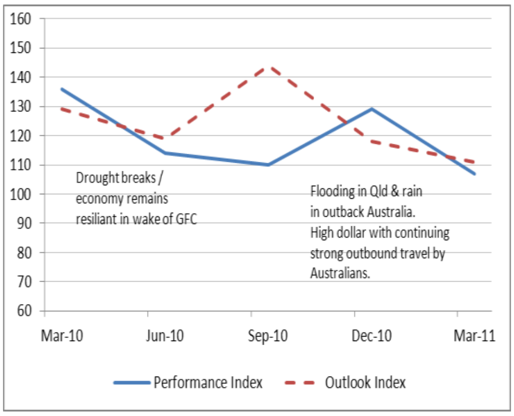
SOUTH AUSTRALIAN Tourism Industry Council

South Australian Tourism Barometer
March Quarter 2011

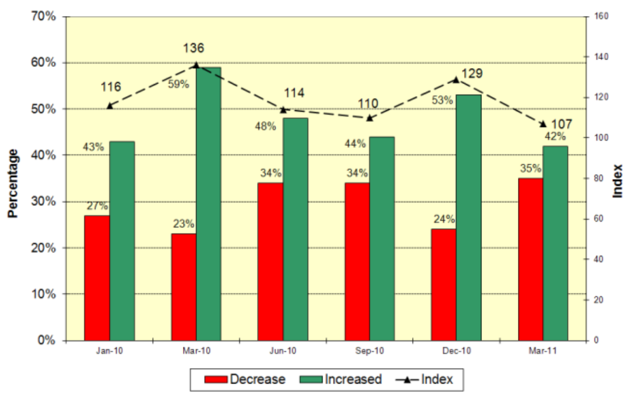


The results of the SATIC Tourism Barometer for the March quarter 2011 demonstrate **weaker conditions**, with the top line performance index declining by 17% to 107 points – the level observed in the June and September quarters of last year. The outlook index for the next 3 months, while above 100 points, has also **contracted** – falling by 6% to 111 points.

Positives for the industry were inflows to Lake Eyre and the Murray River, and the greening of the countryside following a cool, wet summer. The strength of the touring markets was a positive for the Limestone Coast amongst other regions, while the events season was a positive factor for others. From a marketing perspective the impact of social media and online booking is becoming more evident, particularly sites such as TripAdvisor.

The survey respondents were asked whether they had **experienced stronger or weaker trading performance** in the March quarter of 2011 compared to the same period in 2010. The results are compared below with the results of previous surveys:

Performance in the Last 3 Months



PI = Performance Index

Performance & outlook indexes are calculated by subtracting the % of respondents experiencing weaker conditions from the % experiencing stronger conditions and adding the result to a base of 100. If more respondents experience stronger performance than those experiencing weaker performance, the index will be greater than 100.

In the March quarter 2011 the proportion of survey respondents **experiencing stronger performance was 42%** - down from 53% at the December quarter.

Factors supporting <u>improved</u> performance included:

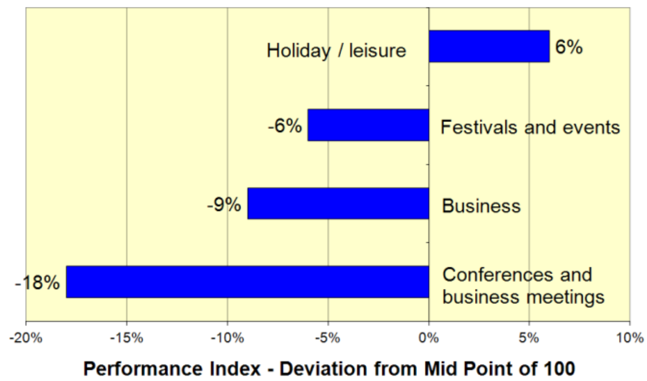
- Adelaide to Melbourne touring route– incl. Mary McKillop.
- Farmers markets are becoming more popular.
- Greening of the outback.
- Improved air access.
- Improved houseboat bookings due to improved perception of the Murray River.
- Increase in visitors from Victoria.
- Major events in South Australia.
- Natural catastrophe in north/east states meant more people were travelling to southern states over summer.
- Stronger Asian markets.
- Sustained and coordinated regional promotion.
- Using social media and online strategy to increase web hits – Facebook, YouTube, blogs on website.
- Using TripAdvisor.
- Utilisation of book now button on web site.

Where <u>less positive:</u>

- Cooler weather.
- Fewer independent international visitors.
- Quiet after the school holidays – less people travelling from NSW and QLD – possibly due to floods.
- Same number of visitors but yield is down.
- Still recovering from GFC.
- Strong dollar.

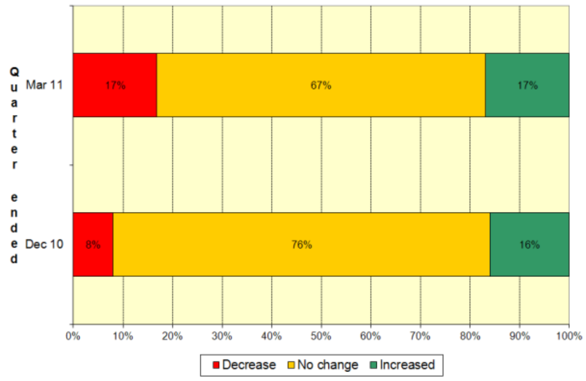
On a regional basis improved performance was more likely to be experienced by respondents located in the Limestone Coast region.

"Performance Index" by Sector



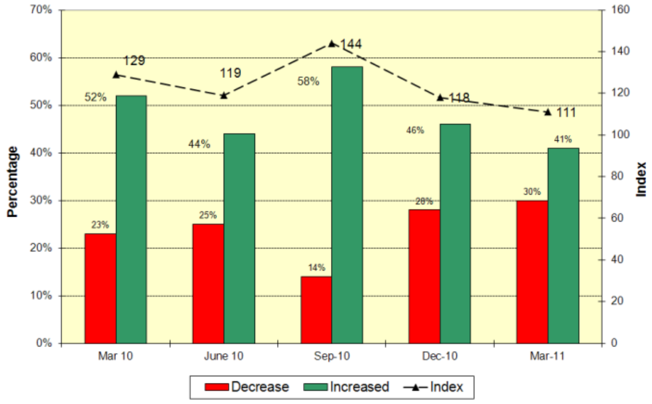
The **holiday / leisure sector was stronger** when compared to the March quarter 2010. Weaker performance was associated with festivals and events, business and the conference and meetings sector.

Number of Persons Employed



For the March quarter survey 17% of respondents indicated **growth in the number of employees** which was similar to the level observed in the December quarter survey.

Outlook for the Next 3 Months



OI = Outlook Index

For the March quarter survey **41% of respondents expected improved trading** for the next 3 months which was a decline of 5% percentage points from the December quarter result. The outlook index was down by 6% from 118 to 111.

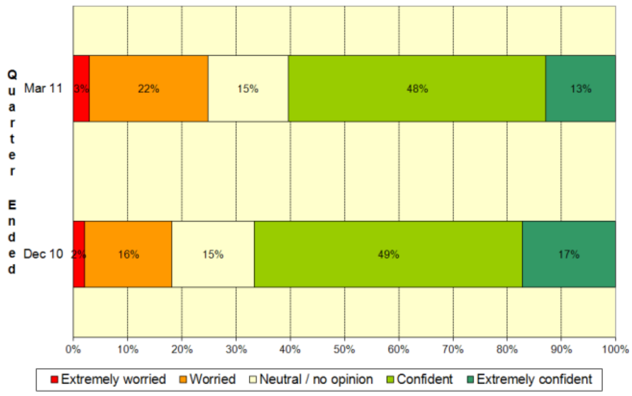
Factors influencing the outlook for the short term included:

- Caravaners / grey nomads.
- Corporate business / conferencing.
- Early rain & green countryside.
- Improved water levels in Murray River.
- Inflows to Lake Eyre.
- Range of events – Penola Coonwarra Arts Festival and cellar door events.
- 5 day Easter break.

Less positively:

- Backpacker market – has fallen each year over the last 3 years.
- Cheaper airfares on major trunk routes have made regions less competitive.
- Guests are leaving bookings to the last minute and relying on weather forecast more than ever. Fewer forward bookings therefore and demand is more erratic. (B&B).
- Some houseboat hirers concerned about flood waters coming down stream.
- Two speed economy.

Outlook for the Next 12 Months



In the March quarter survey **13% of the respondents were 'extremely confident'** about the next 12 months and 48% were 'confident'. This was down slightly from the December quarter survey where two thirds (66%) were either 'confident' or 'extremely confident'.

Factors underpinning the outlook for the next 12 months included:

- Feedback from guests on sites such as TripAdvisor; TakeABreak and Stayz.
- 4WD sector.
- Lake Eyre.
- Mary MacKillop.
- Increasing demand from China / Asia.

Less positively:

- Higher government taxes e.g. land tax / government levies.
- Lack of confidence in policy direction by State government e.g. marine parks.
- Lack of support for regions by SA Tourism Commission.
- Houseboat industry needs to overcome 4 years of negative publicity.
- Economic conditions - higher oil prices, high dollar, rising interest rates, carbon tax.

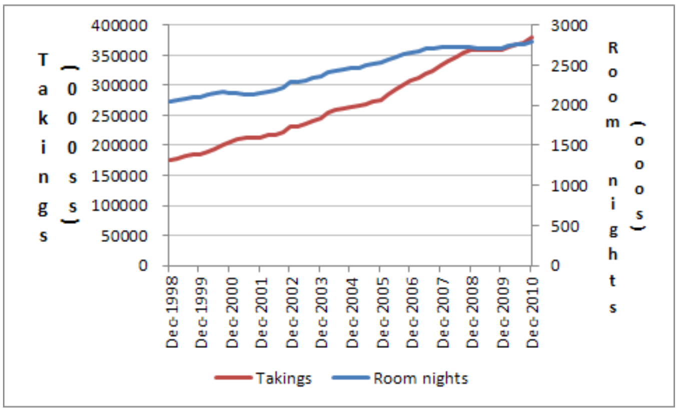
2010 Annual Performance

Information regarding travel demand in Australia is collected by Tourism Research Australia through the National Visitor Survey and the International Visitor Survey[1] .

The results of these surveys show that the number of **overnight visitors to and within South Australia contracted by 3% in the calendar year 2010** compared with the previous year. Visitor demand within Australia as a whole increased by 2% during this period.

The number of **international visitors to SA increased by 1%** while **domestic demand contracted by 3%.**

Trend in Room Nights Sold & Takings from Accommodation In SA - Hotels, Motels & Serviced Apartments (15+ Rooms)



Source: Australian Bureau of Statistics. Cat. 8635.0

The Survey of Tourist Accommodation[2] shows that **room nights sold** in hotels, motels and serviced accommodation in South Australia increased by 3.4% in the year to December 2010 while **takings from accommodation increased by 6.0%.**

The latest figures for the year to February 2011[3] show short term **departures by Australian residents grew by 12.2%** when compared to the previous year and now stand at 7.2 million for the 12 month period.

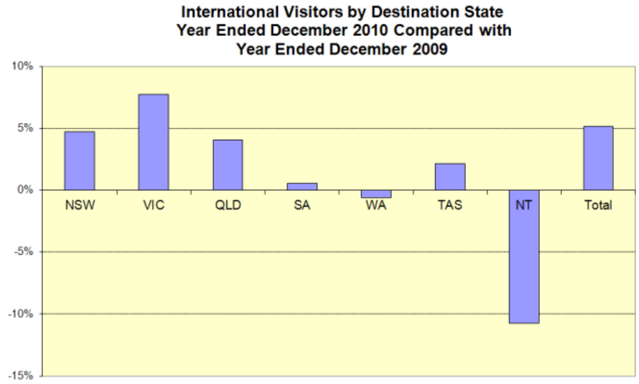
The following chart **compares the performance** of South Australia with the other States and the Northern Territory with respect to **international visitors.**

About The SATIC Tourism Barometer
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent performance and the outlook for the future.

The Barometer survey is conducted on-line and a total of 102 members responded to the March 2011 survey.

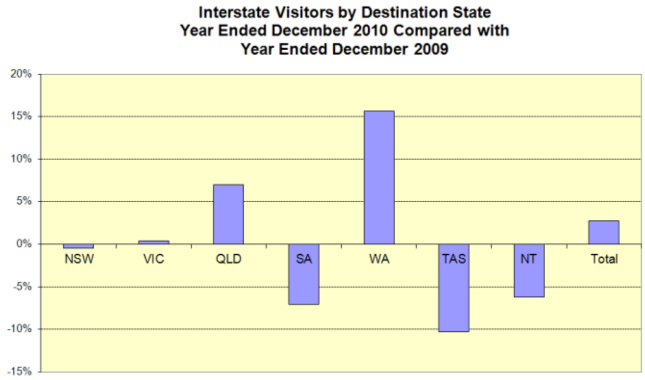
Report prepared by independent research consultants – Greenhill Research and Planning.

[1] Tourism Research Australia. http://www.ret.gov.au/tourism. International Visitor Survey; Travel by Australians.
[2] Australian Bureau of Statistics Cat. 8635.0 - Tourist Accommodation, Australia, December 2010.
[3] Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.



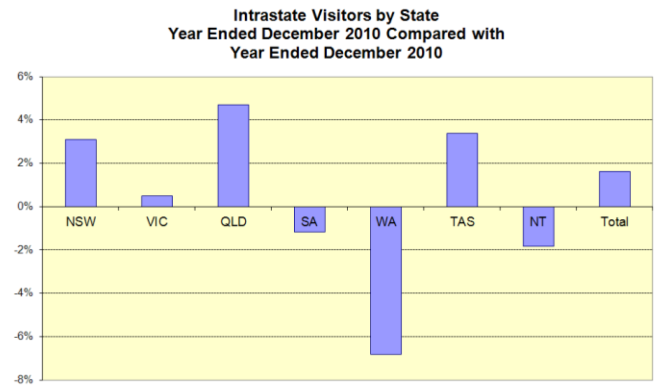
As noted the **increase in international visitors to SA was 1%** which was below the national average at 5%. The number of holiday purpose international visitors to South Australia was down by 7% while those visiting friends and relatives was up by 4%.

The chart below compares the performance of South Australia with the other States and the Northern Territory with respect to interstate visitors.



The number of **interstate travellers to South Australia contracted by 7%** compared with an overall national increase of 3%. Holiday purpose interstate visitors were steady (no change) while the number visiting friends and relatives contracted by 8%.

The chart below compares the performance of South Australia with the other States and the Northern Territory with respect to intrastate visitors.



The **intrastate market in South Australia contracted by 1%** in the 2010 calendar year compared to a 2% increase nationally. When compared on the basis of purpose of visit the number of holiday purpose visitors was up by 1% and the number visiting friends and relatives down by 8%.