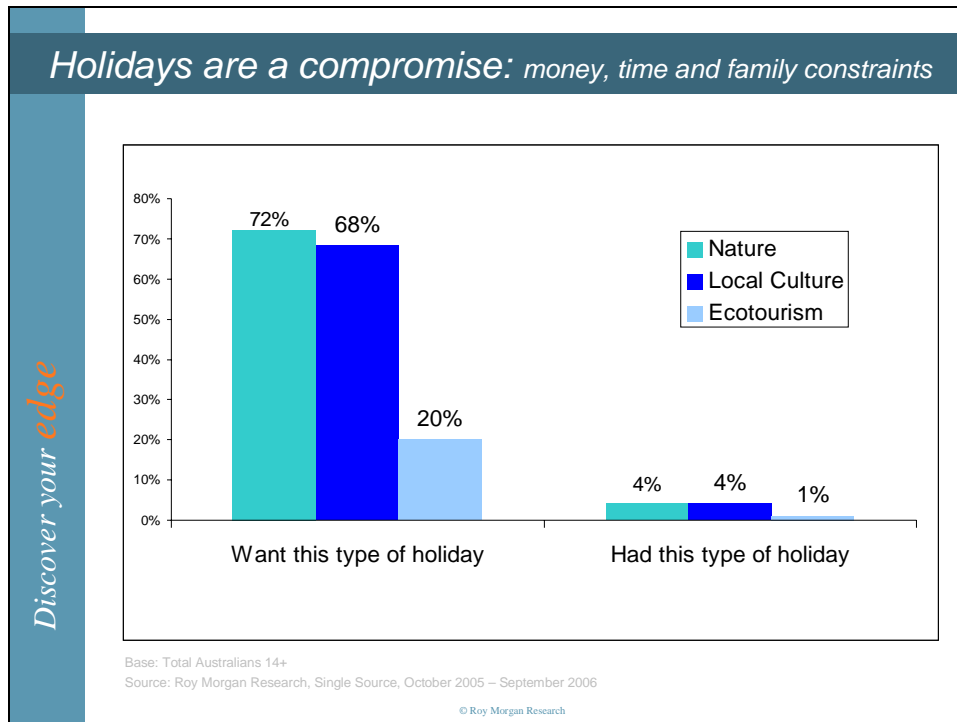
So what is the ideal holiday for a typical Australian? It increasingly seems to be in a natural setting, away from crowds, and where an authentic experience of the local culture can be gained.



Do Australians achieve their ideal holiday? No they don't! The most visited destinations are crowded cities and beach destinations which gear themselves towards a tourist experience.

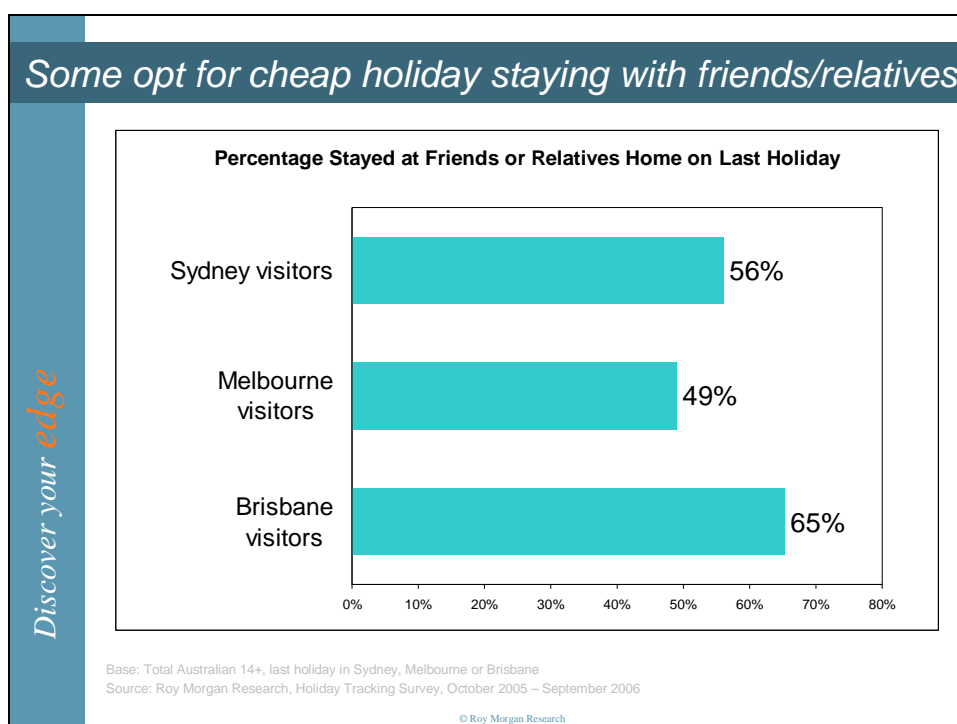


Only a small percentage achieve the holiday they desire. There are lots of reasons for this.

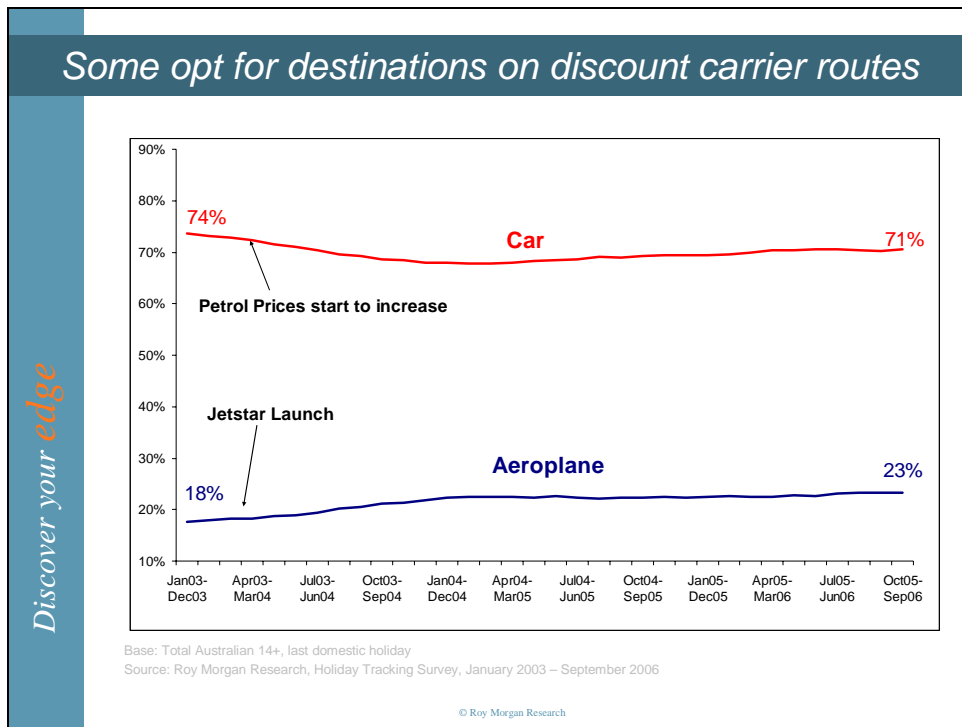


Clearly holidays are a compromise – constrained by lack of money, time and the need to please other family members.

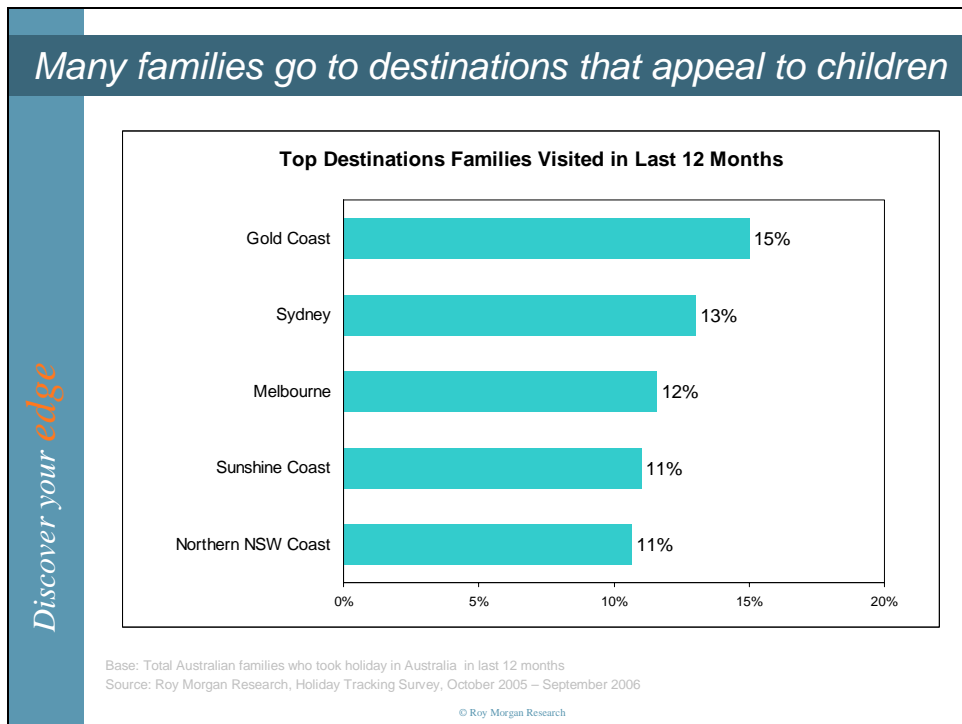
A cheap holiday staying with friends and relatives is often the answer to a shortage of funds. Over half the visitors to Sydney, Melbourne and Brisbane take advantage of free accommodation at their friends or relatives home.



The increase in the percentage of people flying to their destination since the launch of Jetstar indicates that people are also taking advantage of discount airfares and avoiding the higher cost of petrol. This would clearly benefit Australian destinations being serviced by these discount carriers.

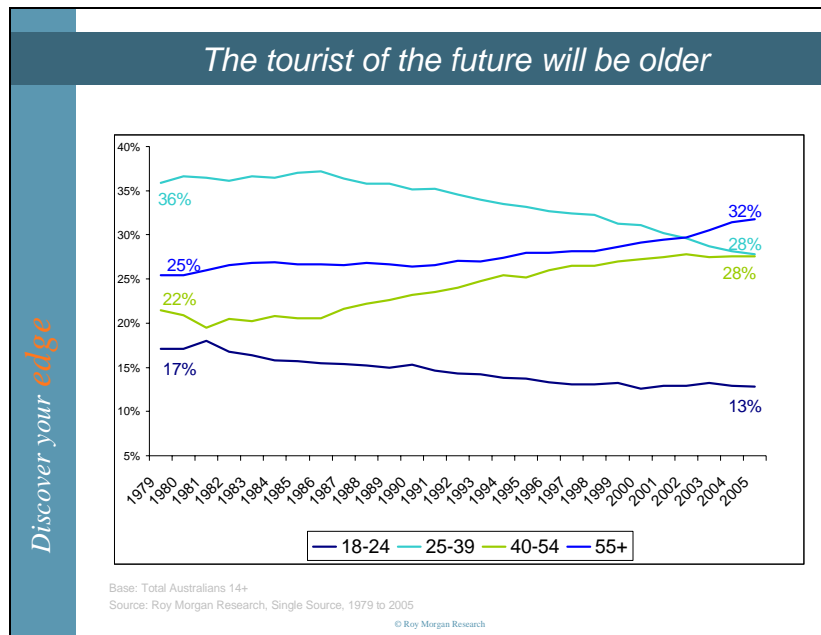


Many Australian families end up visiting destinations that cater to children. The Gold Coast has theme parks and beaches and Sydney and Melbourne also have many activities to children amused.



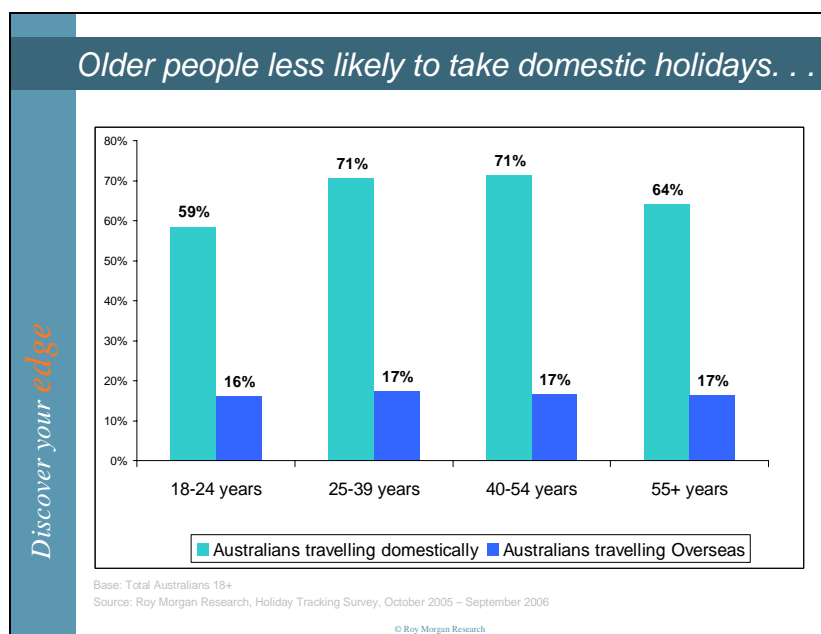
**It is important that we don't allow the domestic holiday to slip, in the consumer's mind, to the ultimate compromise – what a terrible 'image'.** (As an aside, this is the kind of outcome that is most likely if the image of Australia is created by a 'committee' – trying to provide something for everyone.)

What will the tourist of the future look like? Much is discussed about Gen X and Gen Y, but if we follow the numbers and the dollars, it takes us in a different direction.

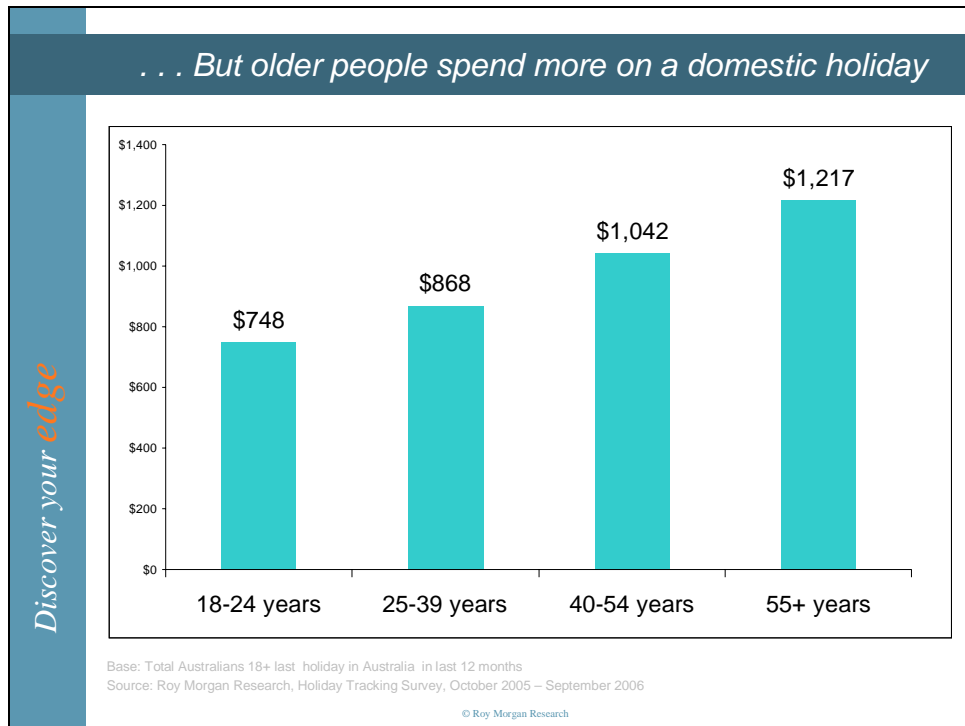


The numbers are clear the tourist in the foreseeable future will undoubtedly be older on average. Australian Baby Boomers are now over 45-60 years of age and getting older every day! The data shows around a third of Australians aged 14 and over are 55 year-olds and over.

The bad news about older people is that as of now they are less likely to take a domestic holiday.



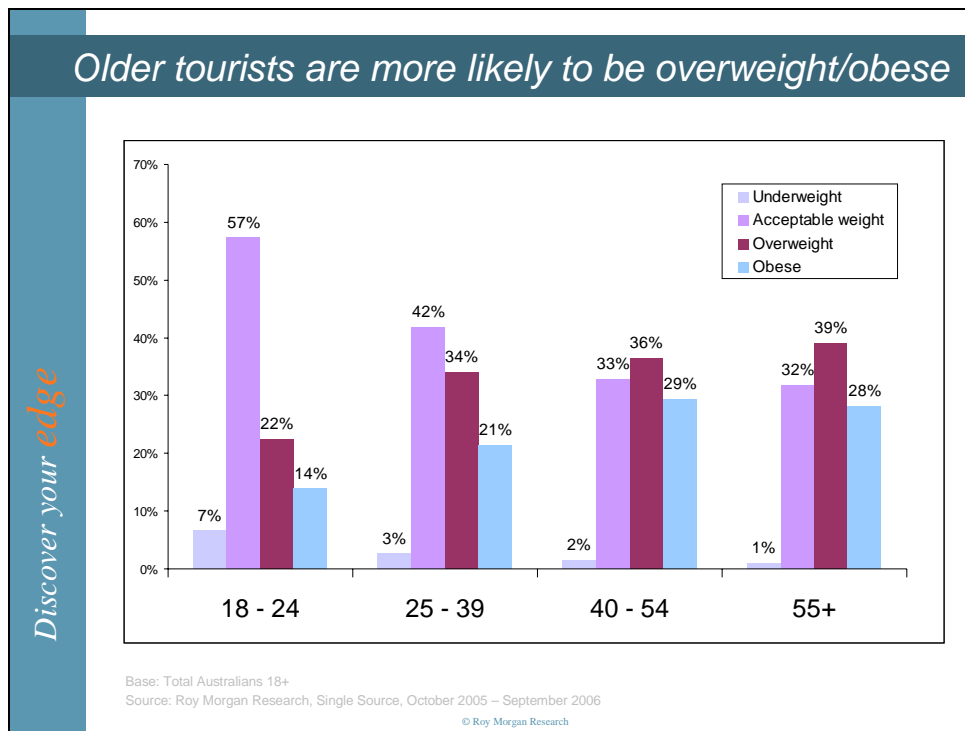
The good news is that the older people who do go on a domestic holiday tend to spend more per trip than younger age groups – travelling for longer periods.



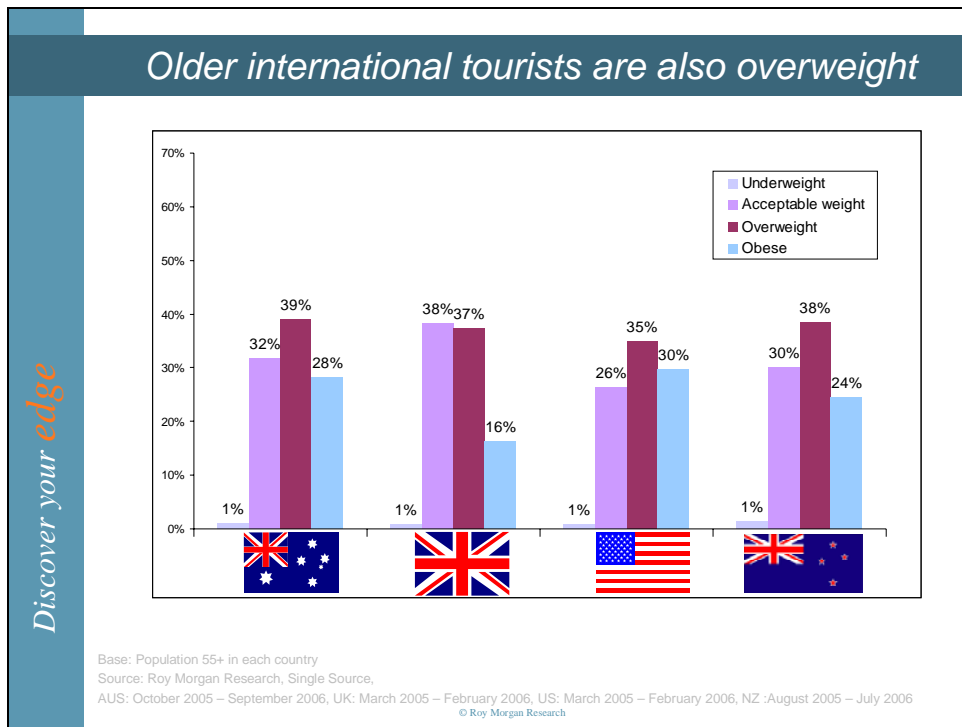
**No bungy jumping for the oldies?**

**This is a trick question. It is designed to warn us of the dangers of averaging.**

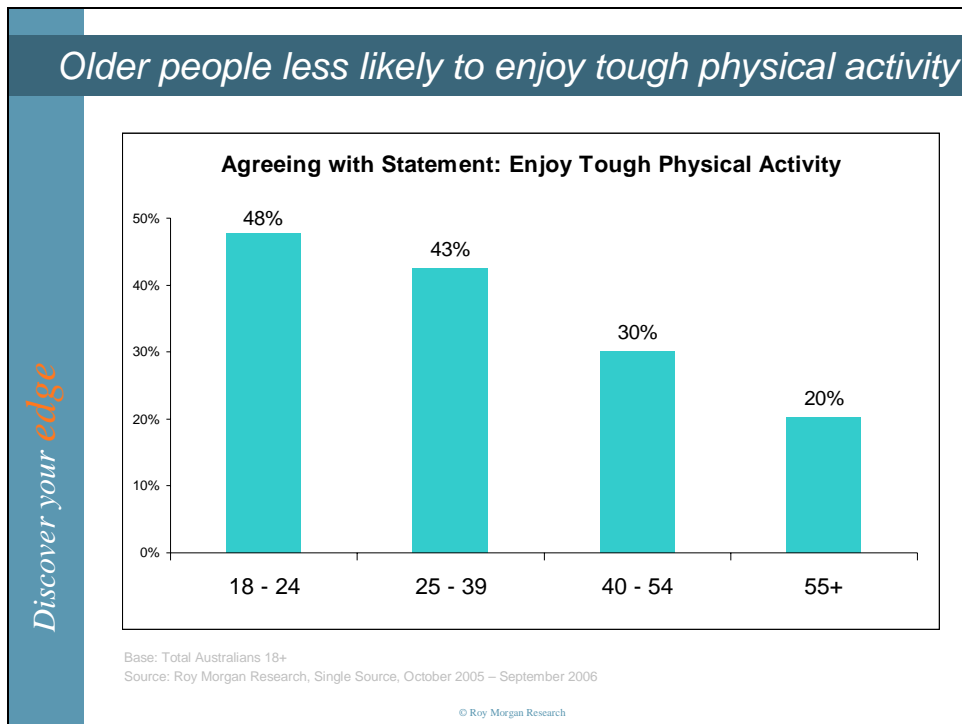
What will older tourists be like? Well two-thirds will be overweight or obese, which may affect the types of activities they undertake and the level of comfort they expect.



It is not just older Australian tourists who will be overweight or obese. Most older (55+) US, UK and New Zealand tourists to Australia will also be overweight.

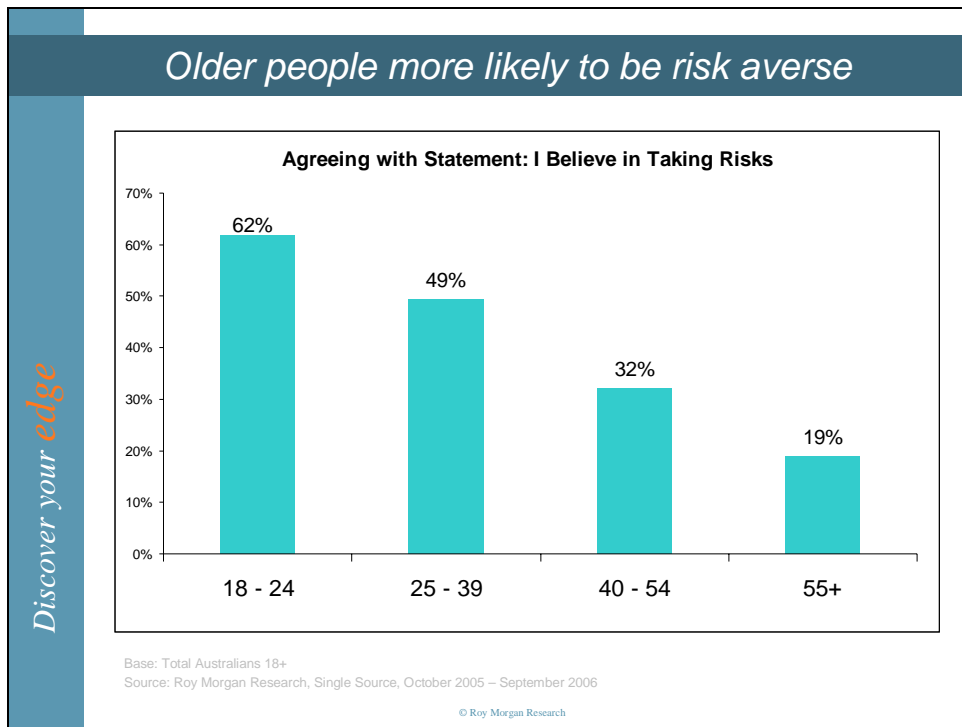


It is not surprising then that older Australians don't tend to agree with the statement "I enjoy tough physical activity". Hard adventure tourism will not hold much appeal to most older tourists.

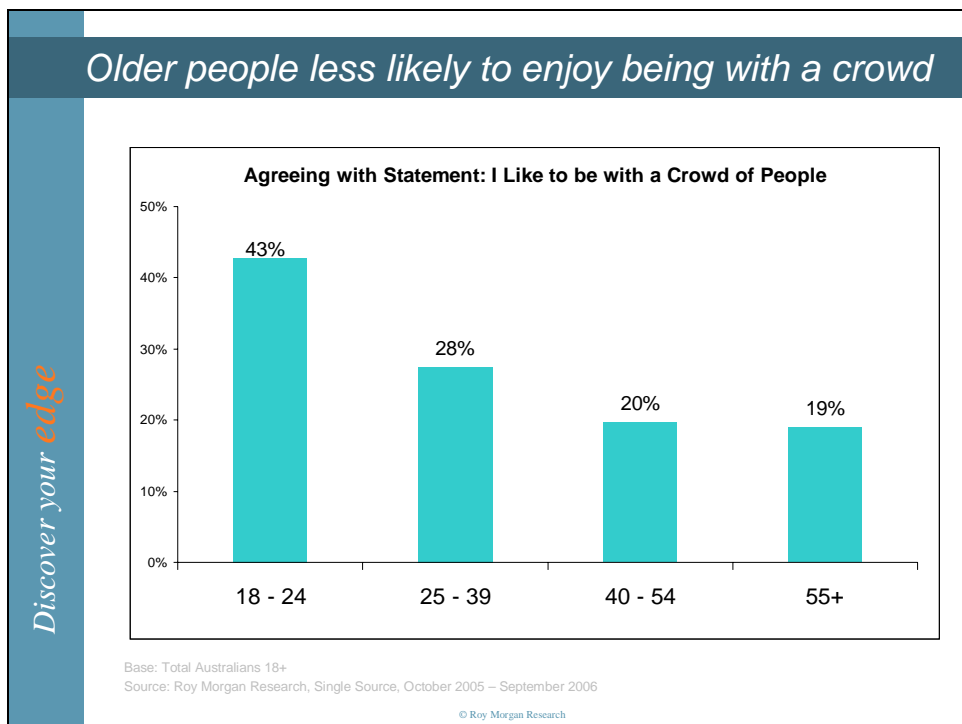




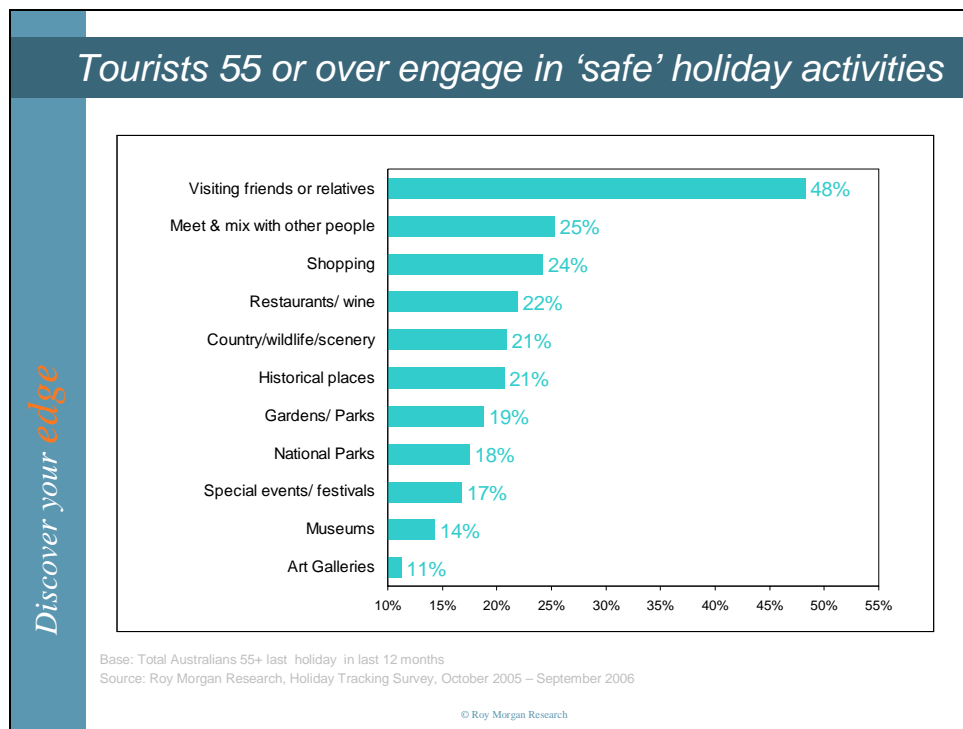
Older Australians are also more risk averse. The large majority disagree with the statement “I believe in taking risks”.



The large majority of older people don't enjoy being with a crowd of people. It remains to be seen whether in the future major cities and touristy hotspots will become less popular as a result.



Not surprisingly, tourists 55 years or over typically engage in ‘safe’ and somewhat sedate activities when on holidays.



Their main activities are visiting friends and relatives, socialising, shopping and dining, visiting historical places and enjoying the scenery and wildlife.

But the average hides the real story.

Consumers in Australia, including older consumers, have become more fragmented, more individualistic, more demanding, more informed, more stressed, more discriminating. In a nutshell, harder to get.

Somehow we are given the impression that the people who have to be listened to are a somewhat amorphous ‘mass’ out there – people who are unlike ‘us’, but otherwise relatively indistinguishable from each other.

The reality is of course quite different. There are all sorts of people, in different circumstances, with different backgrounds, beliefs and values. They have very different ways of viewing the world, and everything that goes on in the world.

Every one of us looks at the world through particular “windows” or mindsets, to help us make choices about our lives. We choose what we will do when we get up for the day, what we will wear, how and where we will travel, who we will talk to and what we hope to achieve by the end of the day.

The real story is about differences, and the real opportunities are to be had for those who can listen and communicate the real individual unique benefits.

So how do you reach the tourist of tomorrow?

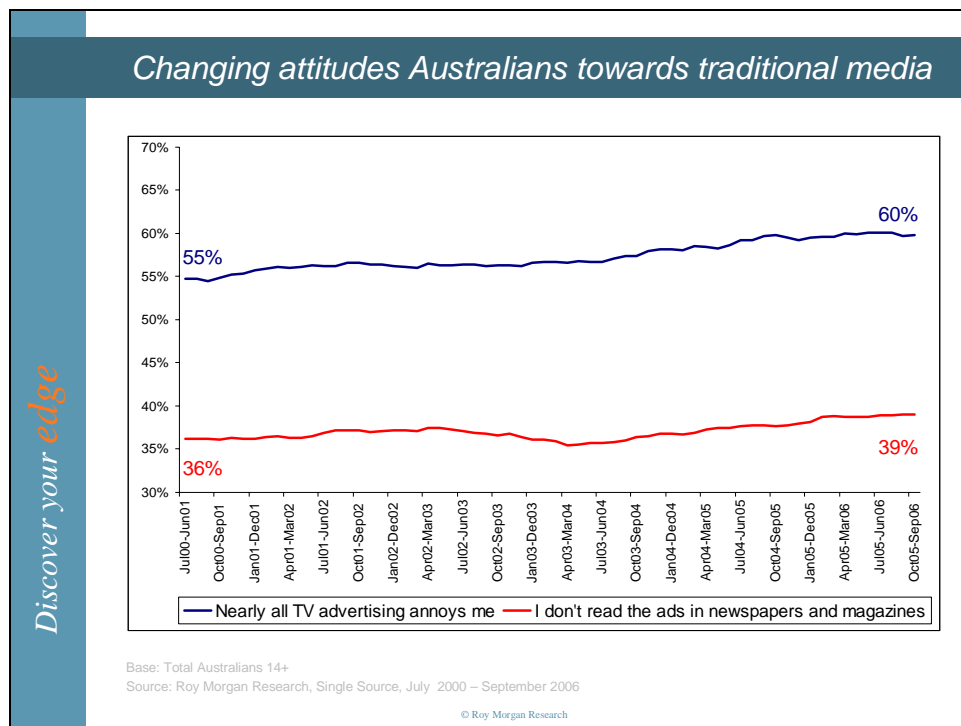
**The fundamentals of communication, marketing and sales still apply.**

*“Tell me and I’ll forget,  
Show me and I might remember,  
Involve me and I’ll understand.”*

Benjamin Franklin

Benjamin Franklin was talking about communication – talking, but he could well have been thinking of the interactive/online experience or perhaps the direct mail experience.

Traditional media is losing its stranglehold over the Australian public, with increasing numbers say that “nearly all TV advertising annoys me” and “I don’t read the ads in newspapers or magazines”.

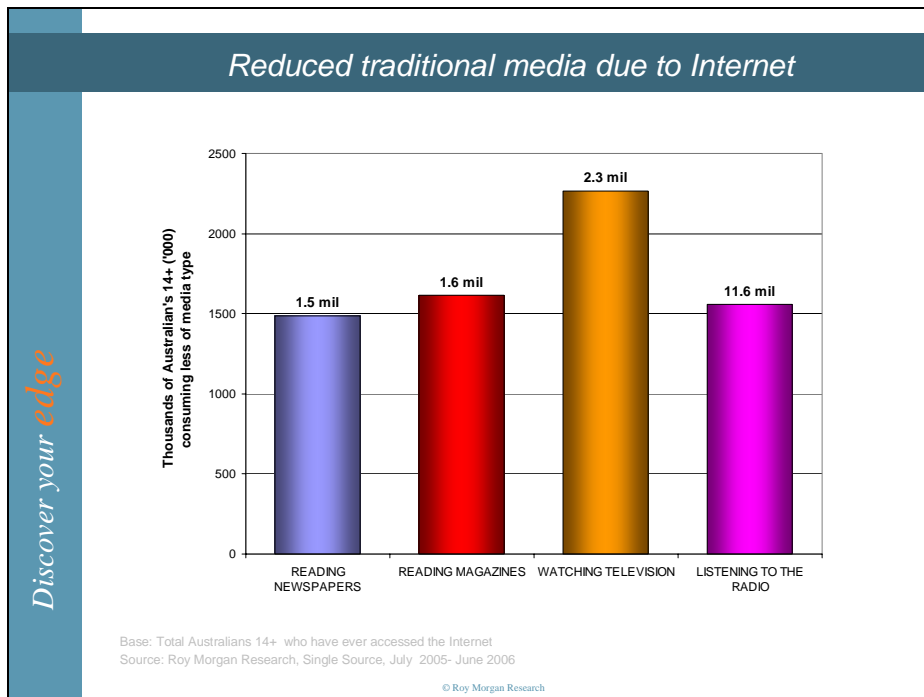


Australians also tell us that they consume less media since they have started using the Internet. Over a million people read less newspapers and magazines.

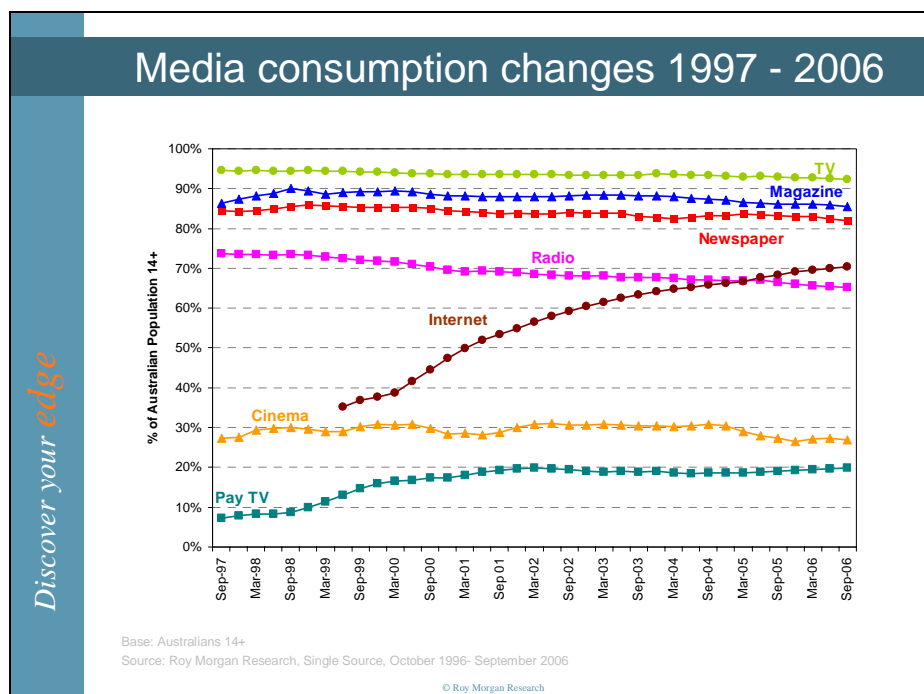
2.3 million Australians are watching less TV since using the Internet.

We are seeing ‘Media Fragmentation’, and at the same time, convergence of media, technology, telecommunications and entertainment.

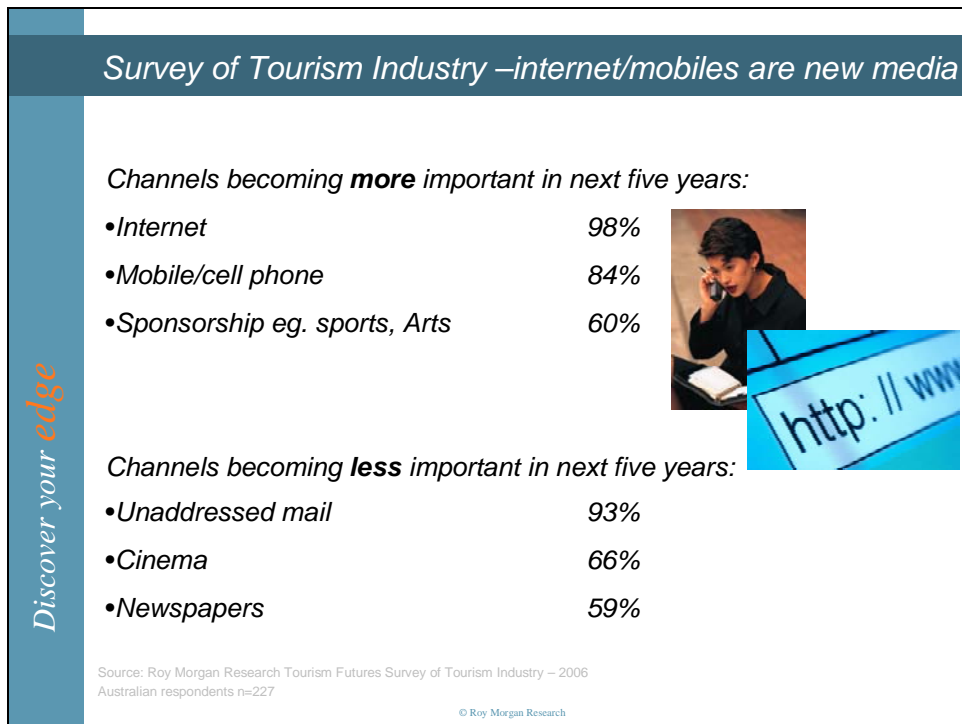
Today the dollars spent on advertising are still heavily focussed on traditional media channels, but how will this look in the future?



The last 10 years have seen dramatic change in media consumption – predominantly focussed on the Internet.



We did a survey of Tourism Futures delegates and other tourism industry leaders and we found that the tourism experts agree that the Internet and mobile phone will become increasingly more important as a marketing channel in the next five years.



Also, the importance of embedded advertising and reality TV.

They were asked among other things their views on which media or channels to the consumer will be **more or less important** as part of the general marketing mix in the next five years. 97% agree that the Internet will be more important in the next 5 years, followed by mobile phones 84%. (I hope everyone here makes a point of collecting the email addresses of everyone who matters to them.)

Conversely, less important are unaddressed mail, cinema and newspapers. It should be no surprise that the Media considered more important in the next five years are Internet and Mobile phones.

However, it must be realised that these are the changes to the consumer, and these channels are themselves changing. Word of mouth is being turbo-charged by the Internet and mobile phone and 3G Technology. If Benjamin Franklin had been here today, he might have added “*Engage me and I will be your evangelist*”.

The importance of the Internet to tourism operators, destination marketing organisations and other tourism suppliers could not be more apparent. We understand that the tourism industry is itself fragmented, ranging from Qantas to many smaller businesses. This has meant it is easy to feel that a great deal of what impinges on your business is out of their control. However, yield and the visitor experience is very much under the control of the operator, regardless of how small.

Once you have managed to influence Australian tourists, the important thing is to deliver on the promise and ensure they leave satisfied with their experience as Word of Mouth is still so important in this industry (but that is a whole other presentation!).

Until now, the cost of information about visitor experience, visitor needs, wants, was too great for smaller operators.

Roy Morgan is working in partnership with accommodation providers to deliver a centrally managed survey on patron satisfaction with market-wide benchmarking.

We will measure the following:

- Interaction quality (friendliness, knowledge of staff)
- Physical environment quality (facilities, cleanliness, etc)
- Outcome quality (efficient service, overall satisfaction)
- Recommendation to others
- Travel behaviour on last trip (eg travel party), and
- Basic demographics

To sum up – the trends for Australian tourism are not looking good, ‘so more of the same’ won’t help:

- ‘Perception’ is all important
- The fundamentals of communication, business developments still apply.

Tourism is truly everyone’s business.

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2. **Article No 547** [Domestic Tourism Stagnates As Australians Head Overseas - But Will The Latest Events In London Reignite Fear?](#) [International Press Release: Published 22 August, 2006] The June 2006 Quarterly Roy Morgan Research Holiday Tracking Survey shows more Australians are taking their holidays overseas with a significant 42% saying they would like to holiday overseas in the next two years. However, it remains to be seen whether the thwarted terrorist attacks in Britain last week will curb Australian’s enthusiasm for overseas holidays.
3. **Finding No 3811** [Online Travel Continues to Increase](#) [Special Poll: Published 13 December, 2004] Travel purchases continue to be a major contributor to a growing Internet commerce market in Australia, according to the latest findings from Roy Morgan Single Source. The number of Australians who have ever purchased products over the Internet has doubled in the last four years, from 2 million (13%) in June 2001, to almost 4 million (24.6%) in June 2004.
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7. **Paper No. 20051002** [Tourism & Leisure In The 21st Century](#) Michele Levine, Jane Ianniello, Tourism Futures Conference 2005, Gold Coast October 5, 2005
8. **Paper No. 20050602** [Melbourne, Australia - Open for Business](#) presented by Charles Curwen CVO OBE, San Francisco USA June 25, 2005 (Research and analysis by Michele Levine and Gary Morgan, Roy Morgan Research)
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13. **Paper No. 20010801** [Australia and the Global Marketplace](#) Michele Levine at the Inaugural *A Day with the Leaders* Conference, Melbourne August 20, 2001