

Tourism Industry Intelligence

Strategic Information for Decision-Makers

Australia's Tourism Prospects for 2002

August 2002

Economic performance

Tourism accounted for more than US\$37.8 (AUS\$70) billion worth of goods and services consumed (2000-01) in Australia. Tourism contributed to 6.0% of total employment, with over half a million persons in tourism-generated employment, up 7.8% from 1997-98. Tourism's contribution to the GDP was 4.7% accounting for US\$17.1 (AUS\$31.8) billion of total GDP in 2000-01, up from \$25.2 in 1997-98. **Tourism makes an important contribution to Australia's export earnings with international visitors consuming US\$9.2 (AUS\$17.1) billion worth of goods and services produced by the Australian economy.**

Recent performance

The total number of short-term visitor arrivals for the twelve months to June 2002 amounted to 4.7 million, a decrease of 6.4% compared to the twelve months to June 2001. **New Zealand (16%) was the main source of short-term visitor arrivals** for the twelve months to June 2002 followed by Japan (14%) and the United Kingdom (13%). Compared to the twelve months to June 2001, there was a decrease of 9% from both New Zealand and Japan, however the **United Kingdom increased by 3%**. The other popular markets were Singapore, Korea, China, Malaysia, Germany and Taiwan.

Critical issues

The **changing consumer travelling trends, increased competition from other destinations combined with the decline in air services to Australia**, and the lack of a Star Alliance domestic carrier, are some of the major challenges facing Australia's tourism industry. There are 56 less non-stop services to Australia and this represents a 23% decline.

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Key strategies

One of the key strategies is the **ongoing promotion of Australia** since it is important that Australia continues to compete with the rest of the world. Its new website www.australia.com is expected to draw 6 million visitors by 2003. The *Australian Tourism Commission* has launched several promotional campaigns in 2002 to target Italian travellers and business travellers.

Future prospects

The Asian market looks good, with Korea and China posting double digit growth. **China has voted Australia as its number one holiday destination.** Prospects look good for the future but the ATC has learnt from the Asian Financial Crisis that some markets recover faster than others and will promote Australia accordingly. For example the UK has been their most resilient market with other European markets remaining

Source: Australian Bureau of Statistics, www.abs.gov.au and <http://atc.net.au>

Market & Consumer Trends

Brits overspend holiday budget

On average, **British tourists overspend their budget by over US\$350 (£200)**, according to survey by *First Direct Bank*. A survey of 1,100 Britons revealed that men tend to blow their budgets more per trip US\$450 (£300) compared to women US\$295 (£197). **Overspending was attributable to holidaymakers losing track of withdrawals while on holiday as well as making mistakes when converting pound sterling to local currencies.**

American travellers willing to pay more for environmentally-friendly holidays

Approximately 80% of American travellers now feel it is important that hotels actively take steps to preserve and protect our earth's natural resources according to a recent study conducted by *Small Luxury Hotels of the World (SLH)*, a global consortium of over 270 of the world's finest hotels. The recent survey, conducted on behalf of the *International Hotels Environment Initiative (IHEI)*, to better understand current consumer views, identify attitude changes and new vacation trends on sustainable tourism, reveals that **70% of Americans surveyed are willing to pay an extra \$50 - \$150 more for a two week stay in a hotel with a responsible environmental attitude and 55% are more likely to book a hotel with a responsible environmental attitude.** Particularly popular to American travellers are hotels that look after wildlife (64%) and are sensitive to marine life (46%). American travellers feel that purchasing local souvenirs (69%), seeking employees from local communities (57%), and providing job priority to them (62%) all enable local communities to improve sustainable travel. **The survey also showed that 64% of American travellers feel it is important that hotels share resources like water and power with the local community.**

Source: Hotel News Resource, August, 2002

Eco-Monitor

Community-tourism praised

Community tourism pioneer, Dianna McIntyre-Pike, of family-run Astra Inn hotel in Mandeville, Jamaica, obtained kudos from Gordon "Butch" Stewart of Sandals International. Stewart applauded the work of McIntyre-Pike for her efforts in promoting community tourism. **Community tourism is an integrated approach which embraces all aspects of a community and all aspects of tourism including culture, heritage, educational, recreational, spiritual, adventure and ecotourism, according to McIntyre-Pike.** In addition, McIntyre-Pike believes that "we must be prepared to welcome visitors in communities that are hospitable, clean, safe, crime-free, and environmentally-friendly."

Cruise News

Norwegian Cruise Lines fined for pollution

Norwegian Cruise Lines will pay US\$1 million in fines and contribute US\$500,000 to Florida Environmental Projects after pleading guilty to lying to the US Coast Guard for 3 years about illegal dumping of oil and contaminated water from passenger ships Norway and Norwegian Majesty. Since the company cooperated with the government authorities, prosecutors imposed lower fines than those enforced on other cruise lines for similar violations. Norwegian Cruise Lines response to the authorities was quite unlike **Royal Caribbean that contested the right of federal prosecutors to charge it in international waters, which resulted in Royal Caribbean paying a fine of US\$27 million in fines.**

Focus: Sustainable Development

Rio + 10

The World Summit on Sustainable Development (also known as **Rio + 10**) will be held in Johannesburg, South Africa in September 2002. **The World Summit will take a critical look at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil in June 1992. UNCED also known as the “Earth Summit” proclaimed the concept of sustainable development as a workable objective for everyone around the world and that integrating and balancing economic, social and environmental concerns is a must to continue human life on the planet. The major achievement of UNCED was Agenda 21 – a thorough and broad-ranging programme of actions demanding new ways of investing in our future to reach global sustainable development by the 21st century.** The overall ambition of Agenda 21 was nothing less than to make a safe and just world in which all life has dignity and is celebrated. The Earth Summit made history in bringing global attention to the understanding that the planet’s environmental problems were intimately linked to economic conditions and problems of social justice. One of the major outcomes of the summit was the Rio Declaration: a set of 27 universally-applicable principles to help guide international action on the basis of environmental and economic responsibility.

Agenda 21

The upcoming World Summit on Sustainable Development therefore aims to answer some of the following questions:

Key questions

- What has been accomplished since 1992?
- What have the participating countries done so far to implement Agenda 21?
- Have they adopted the National Sustainable Development Strategies as they agreed they would by 2002?
- Have they ratified the conventions that aim to prevent loss of biodiversity or ensure women’s rights as they agreed to so in 1992?
- What obstacles have they encountered?
- What lessons have they learned about what works and what does not? And what factors have emerged to change the picture?
- Where should further efforts be concentrated?

The **results from the World Ecotourism Conference held in Quebec will be tabled at the World Summit on Sustainable Development.** The major issues raised at the Ecotourism conference was: Ecotourism Policy and Planning; Regulation for Ecotourism; Product Development, Marketing and Promotion for Ecotourism; and Monitoring Costs and Benefits of Ecotourism.

Who is responsible for sustainable tourism?

A study was launched by UNEP to determine which stakeholders will be key in leading sustainable tourism development. The study carried out by Don Hawkins and Auliana Poon shows that **consumers, local communities and NGOs are today far more important than they have ever been and are certainly influencing the private sector, developers, governments and donor agencies to pursue more sustainable tourism development patterns.** In fact local communities are more important than investors, lending agencies, and even the government, according to the *Sustainable Tourism Development Roundtable* hosted by George Washington University October 2001. It is therefore the consumers themselves and the NGOs that developers, governments and funding agencies need to partner with in continuing to build sustainable tourism.

Editorial

It must certainly be good news to learn that American consumers are so environmentally conscious – willing to pay a whopping US\$50 to US\$150 more for a two-week stay at a hotel with a responsible environmental attitude. American consumers also view the development of the local community to be an important factor in sustainable development, with almost two-thirds of Americans surveyed (64%) by the *Small Luxury Hotels of the World* believing that it is important that hotels share resources like water and power with local communities. The findings certainly confirm the UNEP study that it is the consumers and local communities that will strongly influence the drive toward sustainable development.

Trends to Watch

Star Alliance launches new frequent flyer award

Star Alliance Awards now enables customers to use just one frequent flyer award ticket for travel to more than 700 destinations worldwide on any combination of Star Alliance airlines. Previously, a Mileage Plus award ticket could only combine one other Star Alliance airline in addition to United, now customers can book any combination of Star Alliance airlines on one ticket for their award travel. Passengers are now provided with added flexibility and convenience eliminating the need to use two or more award tickets, in some cases also reducing the number of miles needed for award travel to certain destinations.

Air Miles cause resignations

Two German politicians were forced to resign when it was uncovered that they were using their Lufthansa frequent flyer miles for private purposes the *Bild* reported. Under the rules of the German parliament, miles earned on political business are to be used for similar trips.

TUI to launch budget airline

German travel giant **TUI will shortly launch a budget airline** which will be based at Koln-Bonn airport, according to German daily newspaper. Company spokesman confirmed that the project is at an advanced stage but the final decision is yet to be made. The launch of a TUI's budget airline is no surprise given the growth of budget airlines on the international arena. (see *May/June/July 2002 Tourism Industry Intelligence*).

Technology Update

Demand for high-speed Internet access on the rise

Proving that business travellers increasingly demand high-speed Internet access while traveling, Wayport, the leading provider of high-speed Wi-Fi (802.11b) wireless and wired Internet access in more than 460 hotels and nine airports across the US, announced it has surpassed 1 million customer connections to its network in just over two years. Wayport has experienced exponential growth in all of its core business segments, with the most significant growth occurring during the past year. During this time, the company's connections, defined as payment for unlimited use of **Wayport's service for a 24-hour period in one location, grew by more than 276 percent, from 200,166 to 753,956**, year over year. The company's revenues during this same period grew even faster, increasing 317 percent year over year.