

New Trends 'Down Under'

A UNIQUE feature of the Australian Tourism Exchange (ATE), an annual travel trade show, is the publication of detailed background documents highlighting issues and trends in various sectors of the Australian tourism industry.

This edition of *Issues & Trends* summarises some of those trends in five sectors – accommodation, Aboriginal culture, rail journeys, road travel and the rise of regional tourism organisations. Other PATA region countries may find it useful to cross-check the trends against those prevailing on their own turf. The ATE was last held in Melbourne in June 2003.

Accommodation

Across Australian industry forums, there is broad agreement on several aspects of hotels and resorts development:

1. No new deluxe or five-star capital-city hotels are forecast for at least 10 years. But properties of such quality are expected to change hands and brands, such as the recent purchase at about half the construction cost of a major Sydney hotel by a Singapore Government investment entity.
2. New building projects in major centres will be either at the low- to medium-cost part of the market, or enter the available inventories as part of managed suites or apartments
3. The low-cost airline phenomenon will feed the lower-cost accommodation trend, and the so-called backpacker component will grow more rapidly than those of other types of travellers.

There is less unanimity over the trend to global branding and distribution of accommodation. While the major brands may have statistics on their side, some national, regional or independent brands are not giving in without a fight, or a really good offer!

The strength of the domestic sector has underpinned the ability of hotels and resorts to maintain quality and certainty of

supply, according to brokers and consultants Jones Lang La Salle (JLL). In a recent industry bulletin, the group says: "It is the domestic sector which provides long-term stability for the tourism industry." JLL says research from the Bureau of Tourism measures domestic activity as generating 94.5 percent of visitor activity and 71 percent of total room nights.

In Melbourne, the opening of a hotel at the casino entertainment complex this November will add 465 moderately priced rooms (including 18 studio apartments and three suites) to the existing stock. The hotel already has existing ultra-deluxe suites targeted at celebrities and high-rollers and the new tower is aimed predominantly at the domestic casino market.

However, it is expected to be a strong player in the impending revival of the Asia-based gambling holiday market, and will influence rates across the city.

In a recent survey of 271 corporate accounts, American Express found that 88 percent had a policy of choosing accommodation of three to four stars for its executives. Other corporate travel authorities agree, pointing to the revision of travel policies in recent years, reflecting a sharp cut in travel expenditure, including banning the use of luxury hotel accommodation.

This trend alone ensures that no new luxury city hotels of any size (and at a cost of around AU\$1.1 million minimum a room to build) are being proposed.

A New Wave

A new and more successful wave of small to medium-sized resort development is taking place within three hours driving time of most Australian capital cities. Mr. Ron de Wit, a partner in the newly opened Australian consultancy of HVS International, says it has considerable significance for tour operators in the near term.

De Wit cites Kiama, a few hours south of Sydney, as an example. It is popular with Sydneysiders, virtually unknown as yet to the international market, has spectacular beaches and

dramatic coastal scenery, and, most importantly, has new resorts in the 80-room class that are getting better room rates than most central-city hotels.

"These developments are creating stable infrastructure and good economics," he says. "Already the tour coaches and self-drive visitors are discovering the Great Ocean Road and Shipwreck Coast (between Melbourne and Adelaide), the Port Stephens area (north of Sydney) and the already famous Hunter Valley wine precinct."

De Wit sees hotel groups staking early claims to these new areas because they are rich in visitor opportunities: "The extension of quality accommodation into these local areas will follow the same pattern as the Blue Mountains (Sydney), the Grampians nature area (Melbourne) and Margaret River (Perth) and become musts for inbound tourism."

Backpackers or "Richpackers"

The rise of the backpacker segment has also put acute pressure on the top tier of the accommodation market in terms of prices, and is driving investment dollars almost exclusively into the provision of lower-cost accommodation.

Over the past decade, backpackers have been on the move, seeking the attraction of wide-open spaces where they can escape the crowds and reconnect with nature. The tourism industry has responded to meet the needs of this market, and has a well-developed range of tailored tours and accommodation.

In Sydney, the only new accommodation under construction is an Ibis two-star property in suburban Thornleigh, and two low-tariff Formule 1 properties, one at Sydney Airport and the other at Kings Cross where every major hotel except the Holiday Inn has been converted to apartments.

The term "backpacker" doesn't just apply to the 20-something setting out to explore the world in that interval between the end of education and finding a job. Backpacking now implies a style of travel, and there are plenty of grey-haired backpackers, rediscovering the joys of travelling at an age when they once again have time on their hands.

This evolution is leading some who cater to the market to ask whether a word other than "backpacker" is needed. Like "richpacker."

The backpacker sector in Australia may have distant ancestral links to the hippie and flower-power movement, but a more accurate description today would be the young, rich and mobile sector, with 'young' referring to attitudes more than age.

A backpacker "brand" is about to emerge in the form of BASE from Accor which will be a major investor in the properties as well as the manager.

The first two BASE locations are in Tropical North Queensland and in Melbourne, but the details of the properties that will be converted to the new format have not yet been announced.

The third Australian site is expected to be in Sydney, with most of the betting centred on Bondi Beach or Kings Cross, both backpacker magnets similar to Melbourne's St. Kilda area, which is the hottest tip of the moment for Accor's new BASE.

The new range complements but is different from the first-ever Contiki Holidays Resort (for 18- to 35-year-olds) at Great Keppel Island in Queensland.

BASE is unlikely to be alone for long in its pursuit of backpackers. The most recent visitor surveys in Australia assign up to 26 percent of international visitor nights to this sector while visitor studies between 1993 and 1999 indicated an annual growth rate of 14.5 percent.

Already the Adelaide-based referral group Nomads World has created a network of preferred backpacker hostels, which includes a Jobs Package to help such visitors take up the opportunities of short-term employment allowed under Australia's liberal working-visa rules.

This market will test the ingenuity of wholesalers and others because it relies predominantly on the Internet to research and book its tours, transport and accommodation. It also demands flexibility in terms of changing itineraries according to whim or fashion or something as simple as the weather.

The vital characteristics of backpacker accommodation are non-business locations close to beaches or natural attractions, easy and constant access to the Internet, "green" or environmentally responsible credentials and informal interaction with other travellers. The non-vital characteristics are room service, concierges, bar fridges and staff in uniforms.

Aboriginal Culture

Australia's Aboriginal society is considered to be one of the world's oldest continuous cultures. International visitors are seeking to learn more about how the Aboriginal people could live in Australia's challenging natural environment for many thousands of years.

In 2002, more than 130,000 international tourists experienced indigenous culture on their visits to Australia and over 410,000 visitors, or 10 percent of all visitors to Australia, said they experienced Aboriginal art and crafts and cultural displays. They spent AU\$426 million on indigenous tourism – which in purely economic terms makes indigenous tourism as valuable an export for Australia as nickel and significantly more valuable than uranium or rice.

About 200,000 tourists visited an Aboriginal site or community. The highest proportion came from the United Kingdom, followed by the rest of Europe, the United States and Japan. Significantly, these markets happen to be the highest spending markets for Australia.

In human terms, indigenous tourism is unique and of incalculable value. It brings jobs to regions of low employment – a major consideration as more than two-thirds of Australia's Aboriginal people live in smaller towns or rural areas. Some 27 percent live in remote settlements or townships of fewer than 1,000 people.

Not only does tourism empower remote indigenous communities but, significantly, tourism provides much needed money into those communities. As the indigenous culture is unique to Australia, it is a signature of Australia as a tourism destination.

Earlier in 2003, Australia's Olympic gold medallist Ms. Cathy Freeman was appointed ambassador to Aboriginal Tourism Australia, Australia's peak indigenous tourism body. Ms. Freeman will be the face of a campaign to raise awareness of Aboriginal culture in Australia and around the world.

While many tourism operators are including at least some indigenous content in their product line-up, several operators are specialising in Aboriginal tourism experiences. Most Aboriginal cultural enterprises working with tour operators are owned and operated by Aboriginal people, with profits flowing back to the Aboriginal operators.

Nearly all the states are producing specialised brochures to encourage visitors to experience Aboriginal culture. The Aboriginal Art and Culture Centre is active in promoting Aboriginal art and touring. One of its popular half-day tours presents Central Australia to visitors from an Aboriginal perspective.

A visit to Alice Springs Aboriginal Cultural Precinct leads to an Aboriginal dance performance. Visitors can participate if they wish. Other activities include boomerang throwing,

tasting "bush tucker" (in season) and a visit to the Boomerang Museum.

Rail Journeys

Rail journeys are becoming increasingly interesting around the world, and are a great way to watch the unfolding landscapes and wildlife from the comfort of a lounge or private cabin. Australia is also entering the fray with some of the world's classic long-distance rail journeys, with the Indian Pacific and The Ghan, running respectively from East to West and North to South. Both are operated by Rail Australia, the national railway system.

Named after the oceans that it links, the Indian Pacific provides one of the world's longest train journeys – from the forested heights of the Blue Mountains to the treeless plains of the Nullabour, where the train travels the world's longest straight stretch of railway track.

The Ghan is named after the Afghan camel handlers who once provided the backbone of Australia's inland transportation system and runs between Adelaide and Alice Springs – through the heart of Australia. Later in 2003, The Ghan will make history with the opening of the rail link from Alice Springs to Darwin. This is one of Australia's most important infrastructure projects, a national dream for more than a century, and its completion opens up some exciting possibilities for rail touring in Australia's Top End.

A number of other rail journeys have also emerged:

- The Ozback Explorer Rail Cruise is a 16-day tour of Australia, all by private train. Scheduled to begin in February 2004, Ozback Explorer will cover Australia's icons and much more – including Sydney, the Blue Mountains, Canberra, Melbourne, Adelaide, Kangaroo Island, the Flinders Ranges, Alice Springs, Darwin and Kakadu National Park.

Operating as a mobile hotel, the train will carry its own sightseeing minibuses. At each destination, passengers will be able to select guided tours from a range of options. The train travels mainly at night, while passengers are sleeping, and every morning they awake to fresh wonders waiting to be explored.

- A new high-speed Tilt Train brings express travel and a new level of service to train travel between Cairns and Brisbane. As of June 15, 2003, three services operate each week between the two Queensland cities, allowing passengers to access the Great Barrier Reef, the

Whitsunday Islands and coastal destinations along the way.

All passengers travel "business class," with reclining seats and personal entertainment systems, as well as 12 channels of movies and audio entertainment. Each seat is equipped with a personal power point for laptops. Onboard dining options include a club car, well stocked with a variety of snacks, or an in-seat dining service.

- The huff and puff of a vintage steam engine is one of the most thrilling sensations in the world of travel, especially when it is combined with a majestic stretch of countryside. Since it began operations more than a century ago, Puffing Billy has run daily journeys through the spectacular Dandenong Ranges, just outside Melbourne.
- "Picture yourself on a 34km long postcard" says the ad for the Kuranda Scenic Railway, the rail journey from Cairns to Kuranda. In its 90-minute trip, the train traverses rainforests, gorges and mountain scenery. The final destination – Kuranda Station – is a country station almost submerged in greenery. In the village of Kuranda, visitors can discover the village markets, the Rainforestation, Bird World, several aviaries and the Australian Butterfly Sanctuary.

The Open Road

Self-drive holidays, by motorhome, four-wheel drive vehicle or regular car, are a cost-effective and convenient way of getting to know a country, especially if the quality of highways is good.

The self-drive, motorhome and caravan sector has grown consistently at 14 percent a year over the past five years. Caravan Industry Australia, the top organisational body for Australia's caravan, motorhome and camping industries, believes growth on that scale will continue. Apart from VFR traffic, this sector houses more tourists than any other accommodation provider.

Two types of international visitors are particularly significant for the self-drive market. Backpackers stay a lot longer in Australia than average and generally need a vehicle. Second, members of the travelling "baby boomer" generation, affectionately known as "grey nomads" to marketers, have both the time and the discretionary income to travel. They, too, require vehicles and they have the money to rent good ones.

Regional Tourism Organisations

One of the problems for many international buyers has been finding boutique and unusual products. For some of the smaller operators, the cost of gaining international exposure has been prohibitive. Now regional tourism organisations (RTOs) are taking a far more active role in promoting such products.

In Australia, RTOs refer to smaller community-based organisations that operate at what would be called the district level in other PATA countries. They are at a lower-rung than the state tourism organisations such as Tourism Victoria, Tourism Queensland, Tourism New South Wales, etc.

"Regional tourism organisations do play a major role in highlighting the product of operators who are international-ready," Tourism Wollongong manager Mr. Greg Binskin said. "We have been working with Tourism New South Wales to promote our products throughout North Asia and attending shows like the Australian Tourism Exchange is an extension of this." Another new RTO exhibitor at the ATE 2003 was Western Australia's Goldfields Tourism, the peak marketing body for Kalgoorlie and the Goldfields region.

Conclusion

These issues reflect both a growing maturity of the market and a continuing "nichification." People want to travel but seek more privacy, fewer frills, more catering to individual needs and more experiences. Clearly, these trends are having a major impact on the quality and style of emerging products as well as the way they are marketed. A new era has clearly dawned.

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