Tourism Sunshine Coast

Regional Research Program
Quarterly Report
June 2009

Welcome and Background

- The current Regional Research program has been in place since 2004 and comprised a:
  - Standard Visitor surveys conducted annually on the Coast in January and the Hinterland in August in Snapshot and Whole of Region reports
  - Regional Tourism Accommodation Monitor (concluded in December 2007)
- October 2008 in consultation with our partners in Caloundra, Maroochy, Noosa and Gympie/Cooloola we decided to conduct a strategic review of the research program
- The purpose of the review was to ensure industry is provided with relevant and timely information

Background

- In March/April 2009 Tourism Sunshine Coast, in conjunction with EMDA, undertook a strategic review of partner and stakeholder market research requirements. This involved extensive consultation with stakeholders.

- The outcome of this review was the development of a relevant and cost effective market research program.

- A key component of this new approach was to develop a quarterly market research monitor and today, in conjunction with EMDA , we are pleased to present the first report.

Prepared for :

Tourism Sunshine Coast

June 09 Quarterly Report

June 2009

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Introduction

- **The purpose of this report is to provide a relevant, timely and concise report for the Industry Operators and other Stakeholders.**

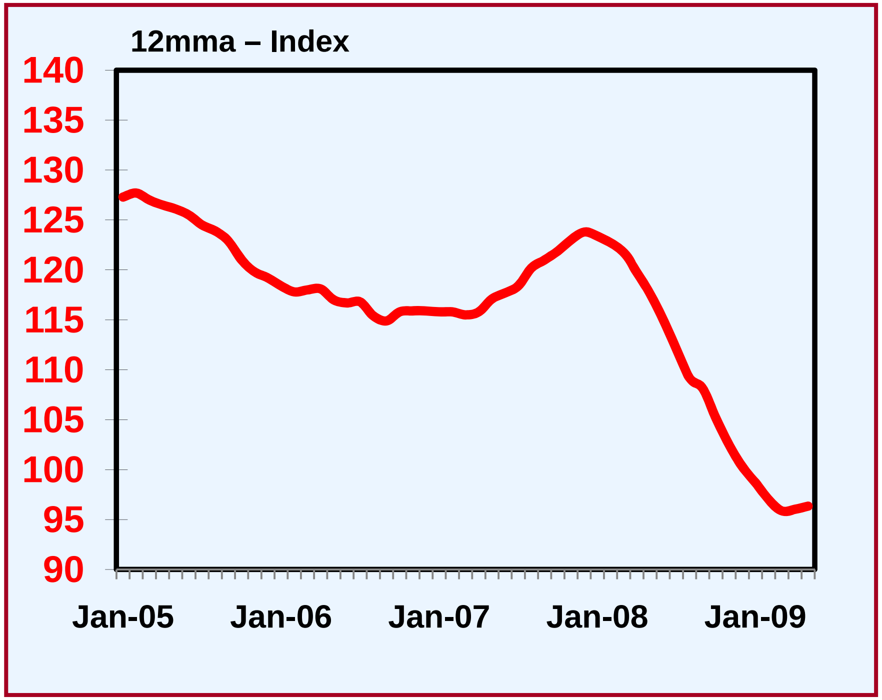
- The scope of the report includes the following :-

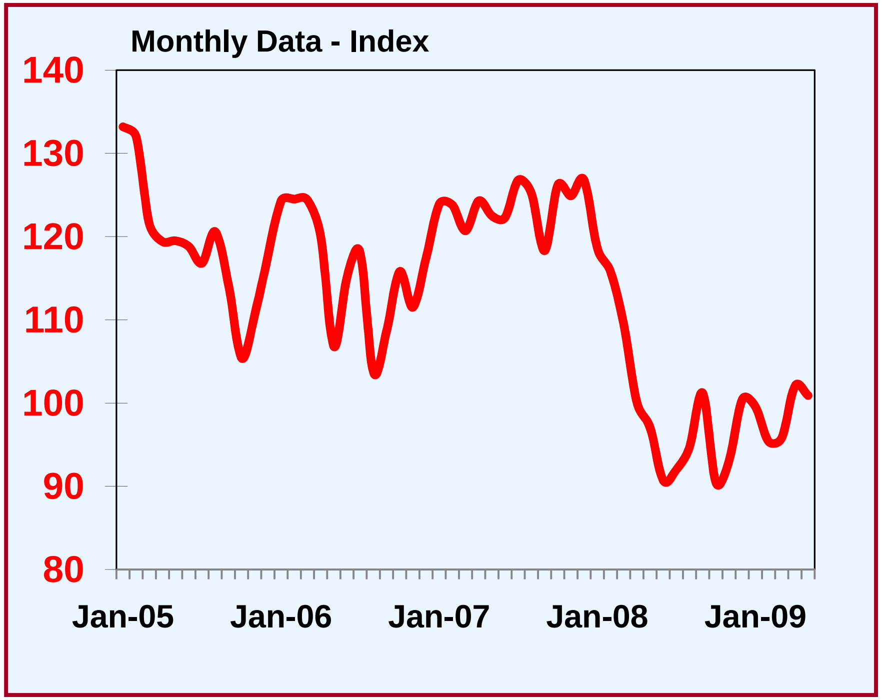
  - Section 1 : The external environment and tourism trends.
  - Section 2 : The economic value of tourism on the Sunshine Coast.
  - Section 3 : Consumer Preference for the Sunshine Coast and Destination areas.
  - Section 4 : Business Performance
  - Section 5 : Visitor characteristics, Sustainability benchmarks and visitor satisfaction.
  - Section 6 : The demand outlook for the Sunshine Coast and accommodation industry.
  - Section 7 : Key Point summary.

Data Sources

- **This report uses a number of data sources – dates in brackets refer to the date of the latest data.**
- Roy Morgan Research Single Source (March 2009).
- Roy Morgan Consumer Confidence Data (May 2009).
- International Visitor Survey (December 2008).
- Domestic Visitor Survey (December 2008).
- Australian Bureau of Statistics - Tourist Accommodation (December 2008).
- Australian Bureau of Statistics – Arrivals / Departures data (March 09).
- Tourism Sunshine Coast – Standard Visitor Survey (January 2009).
- Sunshine Coast Regional Council - Business Confidence data (May 2009).
- Sunshine Coast Regional Council – Economic Value (Report May 2009)

Australia Consumer Confidence - Year to May 09





Source : RMR Confidence Data

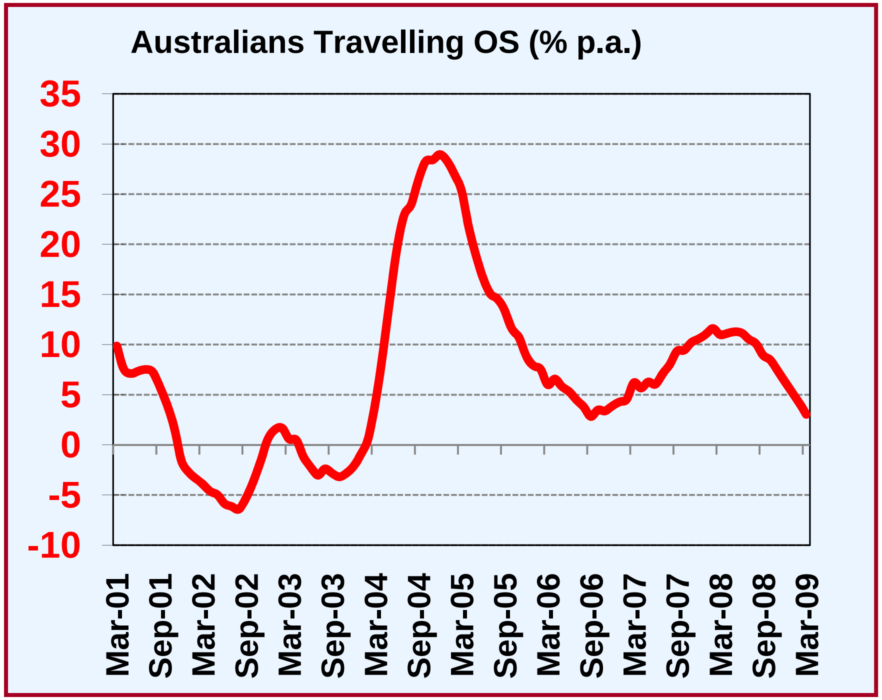
- **Economic woes continue to be a drag on consumer confidence – but this has stabilised in the last three six months or so and has started to improve.**

- **Recent interest rate cuts and some improvement in the stock market are contributing to slightly better consumer sentiment.**

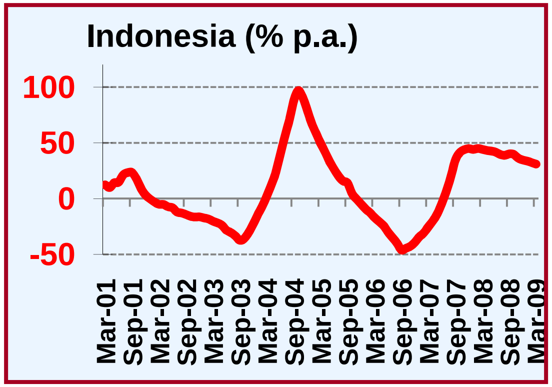
Australian Outbound (YE March 09)

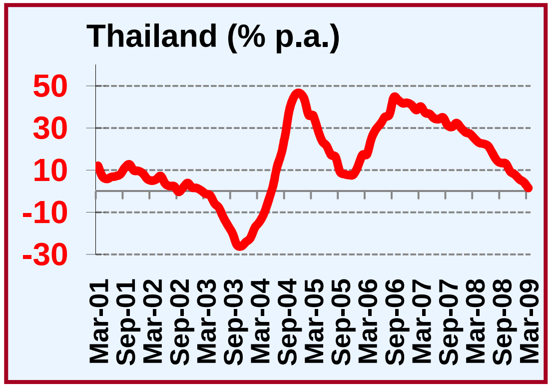
- Australians travelling overseas, in terms of growth, is starting to slow as the global slowdown bites in Australia, but the growth in visitor numbers to Indonesia (+31%) (read Bali) is nothing short of spectacular.

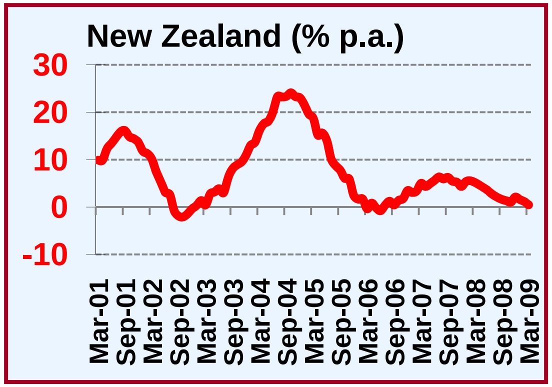
- The New Zealand outbound market remains weak and political instability has impacted on the Thai outbound market.



Source : ABS

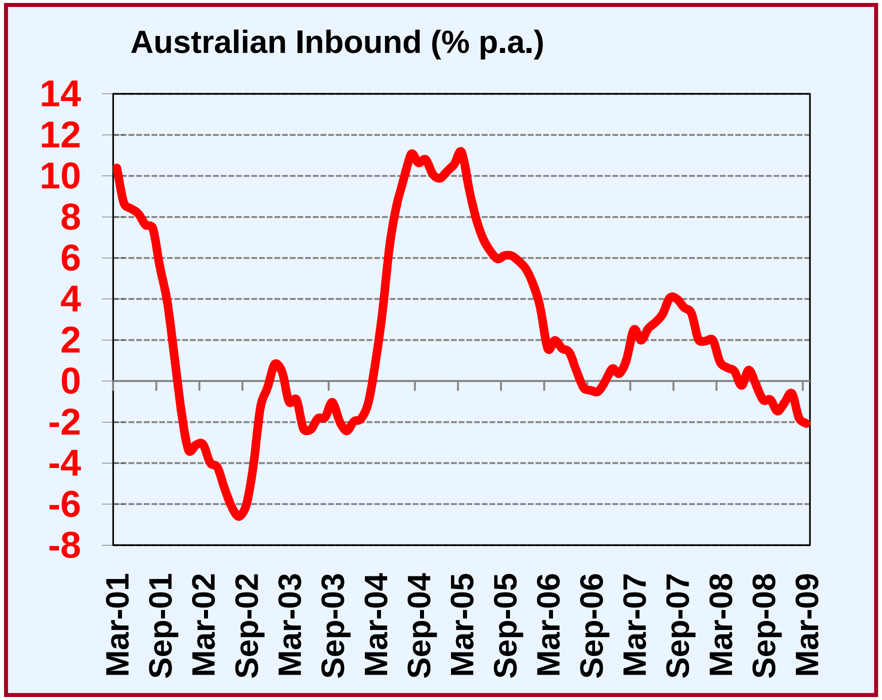






Australian Inbound (YE March 09)

- Inbound has been impacted by the Global Financial Crisis (GFC).
- Even Brits are visiting less as their economy suffers.
- The New Zealand market is weak . The US market hardly recovered from the Iraq war, terrorism attacks and SARS, and is now struggling again under the weight of the weak economy.



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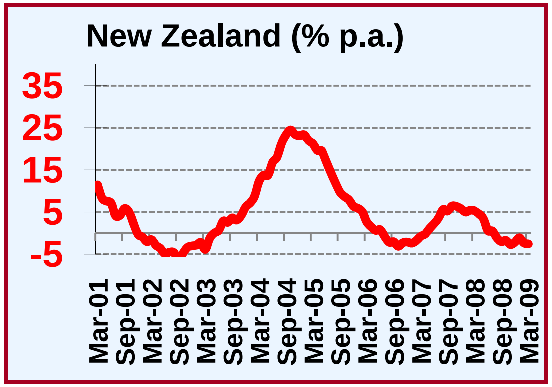
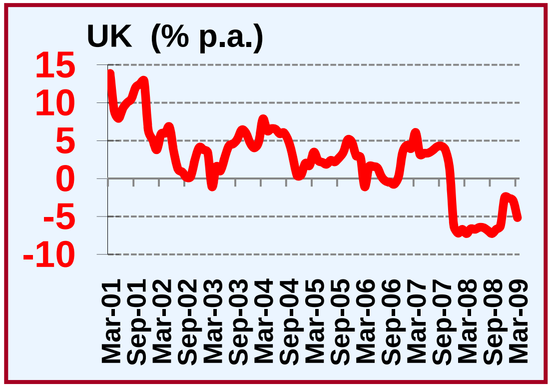
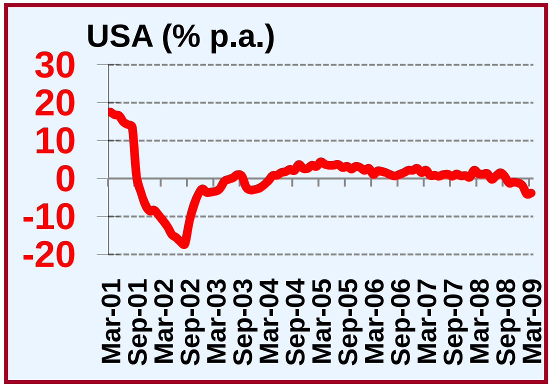
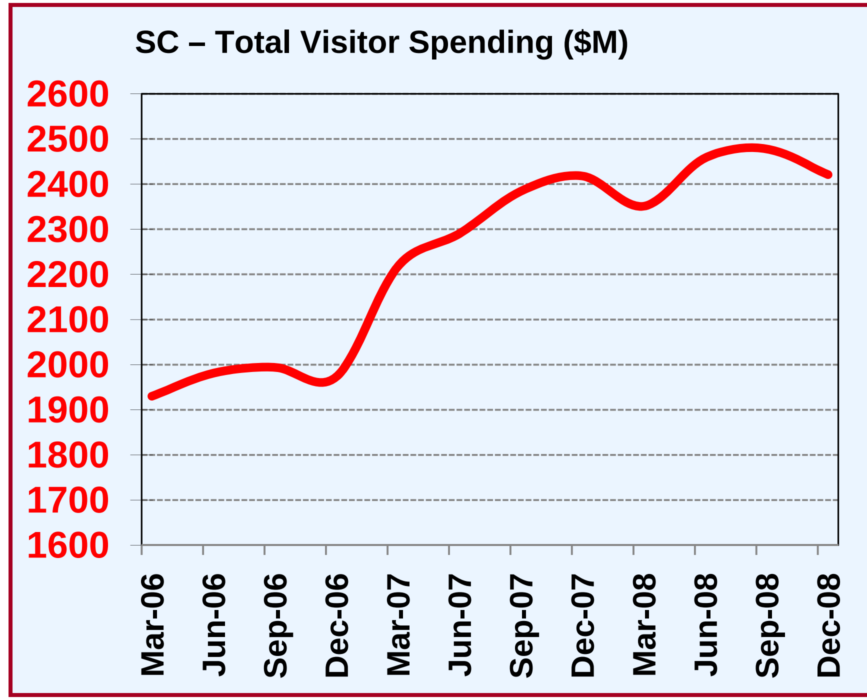




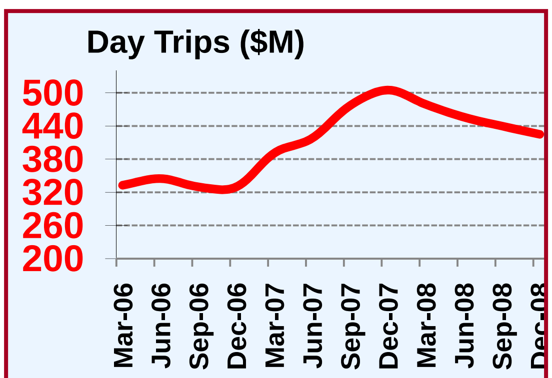


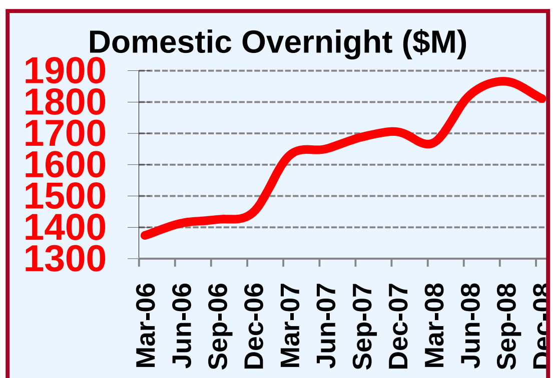
Sunshine Coast Regional Spending

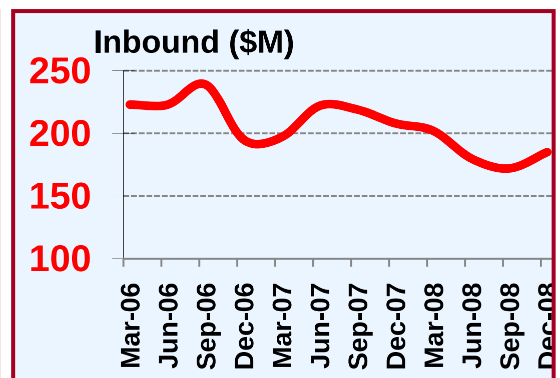
- Sunshine Coast has been growing spending strongly until Dec 08 (Year ended).
- Domestic Overnight spending has been very strong – growing 31% since March 06.
- Inbound spending is lower – despite more visitors, but appears to have turned the corner. Yield per visitor is lower.



Source : IVS/NVS

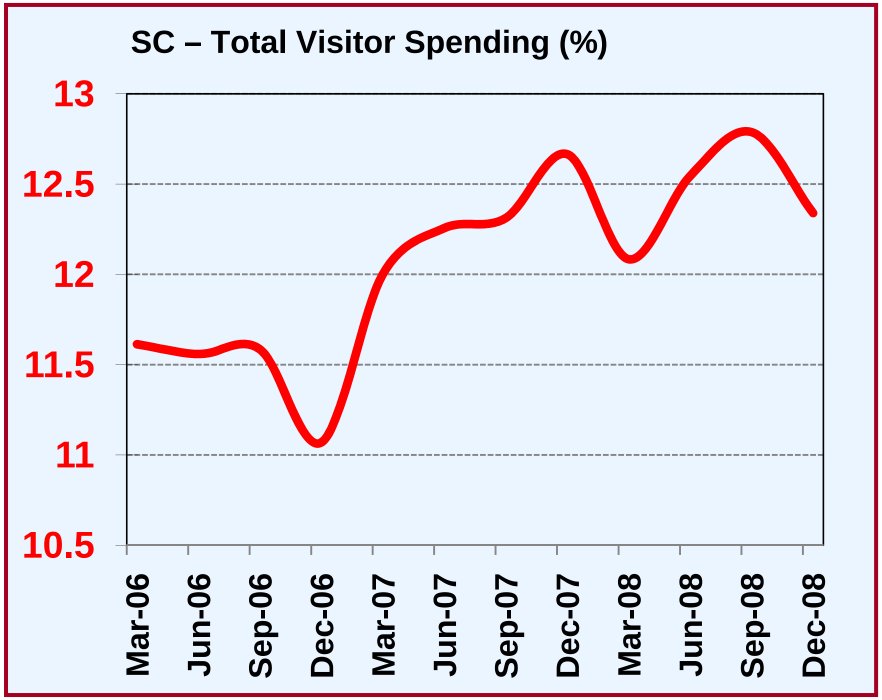






Regional Spending – Share of Queensland

- SC has been growing share of Queensland tourism spending as well – although it has just softened in the last quarter.
- Share of Queensland domestic overnight spending is strong – inbound has been weakening.



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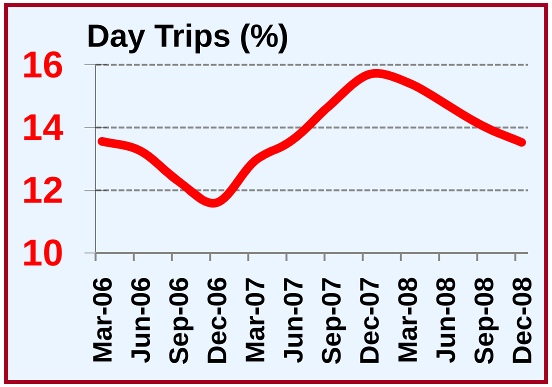
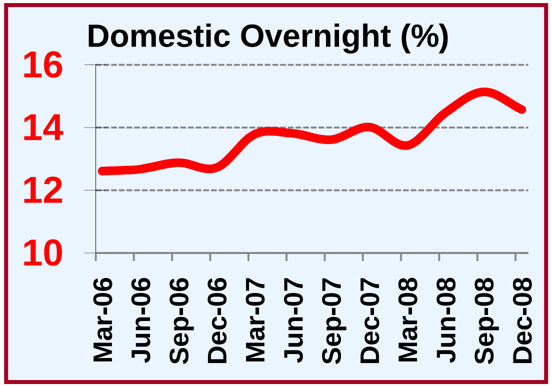
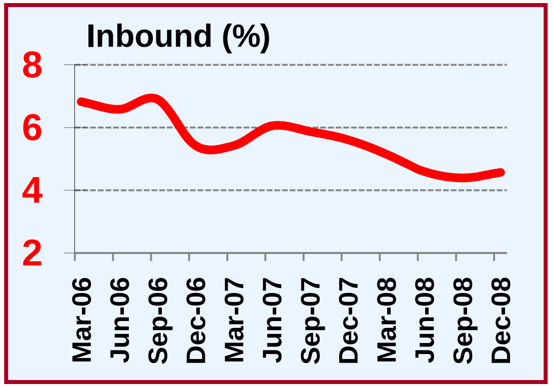
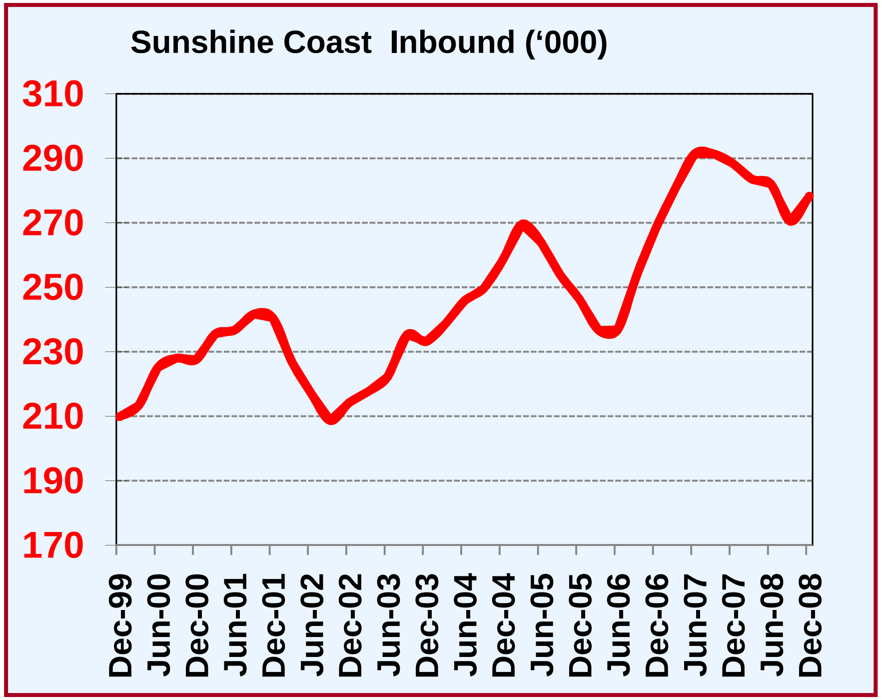
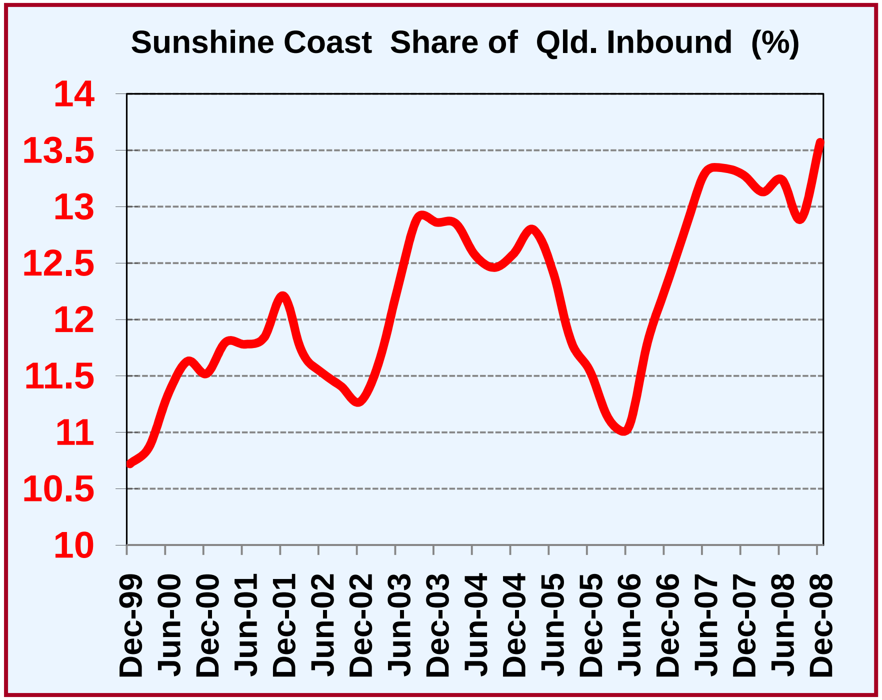






Sunshine Coast Inbound (YE Dec 08)



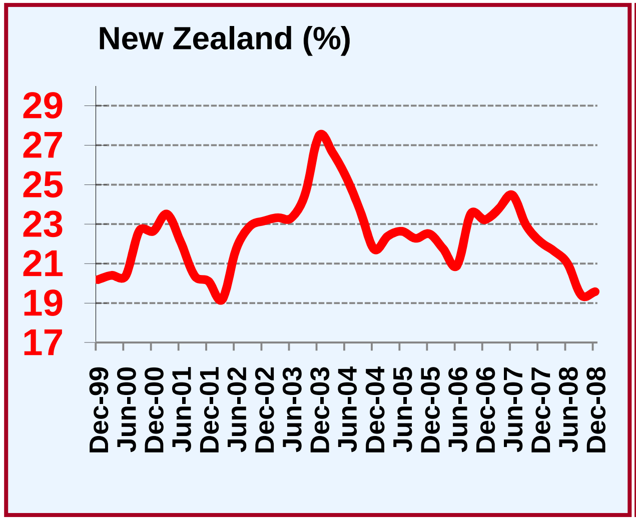


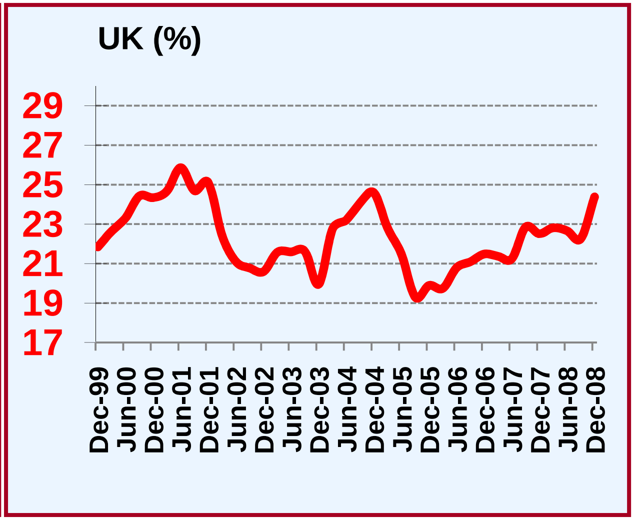
Source : IVS

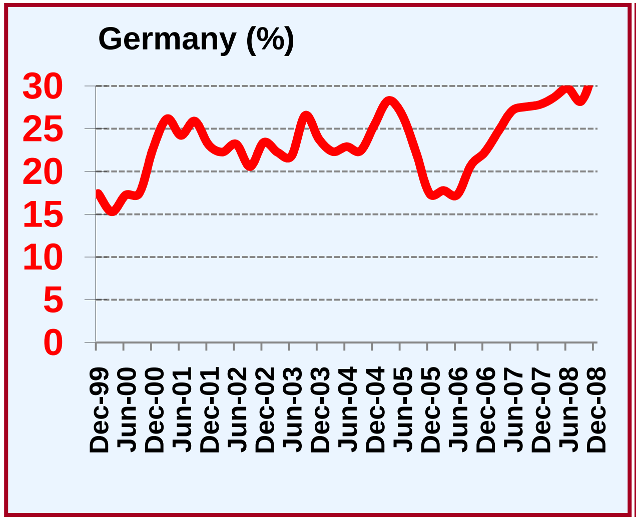
- **Although inbound visitor numbers to the Coast are softening, the Sunshine Coast is gaining share of Queensland Inbound visitors.**

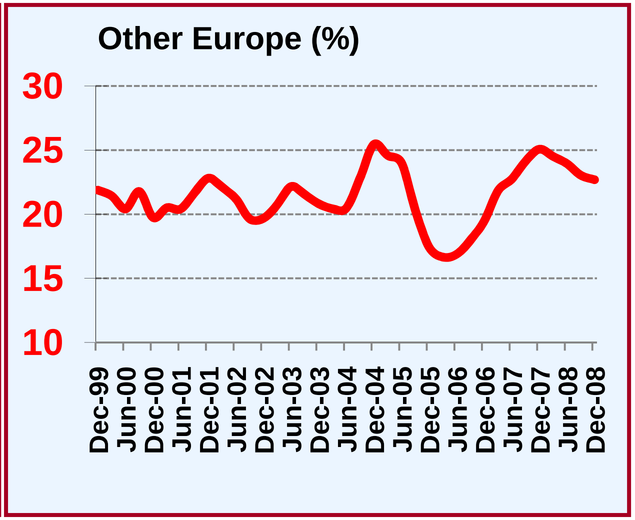
Sunshine Coast Inbound - Market Share Key Markets

- The top four source markets for the Coast are reviewed.
- The Sunshine Coast is gaining share of the UK and German market.
- Share of the NZ market was falling but appears to have steadied.





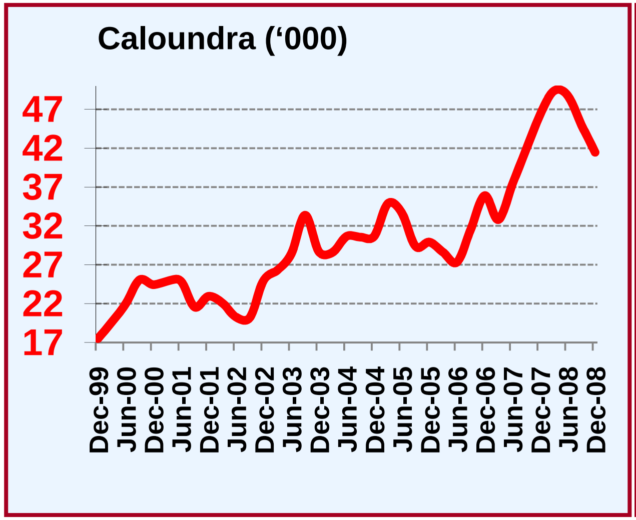


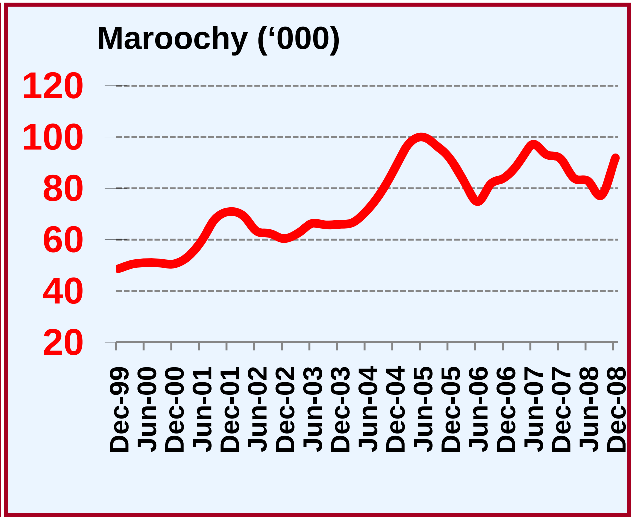


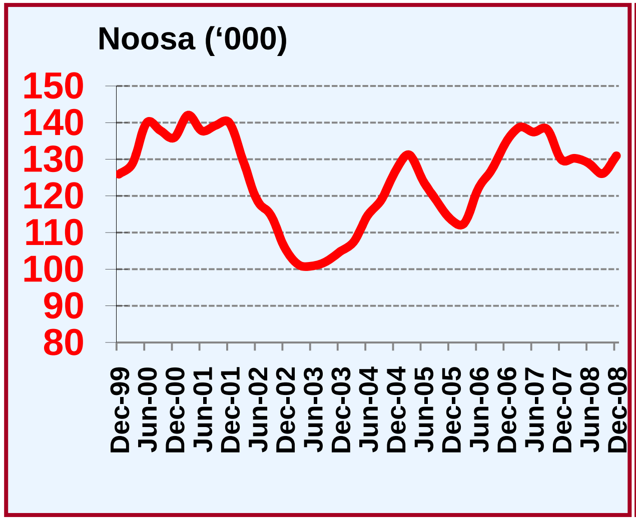
Source : IVS

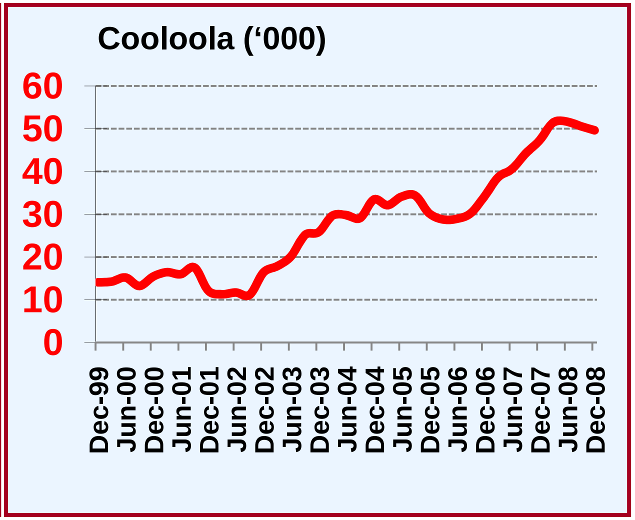
Destination Areas - Inbound Visitors

- **Inbound to Caloundra. Moorochy and Cooloola have been trending up.**
- **Noosa Inbound is steady.**



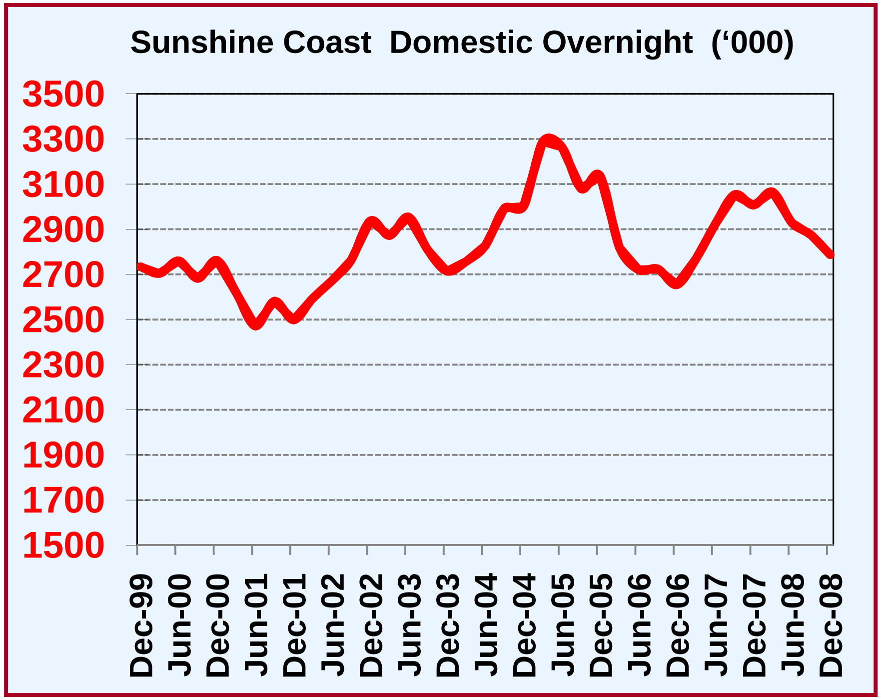


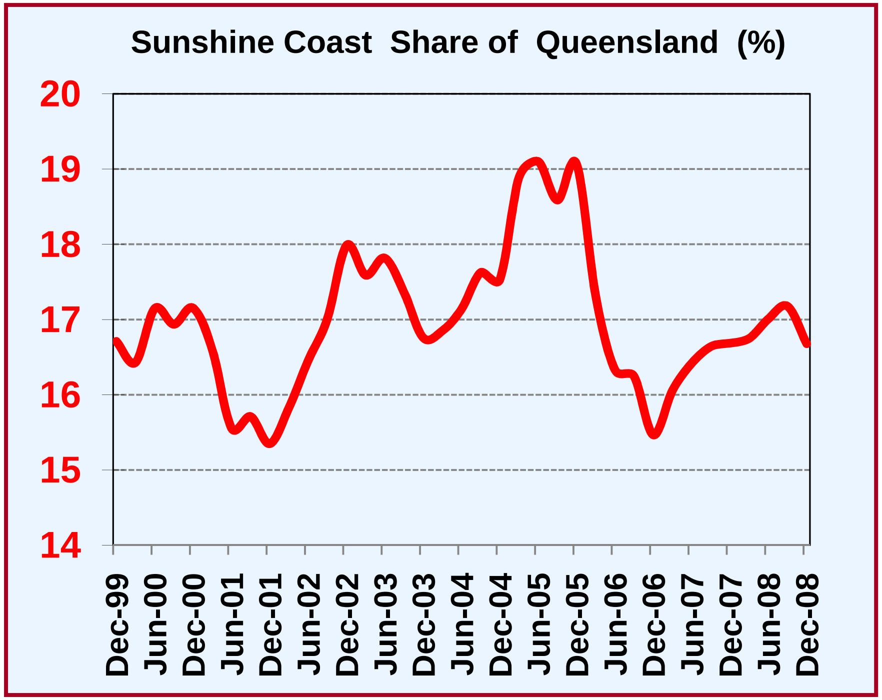




Source : IVS

Sunshine Coast Domestic Overnight (YE Dec 08)



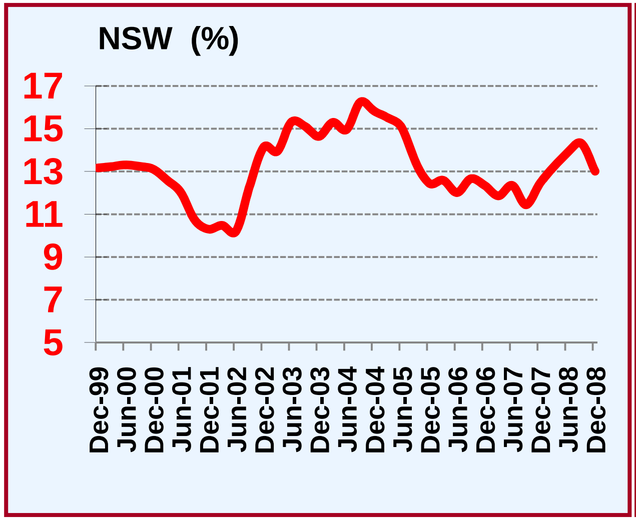


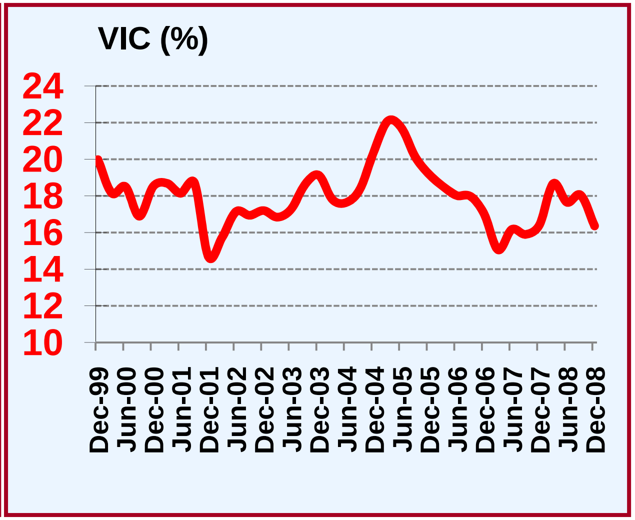
Source : NVS

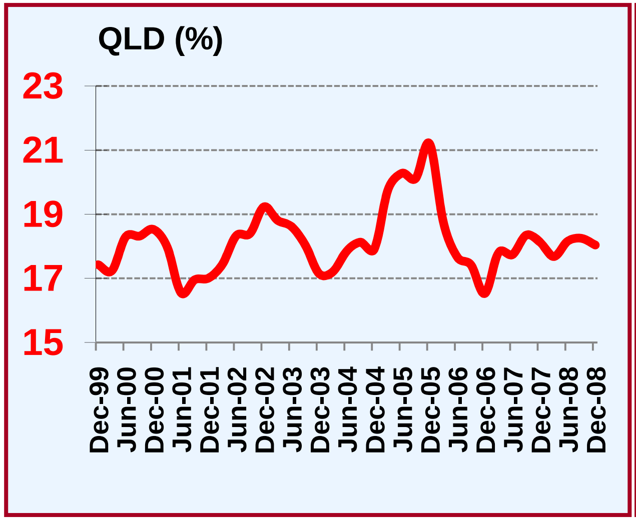
- **Overnight visitors to the Sunshine Coast have been softening, share as well is down since Dec. 05.**

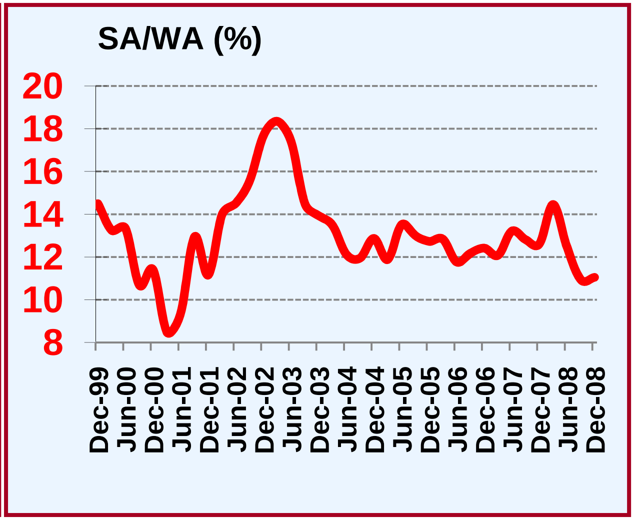
Sunshine Coast Domestic Overnight - Market Share Key Markets

- Share of the Queensland Domestic overnight market is steady, whereas share from the interstate markets is softening in the last quarter.







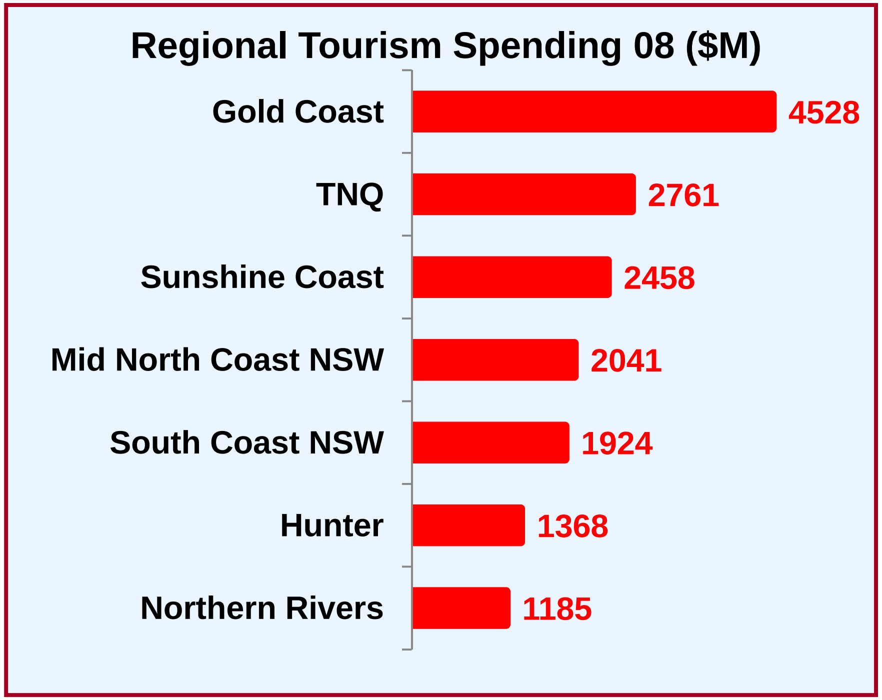


Source : NVS

Note : Share of Qld overnight domestic trips

Visitor Spending on the Sunshine Coast

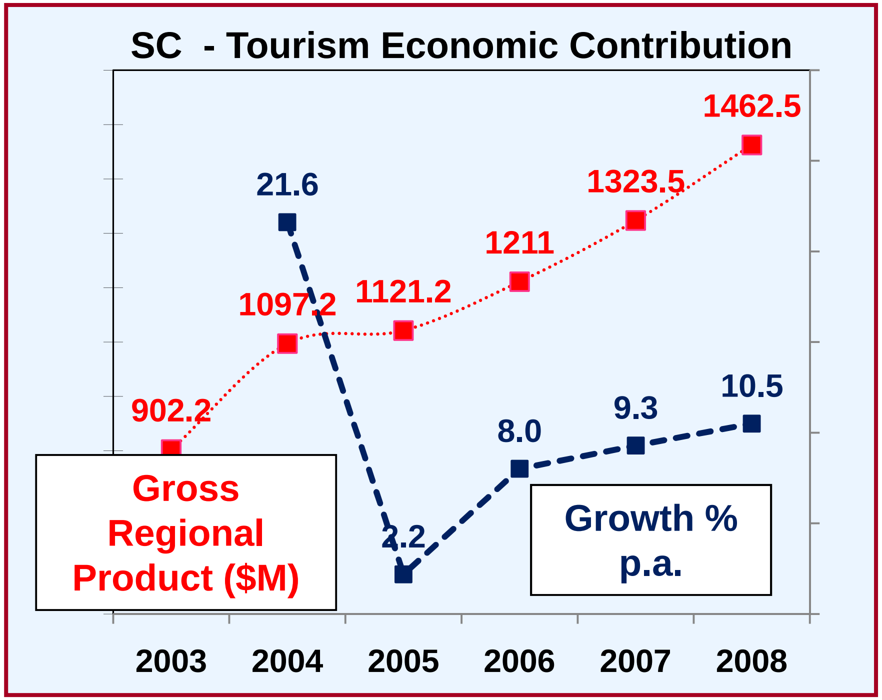
- **Day visitors spent $425M in 2008 – Sunshine Coast ranked 8th in Australia .**
- **Domestic Overnight ranked No. 6, worth $1.811B.**
- **Inbound much less valuable - $178M of spending in the Region.**
- **Overall visitors to the Sunshine Coast spent a total $2.4Billion in 2008. This is larger than total Tas ($2.1B) and the total for the NT ($1.8B) and ranks the Sunshine Coast as the third biggest Regional market.**



Source : TRA Dec 08

Sunshine Coast Tourism Economic Contribution

- Tourism makes a very significant contribution to the economy on the Sunshine Coast – it now nearly contributes $1.5Billion .
- The contribution has also been growing strongly, with the economic contribution up 10.5% in 2008.
- The growth in visitor spending has contributed to this economic growth.

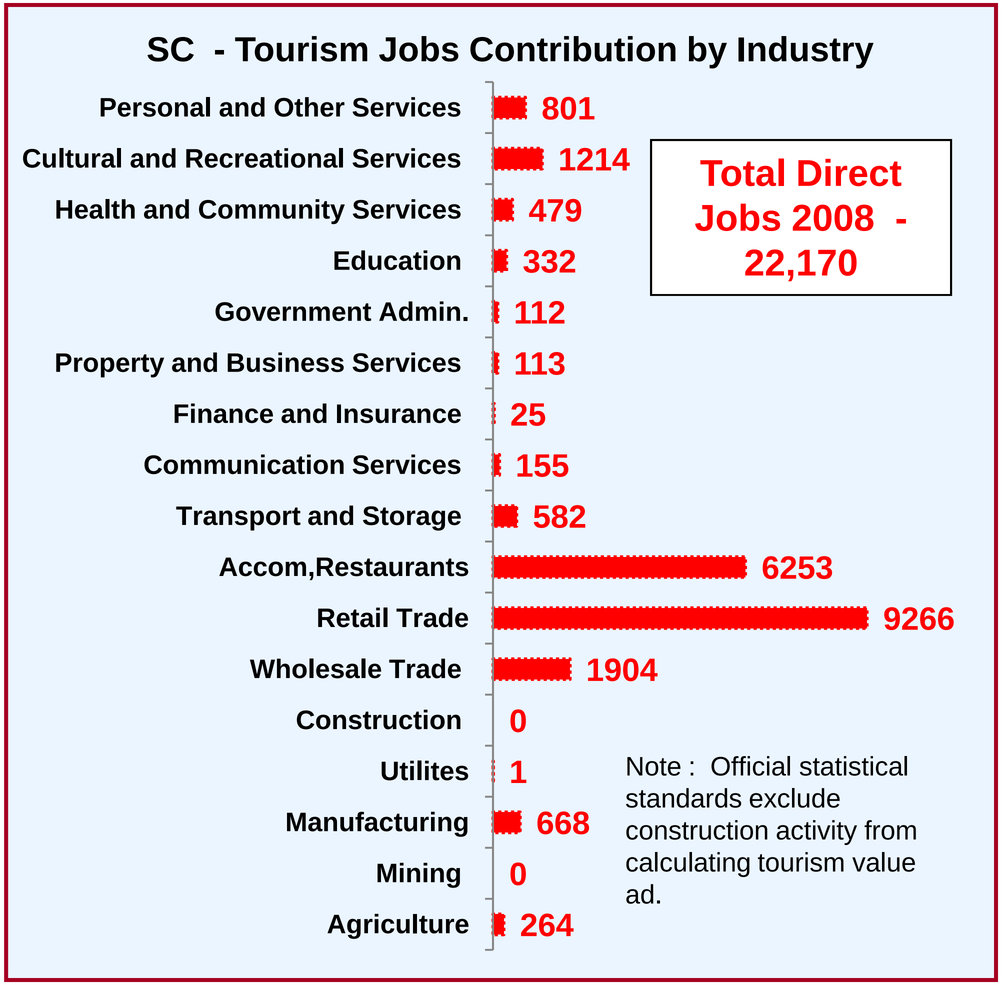


Source : SGS Economics and Planning

Sunshine Coast Tourism Economic Contribution - Jobs

- Using Queensland Treasury estimates of the tourism contribution by industry for the SC and applying this to the total SC job market (provided by SGS) – provides an estimate of the job contribution tourism makes to the SC.

- This is estimated at 22,170 jobs in 2008. This means tourism provided 20.4% of the jobs on the Coast. Accommodation and retail trade account for the most.

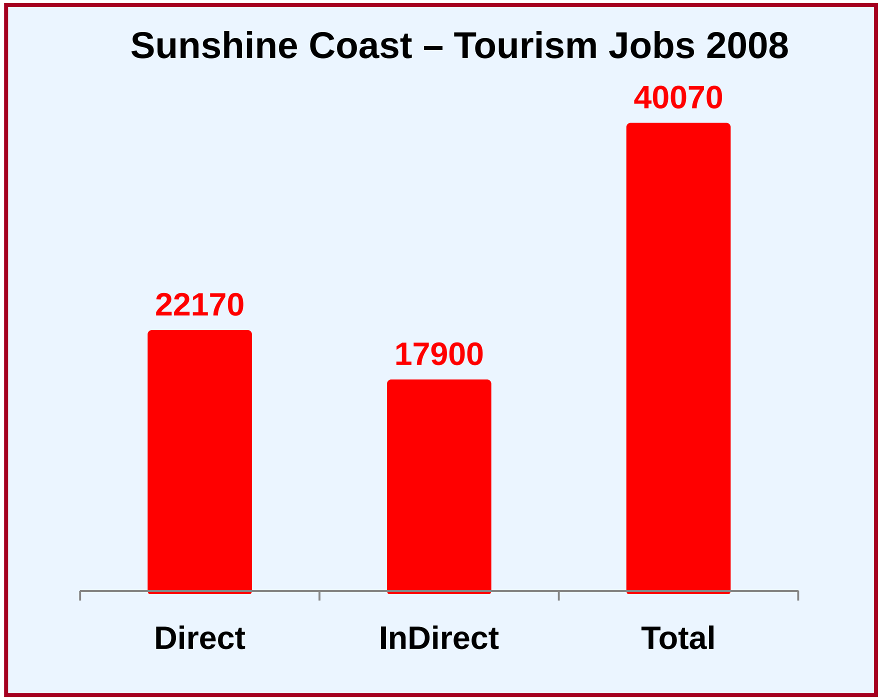


Source : EMDA 2009

Sunshine Coast Tourism Employment

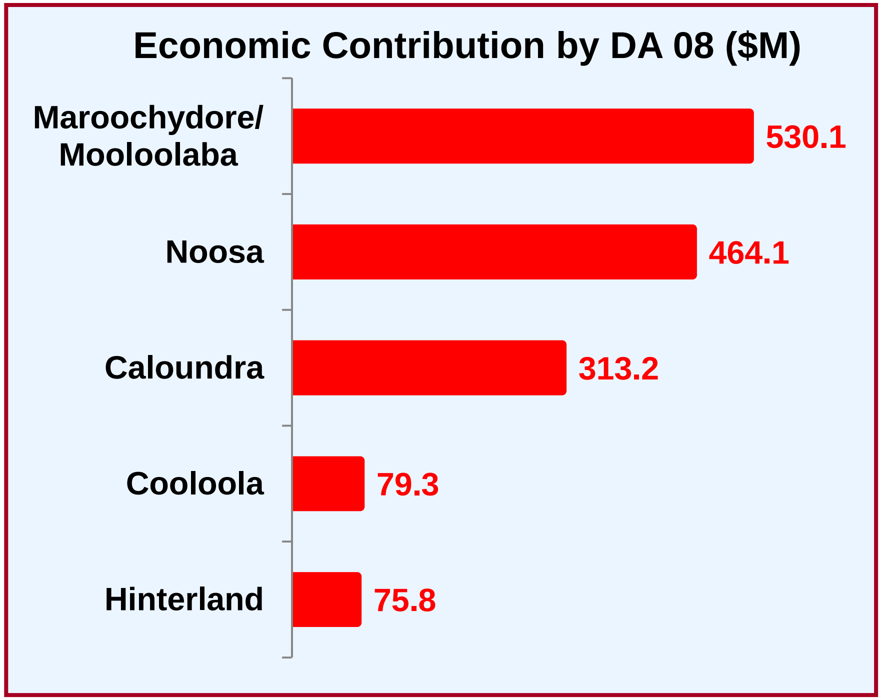
- On top of the 22,170 jobs (2008) the industry generates directly, the Industry also generates indirect jobs.

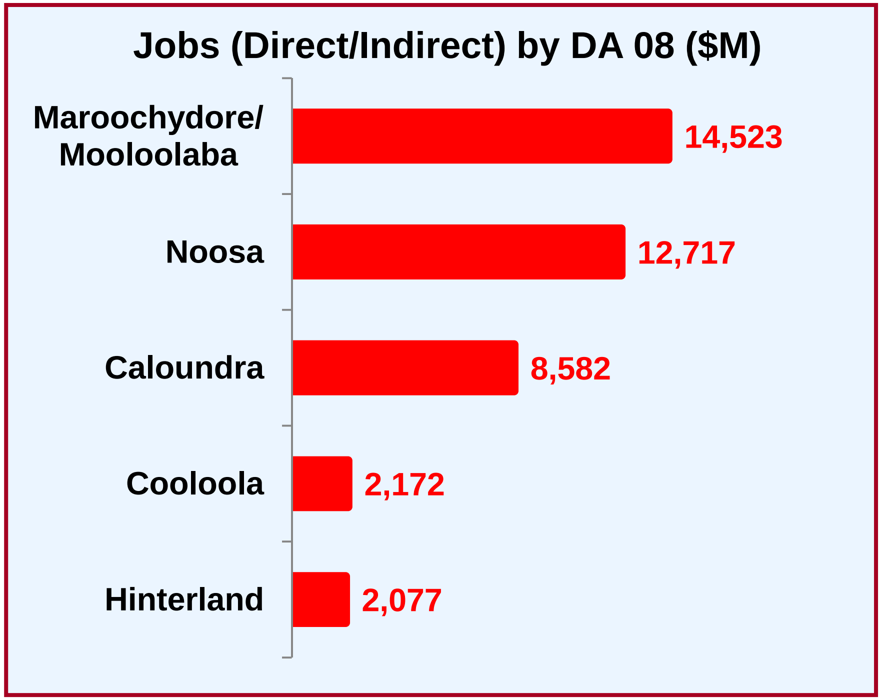
- **Using the Queensland Satellite Accounts as a base, the Industry is estimated to support another 17,900 indirect jobs, taking the total to 40,070 jobs (36.9% of the SC employment).**



Source : SGS & EMDA

Economic Contribution by Destination Area (DA).





Source : EMDA

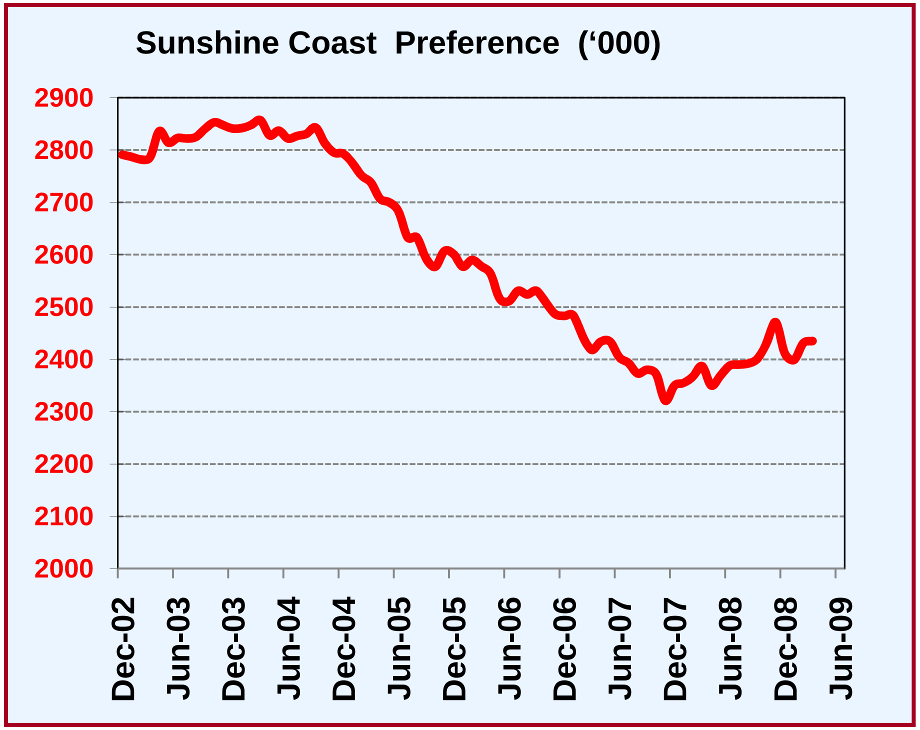
- **The economic benefit of tourism is spread throughout the region, however, Maroochydore/Mooloolaba and Noosa account for the highest component.**

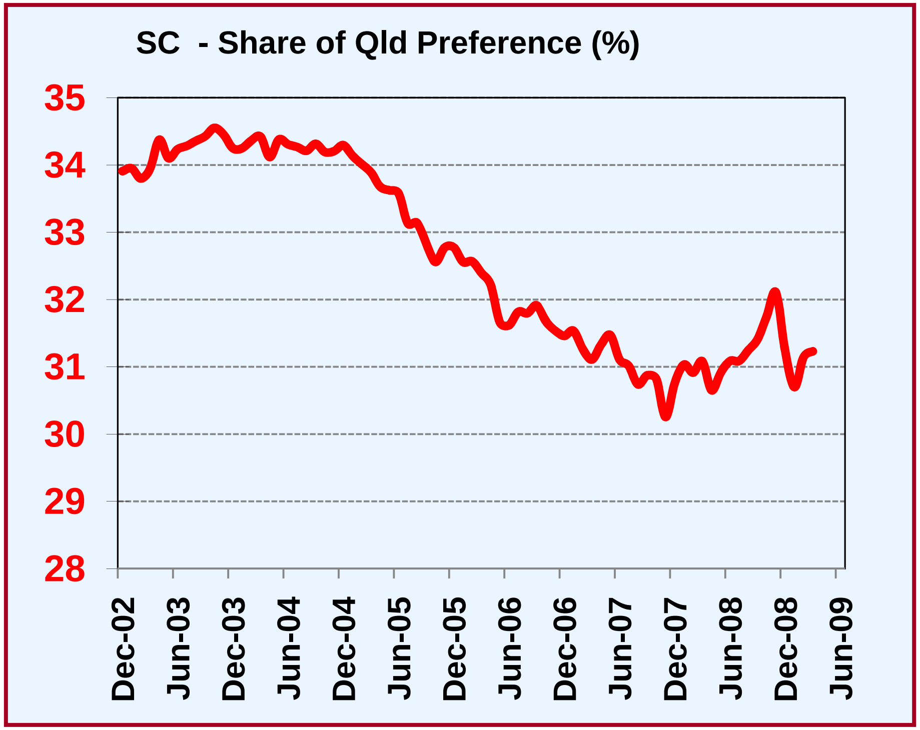
Economic Value Comparisons

- **Tourism on the Sunshine Coast is worth more than many other significant tourism activities.**
- **Australian Ski Resorts – winter and summer $1,319M (2005) – source NIEIR**
- **Victorian Spring Racing Carnival $221M (IER)**
- **The Caravan Industry - 17,000 jobs (Caravan, RV and Accommodation Industry of Aust.)**
- **Cruise shipping - 1832 direct jobs (Cruise Down Under).**
- **Tasmania – 13,700 direct jobs, $1B GDP contribution (ST SRC 2008).**
- **2006/07 Northern Territory $933.9M Direct GSP contribution . 9,680 jobs (ST SRS)**

Source : EMDA 2009

Sunshine Coast Preference (YE March 09)





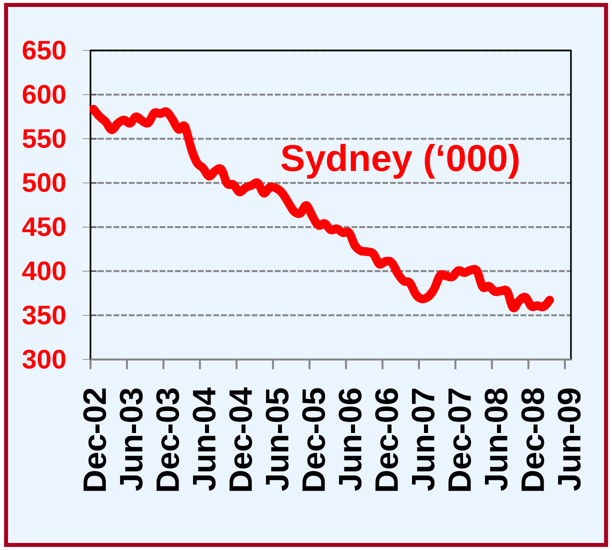
Source : Roy Morgan Holiday Tracking Study

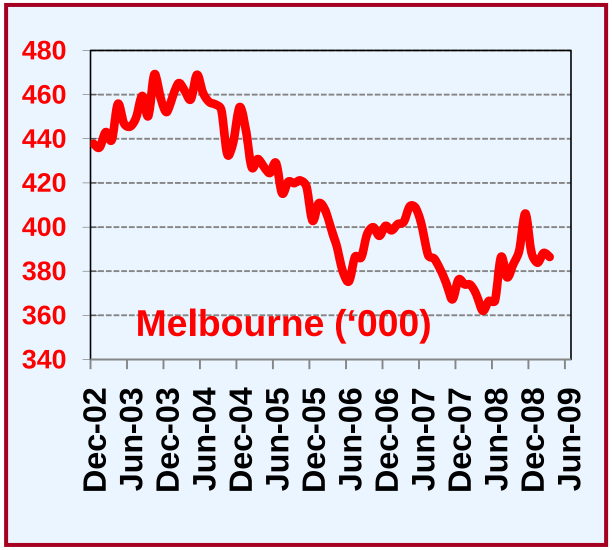
- **The Sunshine Coast has been experiencing softening Preference since 2003. Given this decline in Preference across the Region, research will be undertaken to investigate why this is occurring.**

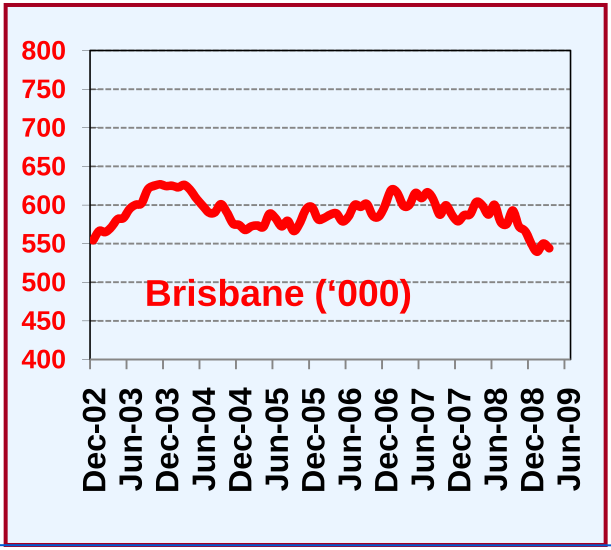
- **There was some improvement in 2007/08 and this has continued in March 09, although it is well down from 2004. Share of Queensland Preference is also soft.**

Sunshine Coast Preference (YE March 09) - Key Source Markets

- **In terms of key markets, Preference is well down in Sydney. In fact, Preference is down 38% in this key origin market.**
- **Brisbane Preference , although is holding up – Melbourne Preference is a little stronger.**

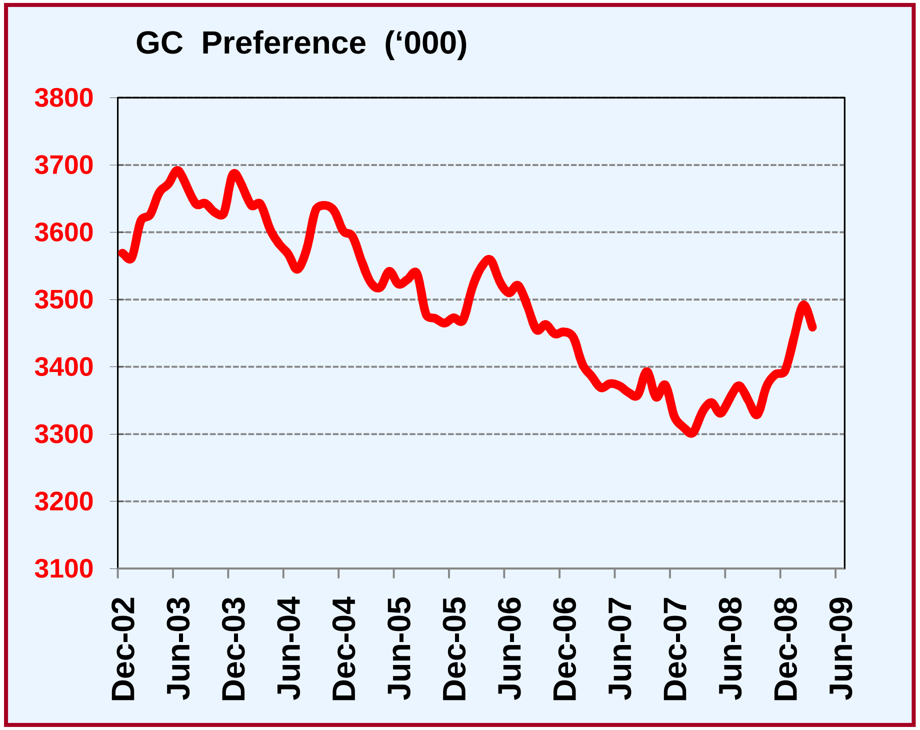


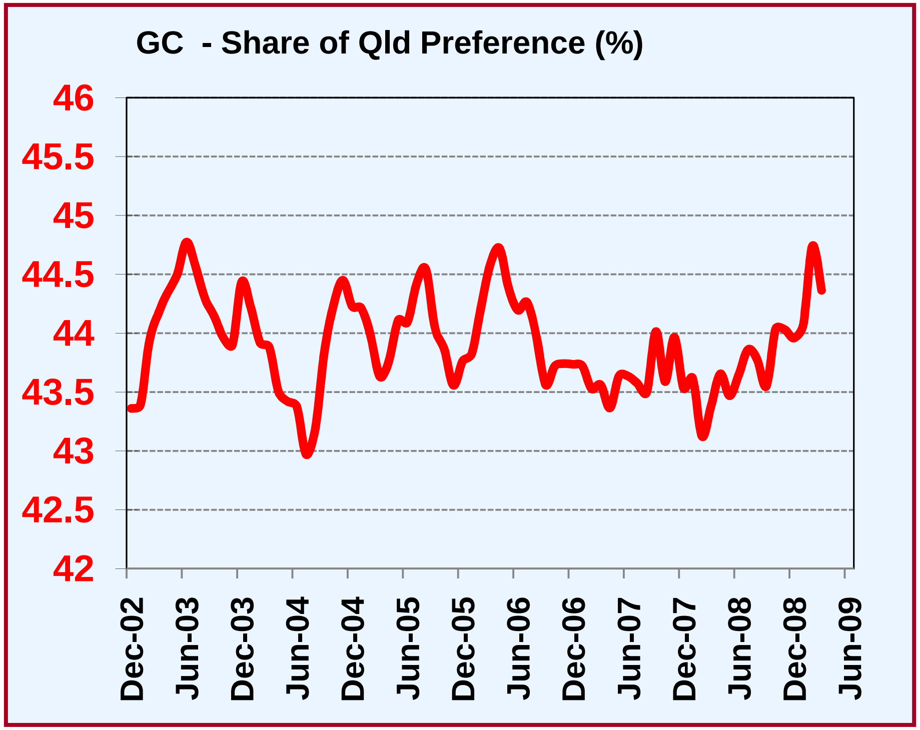




Source : Roy Morgan Holiday Tracking Study

Gold Coast Preference



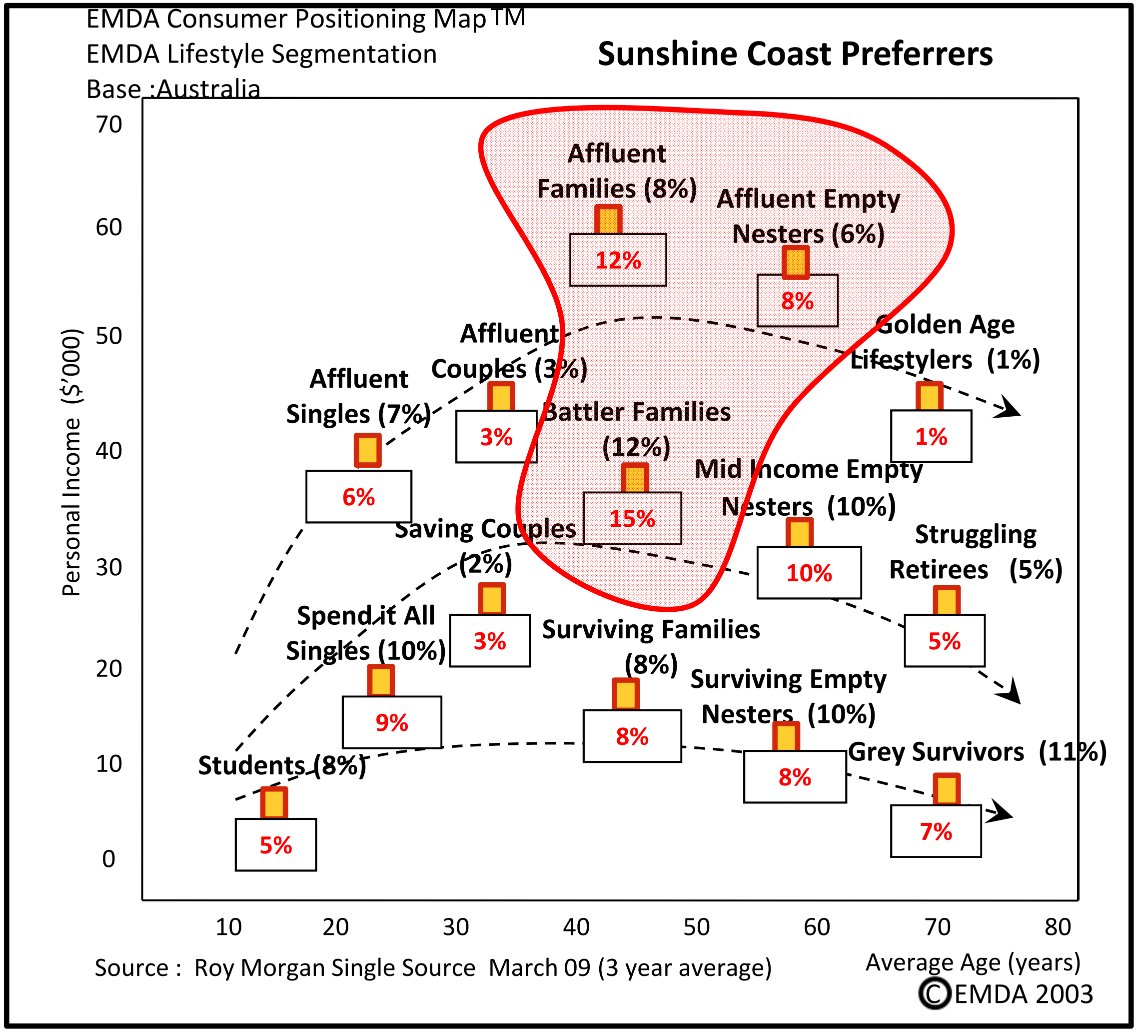


- **The Gold Coast 's Preference has also softened, but now is growing and share of Queensland Preference is improving.**

Source : Roy Morgan Holiday Tracking Study

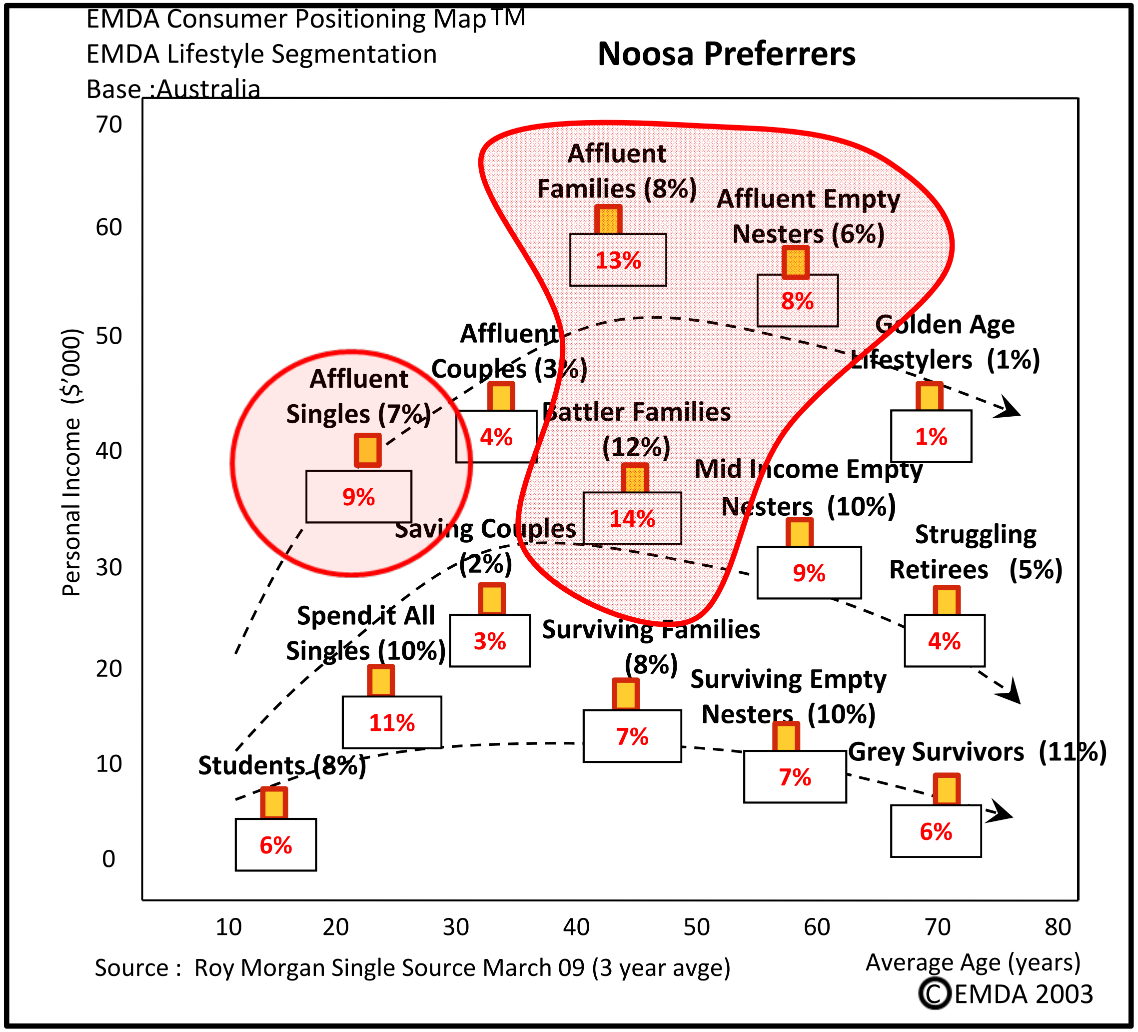
Sunshine Coast – Positioning Profile

- This charts the alignment of a destination (in this case the Sunshine Coast) with Lifestyle Segments.
- For example, while Affluent Families are 8% of the population, they account for 11% of SC Preference – that is this segment has a higher propensity to want to holiday on the Coast.
- Sunshine Coast is more aligned with the family and more affluent segments.



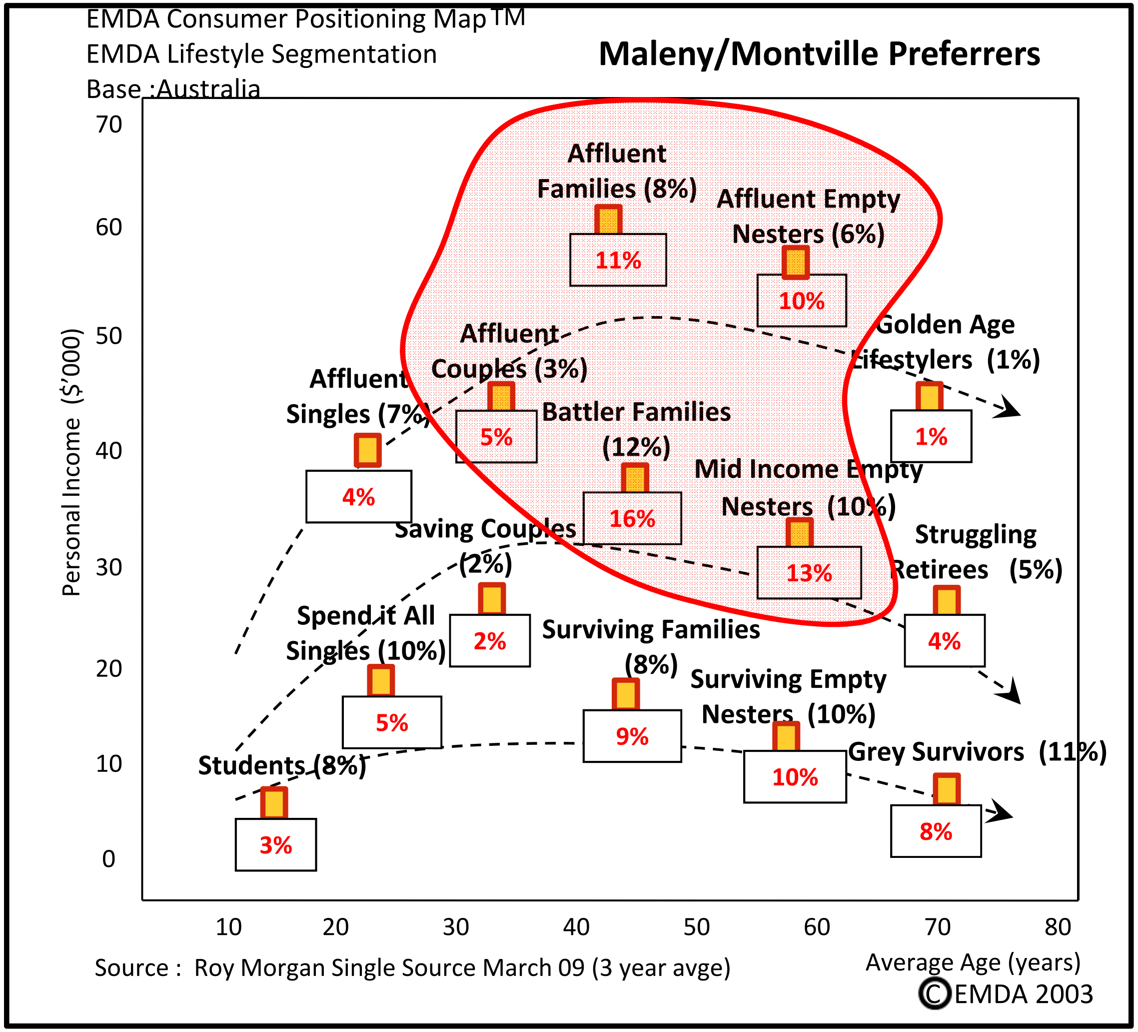
Noosa – Positioning Profile

- Noosa is more aligned with the Affluent Families, Affluent Empty Nesters, Affluent Singles.
- Noosa also appeals to Battler Families.



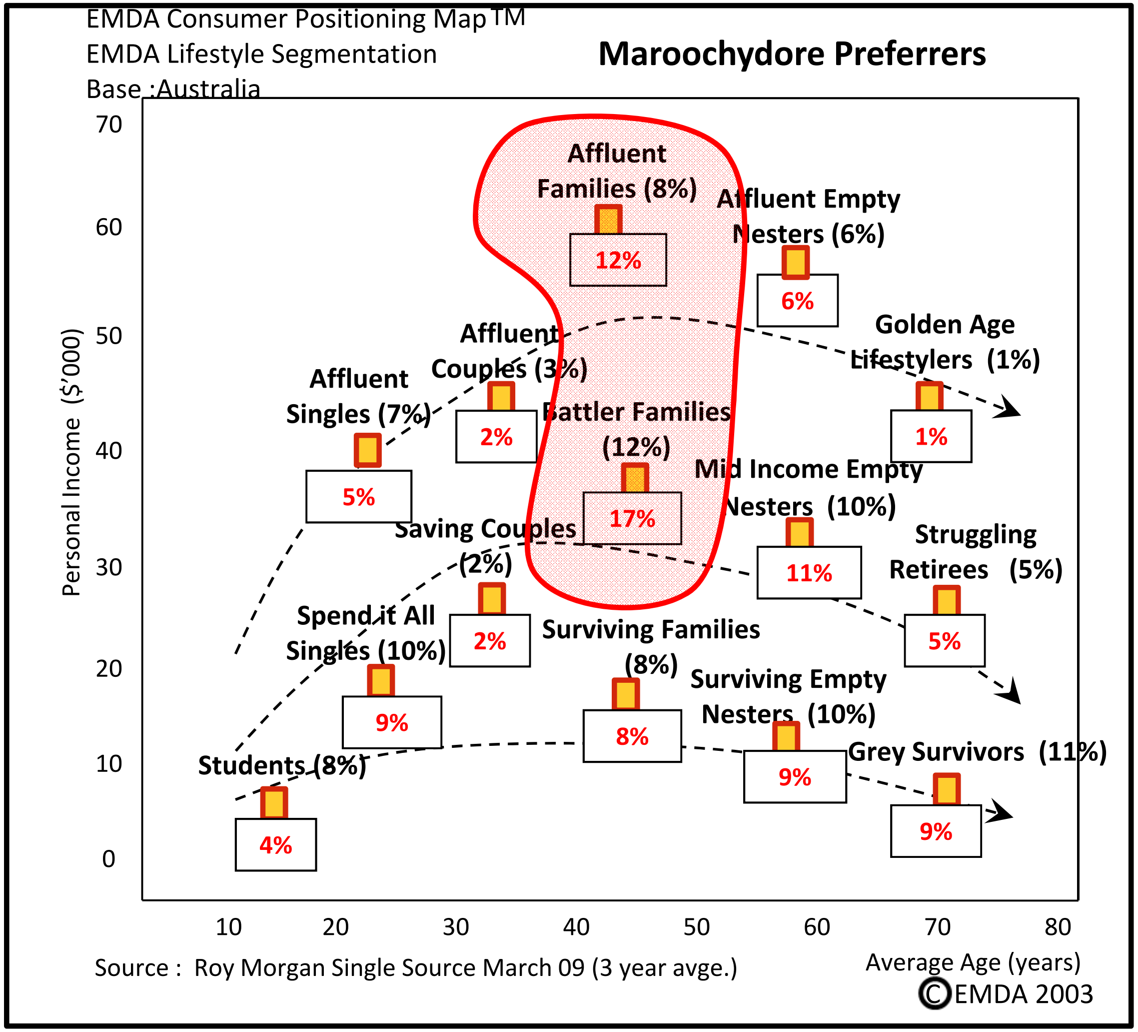
Maleny/Montville – Positioning Profile

- Maleny/Montville and other Hinterland is also more aligned with the family and more affluent segments.
- Appeals less to singles.



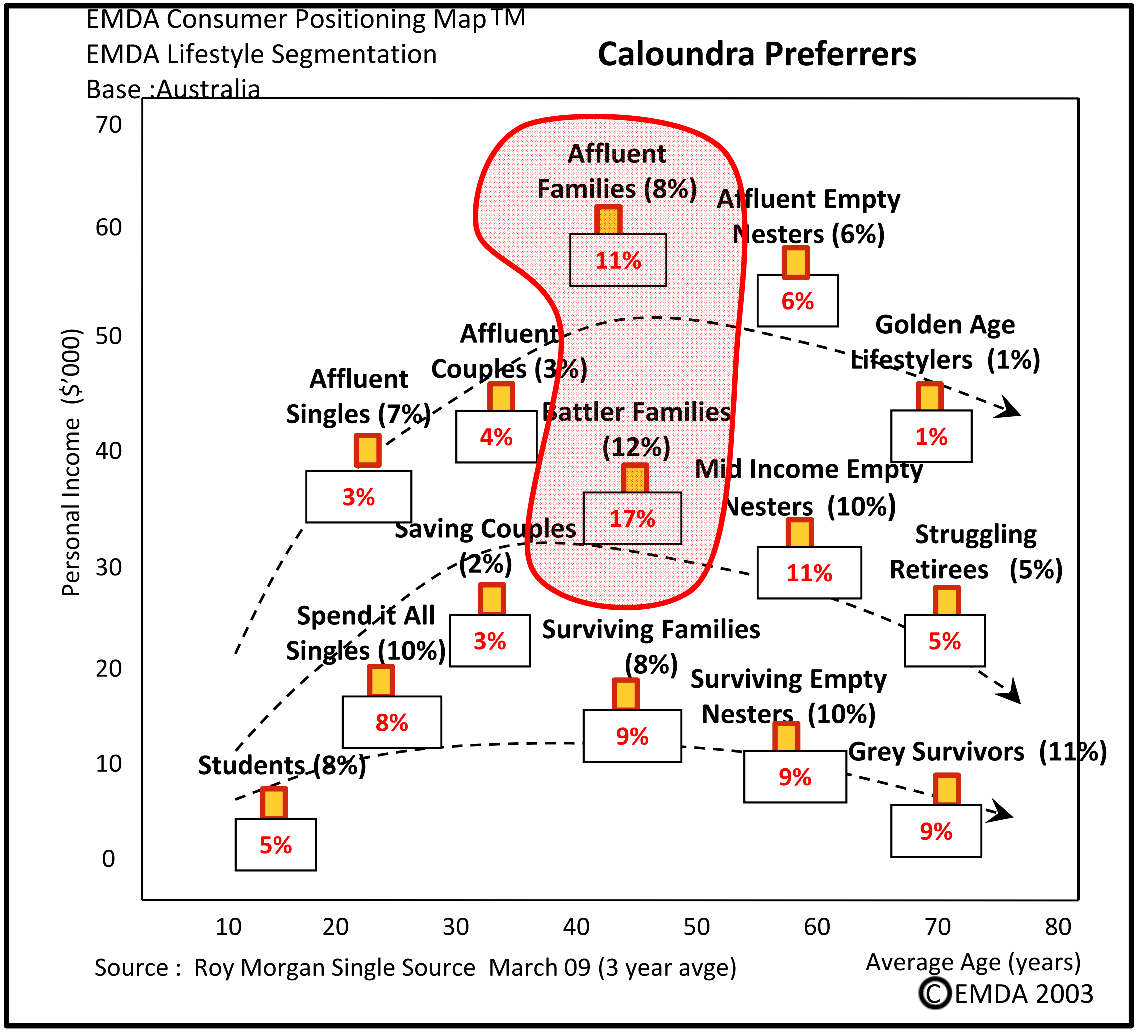
Maroochydore – Positioning Profile

- **Maroochydore is more aligned with the Affluent Families and appeals strongly to the Battler Families.**



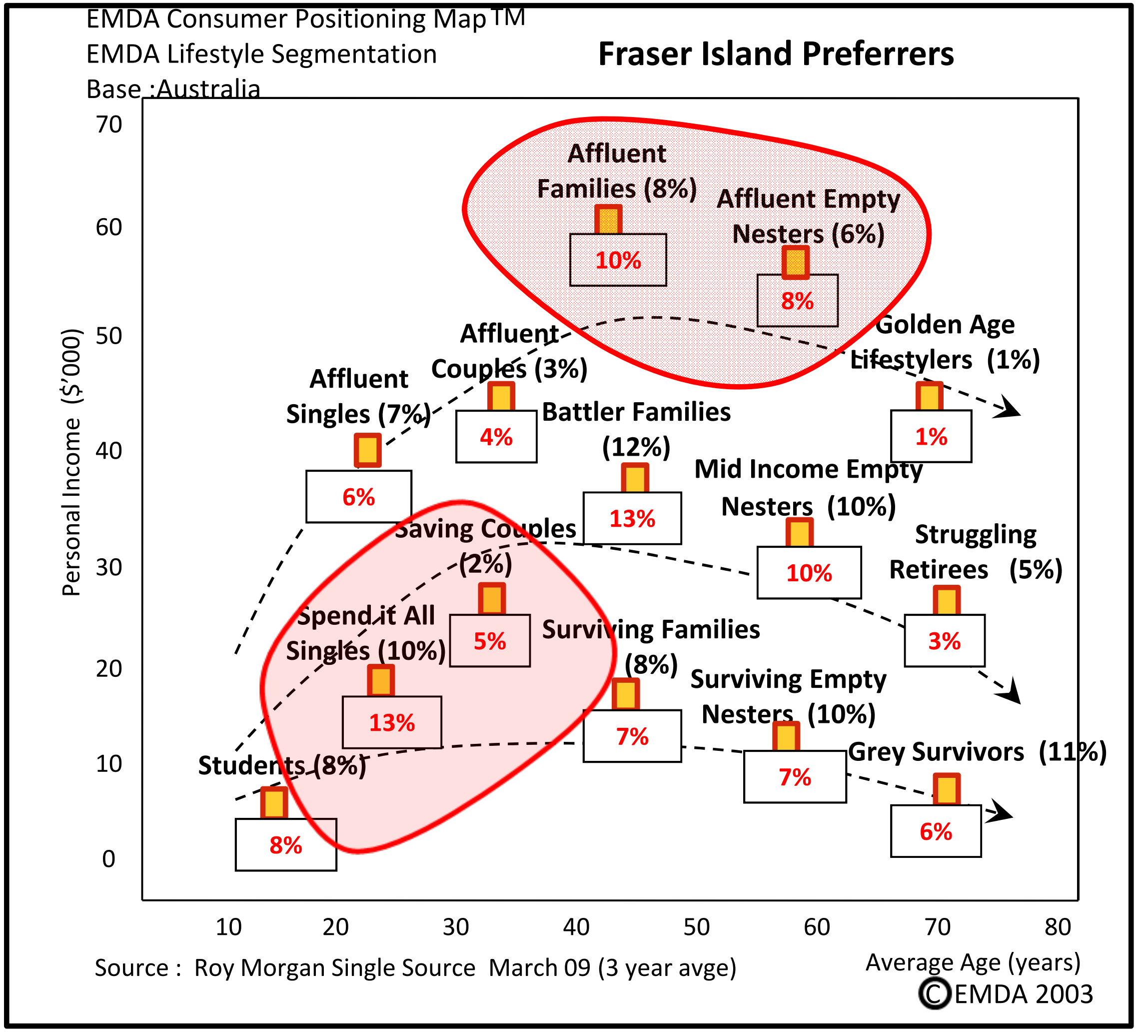
Caloundra – Positioning Profile

- **Caloundra is also more aligned with the family segments – Affluent Families and Battler Families.**



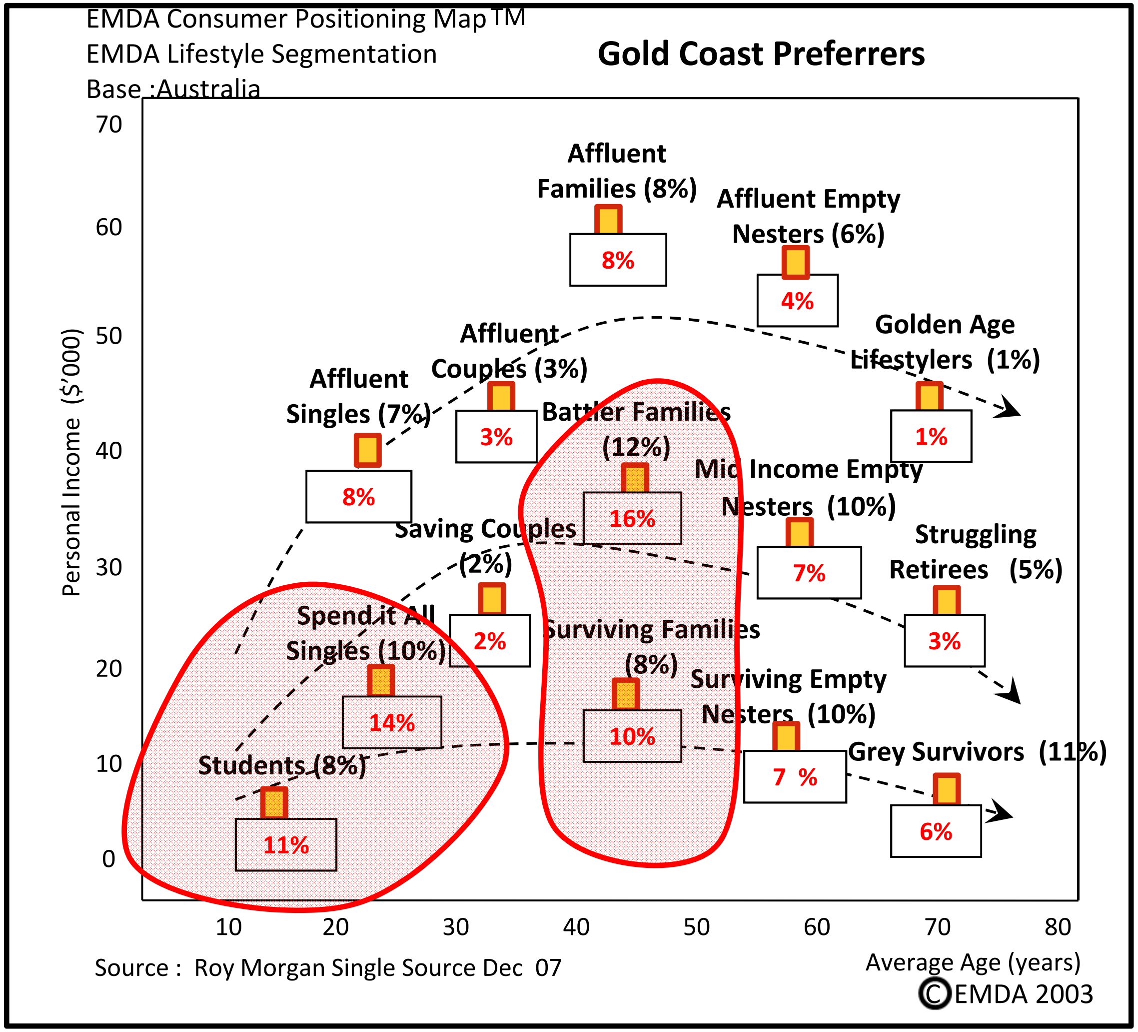
Fraser Island – Positioning Profile

- **Fraser Island has two distinct appeals – one the Affluent Families and Affluent Empty Nesters and the other the lower income, younger segments.**



Gold Coast – Positioning Profile

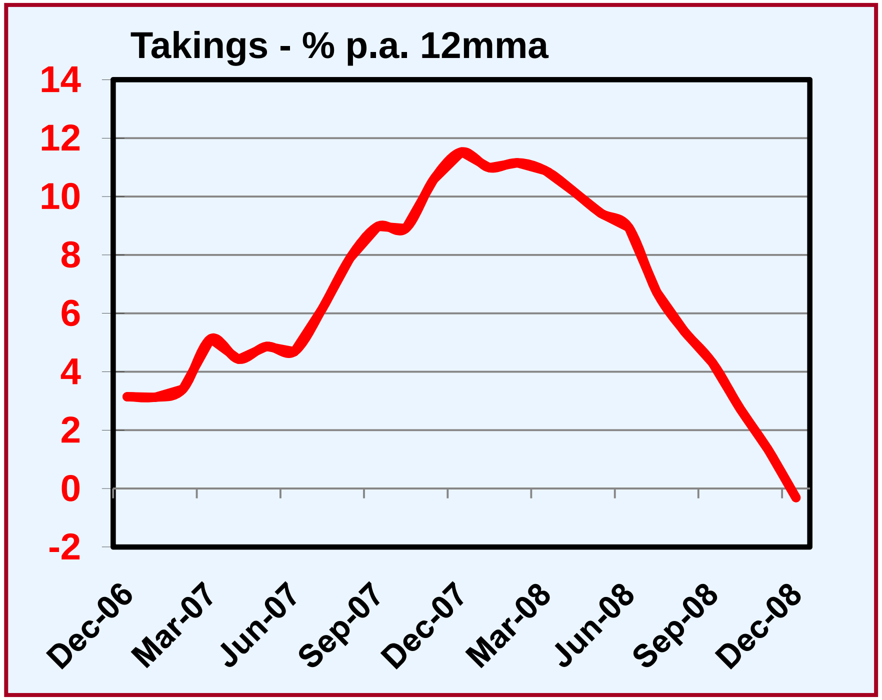
- **The Gold Coast is also aligned with families – but more lower income families.**
- **The Coast is also well aligned with the younger segments (Students and Spend it All Singles).**
- **However, the two groups don't always fit comfortably together .**

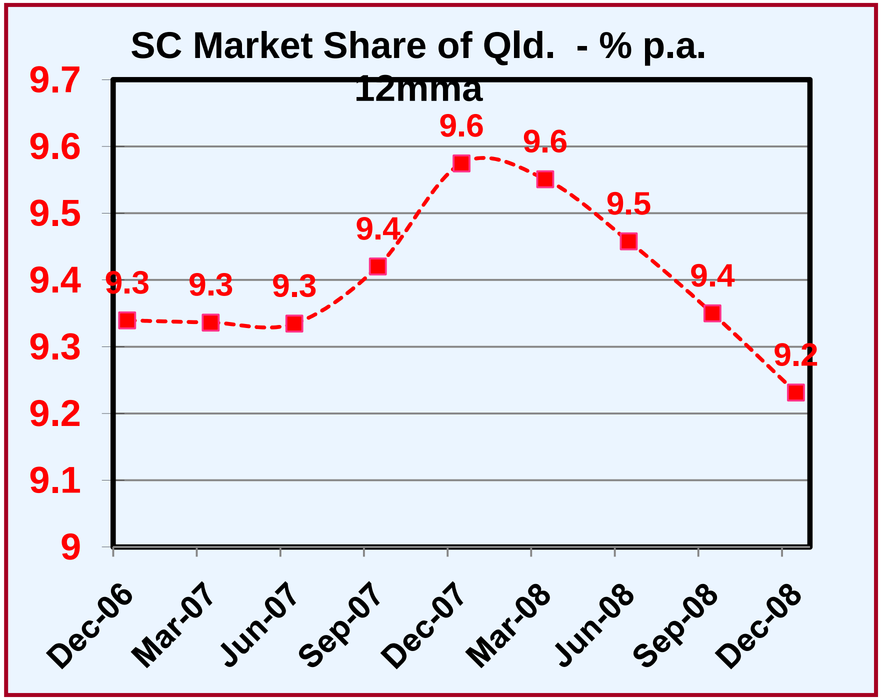


Preference by destination (% of destination Preference)

	Total Sunshine Coast Areas	Caloundra	Maroochydore	Noosa	Other Sunshine Coast areas	Maleny, Montville, Other Hinterland	Hervey Bay, Gympie, Maryborough	Fraser Island
Brisbane	23.7	36.8	25.8	18.5	27.6	44.4	25.3	23.1
Qld. x-city	18.0	21.3	17.4	12.6	21.6	31.5	28.6	21.1
Sydney	16.0	9.6	13.3	21.0	11.9	6.0	11.4	18.0
NSW x-city (excl. ACT)	9.8	7.8	10.6	9.4	9.4	6.2	13.0	11.3
Melbourne	16.0	10.4	14.5	21.1	13.6	5.5	8.7	11.9
Vic x-city	4.9	4.2	6.0	5.4	4.3	1.4	4.5	4.4
Adelaide	3.3	2.6	4.2	3.3	2.9	1.3	1.7	2.2
S.A. x-city	1.0	1.0	1.0	0.8	1.3	0.2	1.3	1.3
Perth	2.7	2.5	2.2	3.2	2.6	1.6	1.5	3.2
W.A. x-city	1.0	0.9	0.9	1.0	1.2	0.4	0.3	0.8
Hobart	0.7	0.6	0.9	0.8	0.7	0.2	0.8	0.3
Tas. x-city	0.9	0.6	1.2	0.8	0.8	0.3	1.0	0.4
Darwin - Alice Springs	0.5	0.5	0.5	0.4	0.8	0.3	0.6	0.6
ACT	1.4	1.2	1.3	1.6	1.3	0.8	1.4	1.4

Sunshine Coast Accommodation





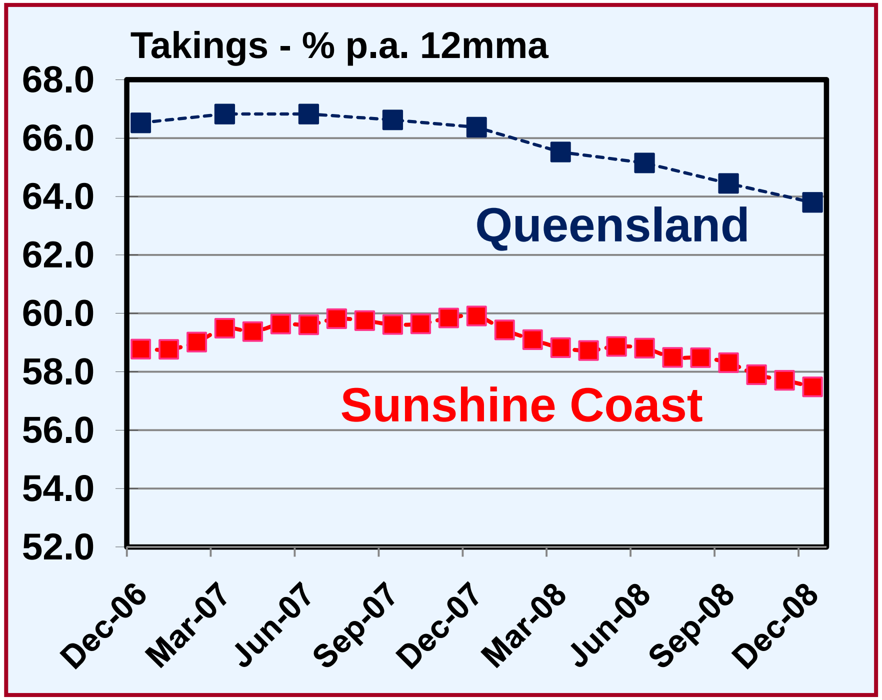
Source : ABS

- **Economic woes are a drag on accommodation takings growth on the Sunshine Coast.**
- **Market share is also softening after a very good 2007.**

Includes establishments with 5 or more rooms.

Sunshine Coast Accommodation - Occupancy

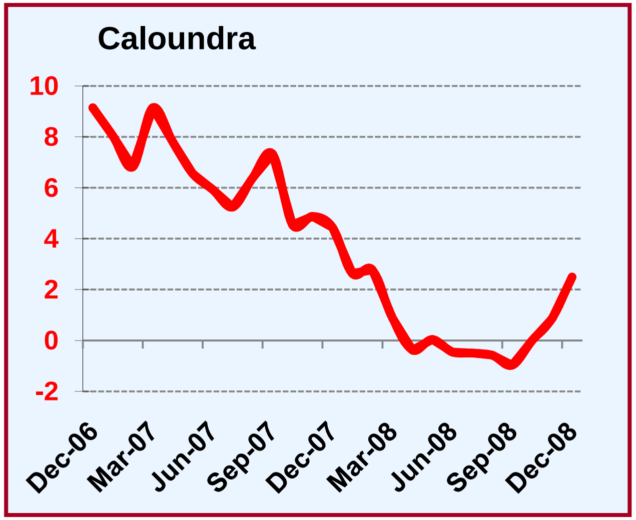
- As the economy slows and Preference falls, occupancy rates are also sliding – both for Queensland and Sunshine Coast.

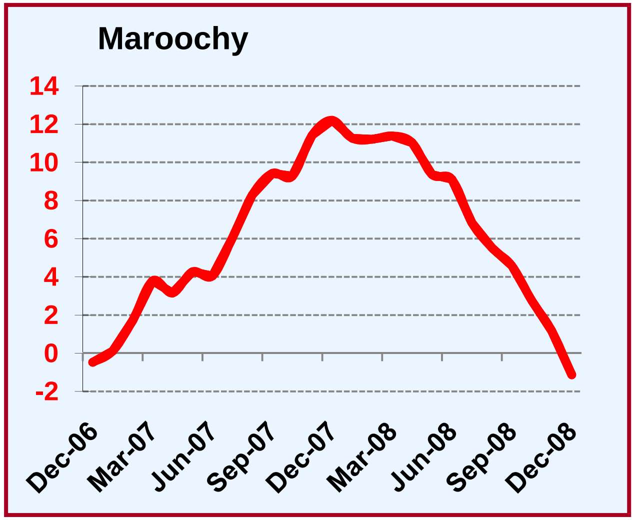


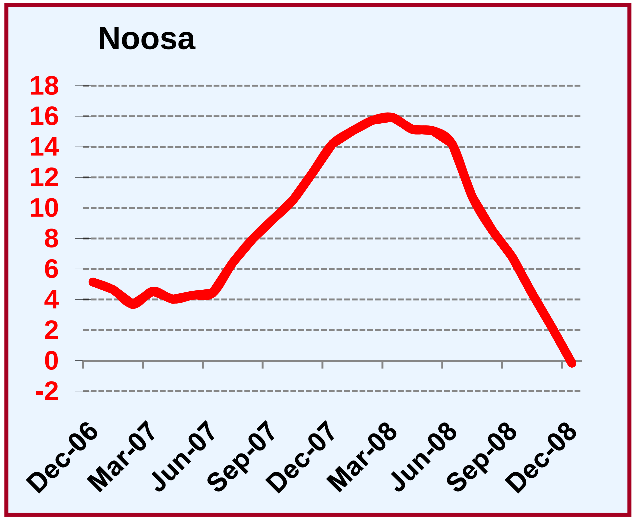
Source : ABS

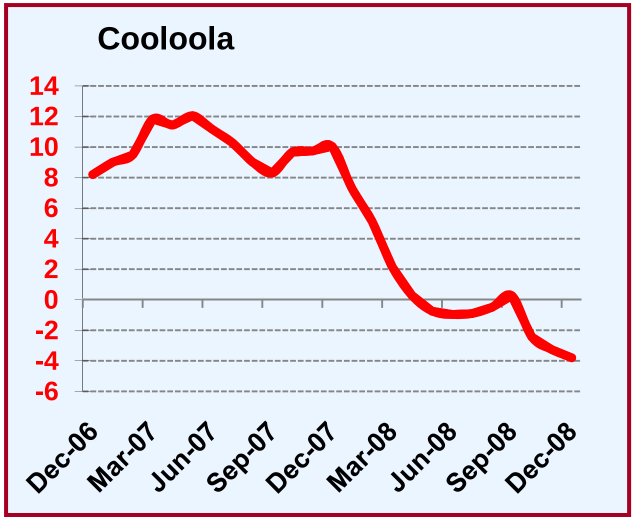
Destination Areas - Takings (% p.a)

- Takings, in terms of growth, in all areas are soft other than Caloundra.
- However, this is after a very strong 07/08.





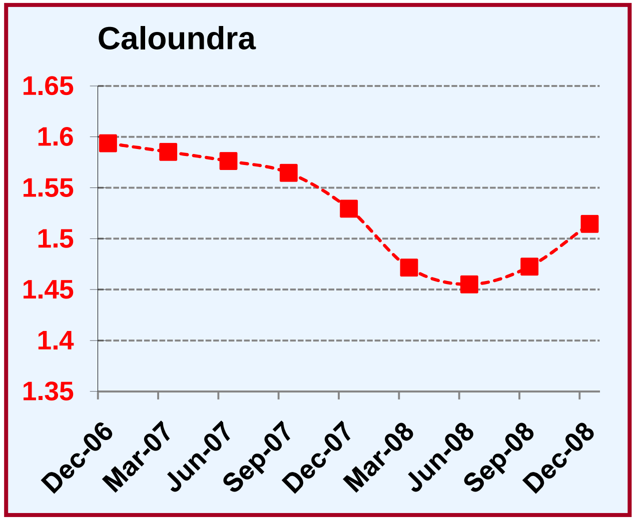


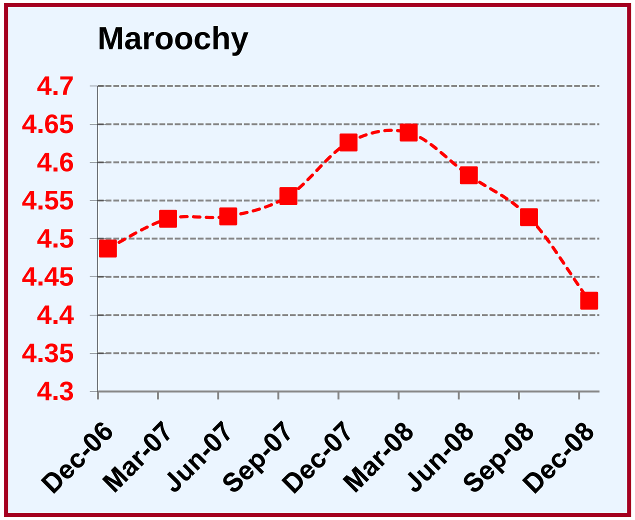


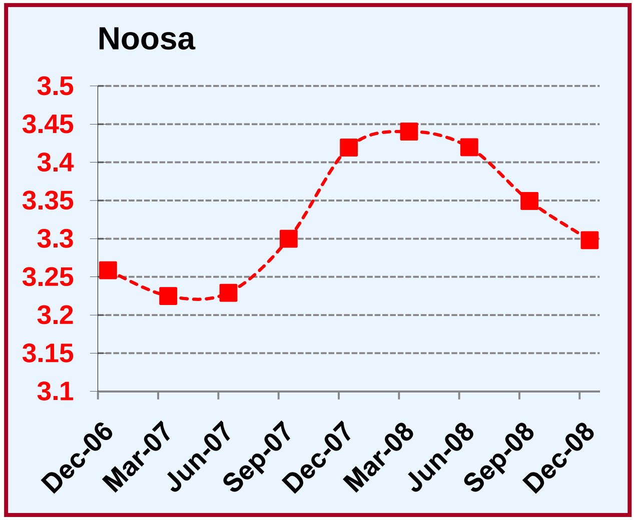
Source : ABS

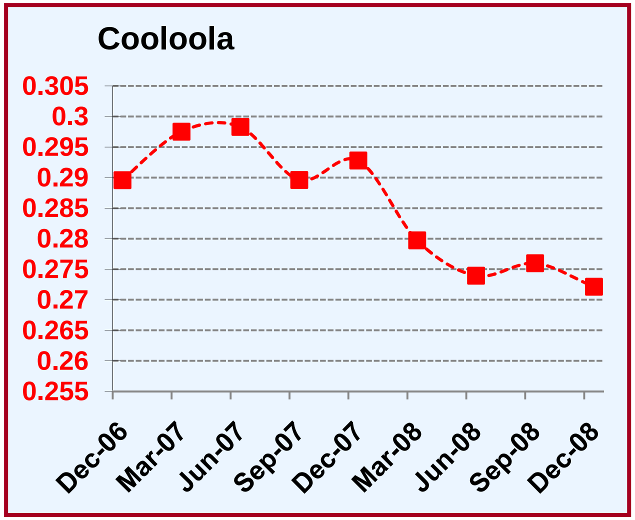
Destination Areas - Share of Queensland Takings (% p.a)

- **Only Caloundra is gaining share of accommodation takings.**
- **Other destinations are losing share.**





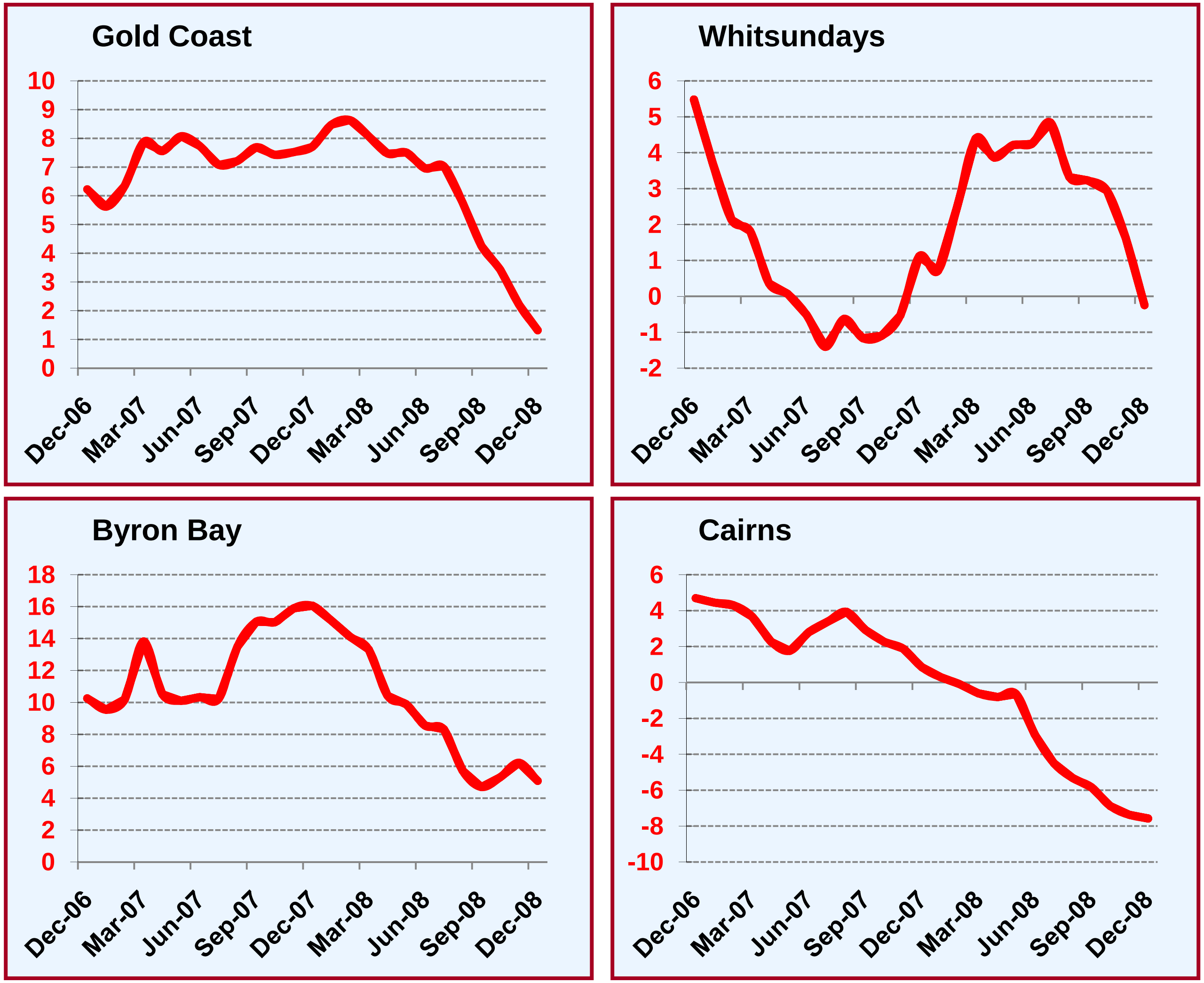




Source : ABS

Destination Areas - Takings (% p.a)

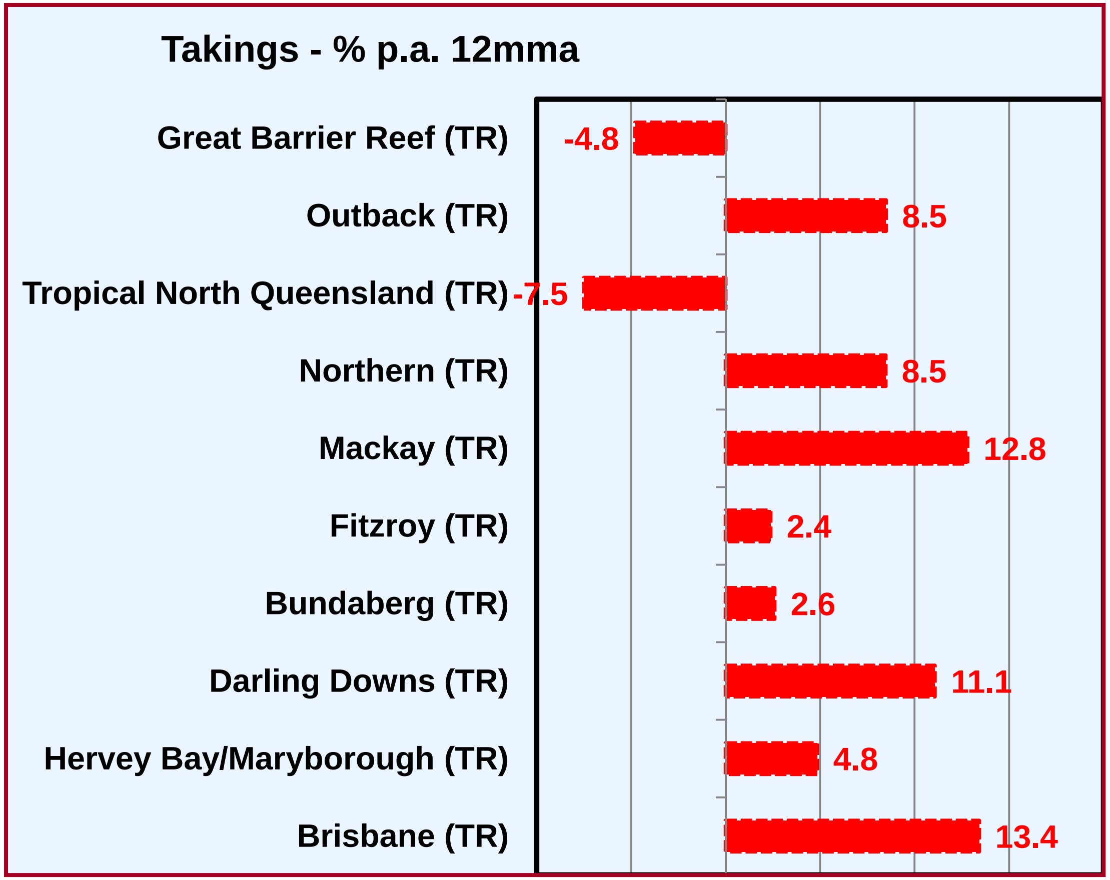
- Gold Coast is also softening – although not as much as the SC.
- Byron Bay is was growing slightly – but this has slowed.
- The accommodation sector in Cairns is really suffering – with takings down nearly 8%.



Source : ABS

Other Regions - Growth (2008 versus 2007)

- The Outback, Darling Downs, Brisbane and Mackay are still growing strongly, but Tropical North Queensland is well down – this region is struggling under the weight of the softening inbound and weaker domestic demand.

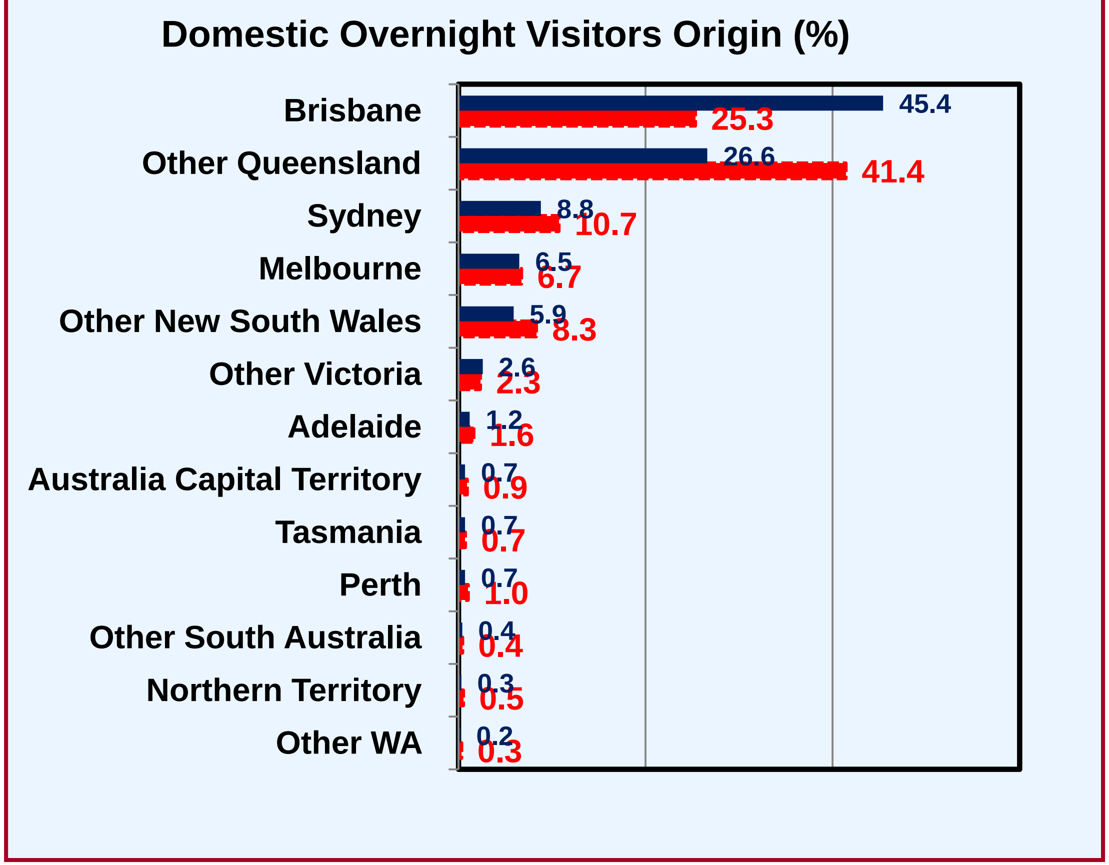


Source : ABS

Domestic Overnight - Visitor Origin

- For the Sunshine Coast overall, the Queensland Market is the biggest source market - Brisbane accounts for 45% of domestic overnight visitors.

- Sydney and Melbourne are the biggest interstate markets, although Regional NSW is only just smaller than Melbourne.



Sunshine Coast

Source : NVS (3 yr Avge)

Total Queensland

Source Markets by Destination Areas

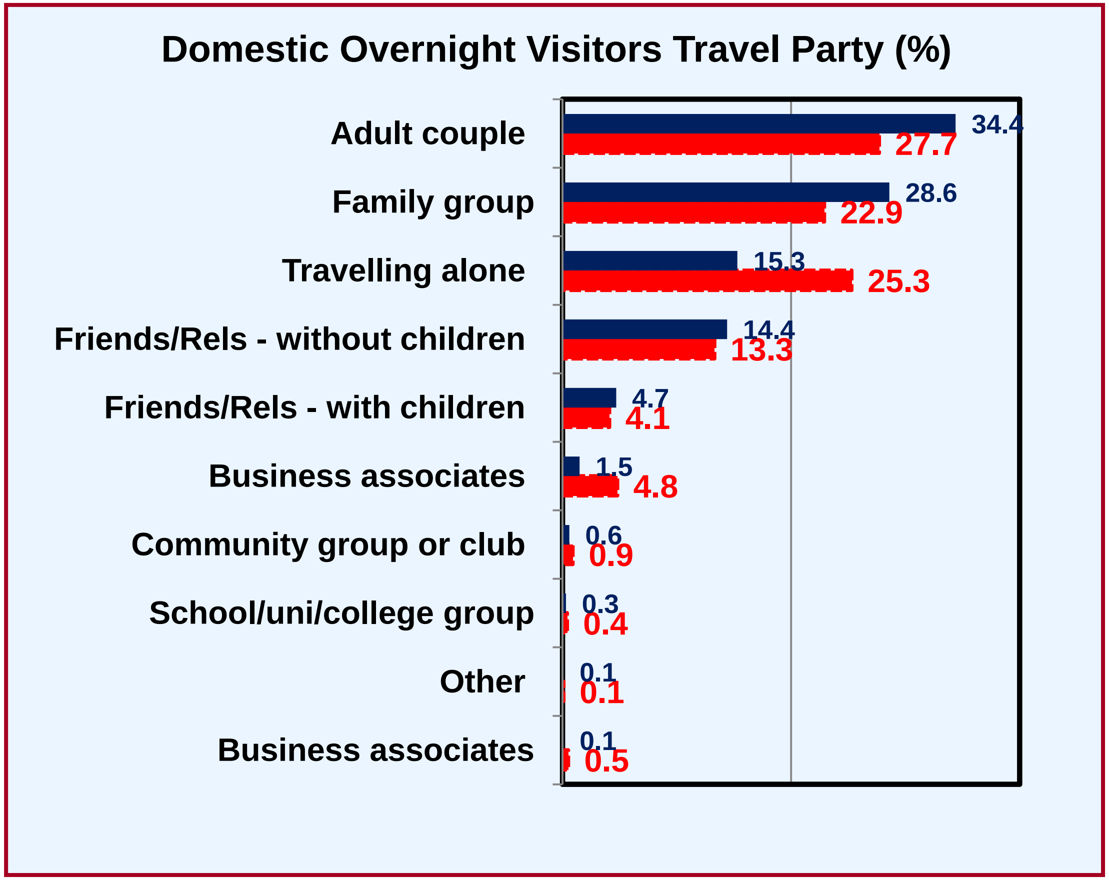
	Queensland	Caloundra	Maroochy	Noosa	Cooloola	Sunshine Coast
Regional WA	0.3	0.4	0.1	0.3	0.1	0.2
Northern Territory	0.5	0.4	0.2	0.4	0.2	0.3
Other South Australia	0.4	0.4	0.4	0.6	0.3	0.4
Perth	1	0.4	0.9	0.9	0.2	0.7
Tasmania	0.7	0.6	1	0.9	0.5	0.7
Australia Capital Territory	0.9	0.5	1	1.2	0	0.7
Adelaide	1.6	1.1	1.3	1.2	0.3	1.2
Other Victoria	2.3	1.6	2.7	3.4	2.3	2.6
Other New South Wales	8.3	7.1	6.4	5.1	6.3	5.9
Melbourne	6.7	3.7	5.4	13.2	3.3	6.5
Sydney	10.7	5.1	7.7	14.9	4.6	8.8
Other Queensland	41.4	24.5	28.8	18.3	35.6	26.6
Brisbane	25.3	54.3	44.1	39.7	46.5	45.4
Total	100	100	100	100	100	100

- **Noosa has a higher proportion of interstate visitors, but all regions source over 40% of visitors from Brisbane.**

Source : NVS

Domestic Overnight – Travel Party

- Couples or family groups are the dominant visitor types on the Sunshine Coast.



Sunshine Coast

Total Queensland

Source : NVS (3 yr Avge)

Domestic Overnight – Travel Party

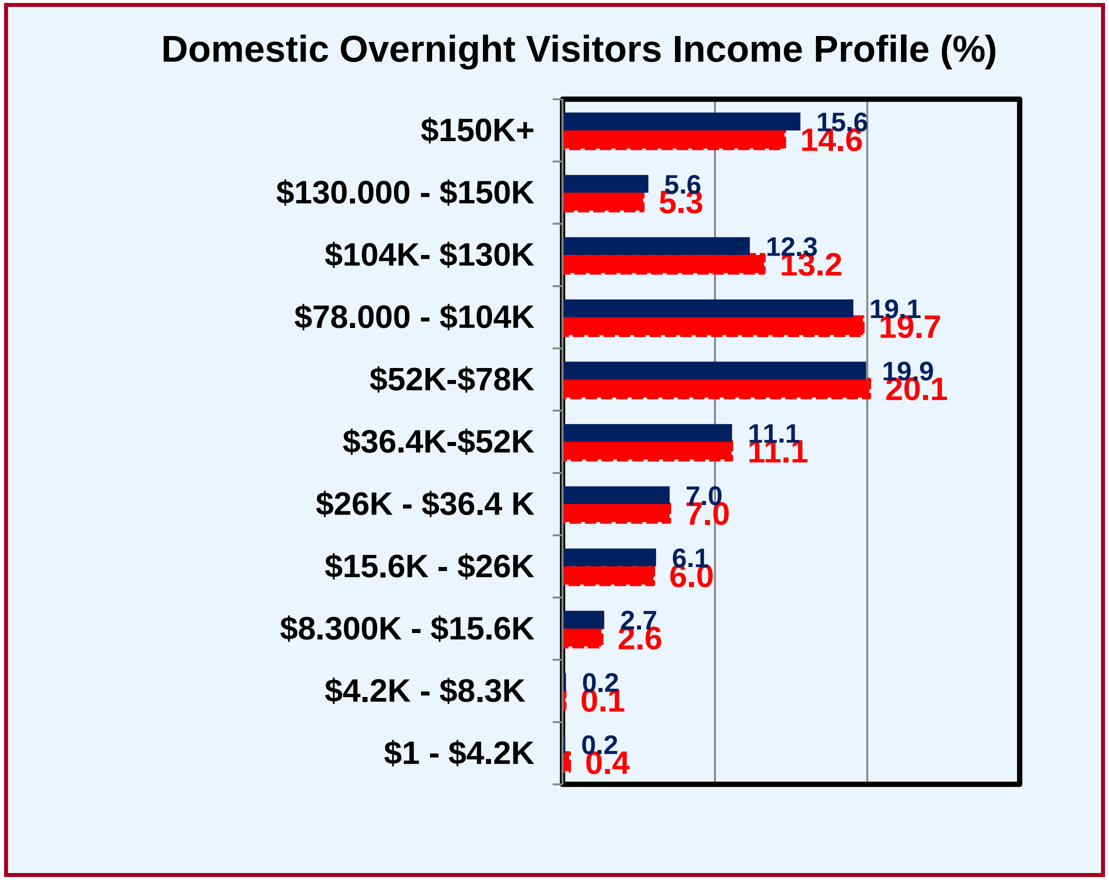
	QLD	Caloundra	Maroochy	Noosa	Cooloola	Sunshine Coast
Business associates	0.5	0	0.5	0	0	0.1
Other	0.1	0.2	0.1	0	0	0.1
School/uni/college group	0.4	0.6	0.1	0.8	0	0.3
Community group or club	0.9	1.3	0.9	0.2	0.6	0.6
Business associates	4.8	0.4	2.4	0.9	2.7	1.5
Friends/Rels - with children	4.1	3.2	4.1	6.4	7.6	4.7
Friends/Rels - without children	13.3	12.7	13.6	17.3	16.7	14.4
Travelling alone	25.3	15.6	16.1	10.3	16.7	15.3
Family group	22.9	29.4	27.5	27.9	24.2	28.6
Adult couple	27.7	36.6	34.7	36.2	31.6	34.4

Source : NVS

- **All Destination Areas are very dependant on the adult couple and family groups.**
- **Singles and friends and/or relatives travelling without children are secondary markets.**

Domestic Overnight – Income Profile

- The Sunshine Coast matches closely the income profile of all domestic overnight visitors to Queensland.



Sunshine Coast

Source : NVS (3 yr Avge)

Total Queensland

Domestic Overnight – Income Profile

	Queensland	Caloundra	Maroochy	Noosa	Cooloola	Sunshine Coast-Cooloola
$1 - $4.2K	0.18	0.21	0.57	0.25	0.00	0.43
$4.2K - $8.3K	0.23	0.14	0.00	0.00	0.41	0.13
$8.300K - $15.6K	2.74	3.38	2.93	1.63	4.13	2.56
$15.6K - $26K	6.14	7.24	7.36	4.71	6.33	5.95
$26K - $36.4 K	7.03	6.12	7.44	5.46	7.15	7.00
$36.4K-$52K	11.12	11.88	10.42	10.18	14.44	11.08
$52K-$78K	19.92	22.64	18.48	17.27	23.38	20.13
$78.000 - $104K	19.09	18.85	19.92	20.41	16.78	19.69
$104K- $130K	12.30	14.98	12.61	13.82	10.04	13.21
$130.000 - $150K	5.64	4.50	4.64	6.78	4.81	5.26
$150K+	15.61	10.06	15.63	19.47	12.52	14.55

Source : NVS

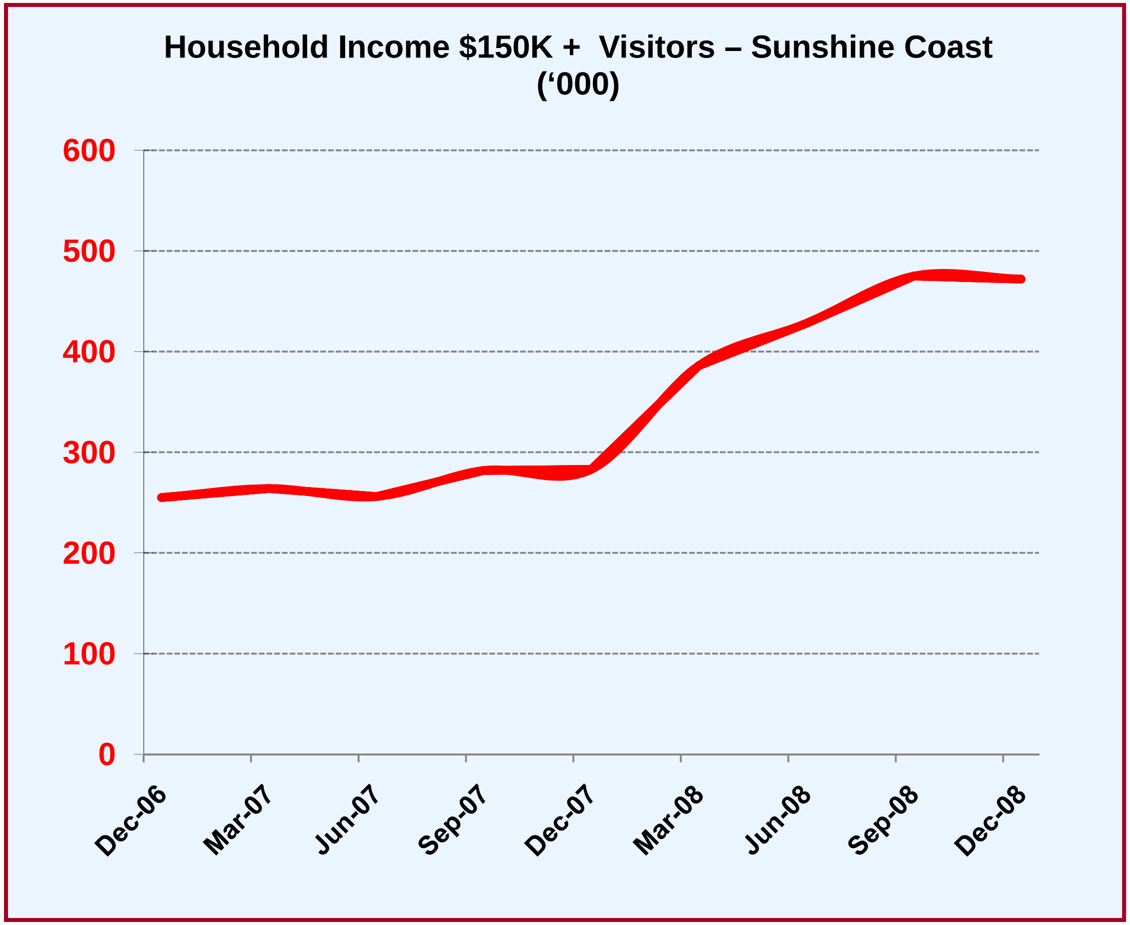
- **Noosa has the highest proportions of the high income segments, reflecting its premium positioning.**
- **Others areas still have high income groups, but more middle income groups feature.**

Sunshine Coast Visitors earning Household Income of $150K +

- **In the domestic market, the Coast has attracted a higher proportion of the $150K+ Household Income market – they have been driving the spending growth.**

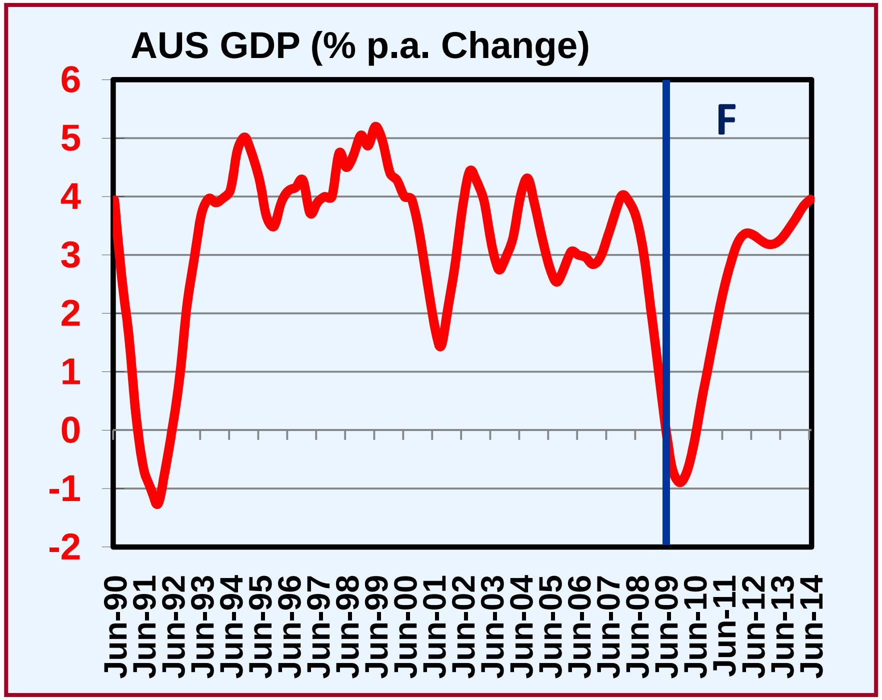
- **This growth also reflects the satisfaction levels experienced by visitors - 54.3% are very satisfied (Jan 09). This is much better than the Whitsundays (21% very satisfied) 2004.**

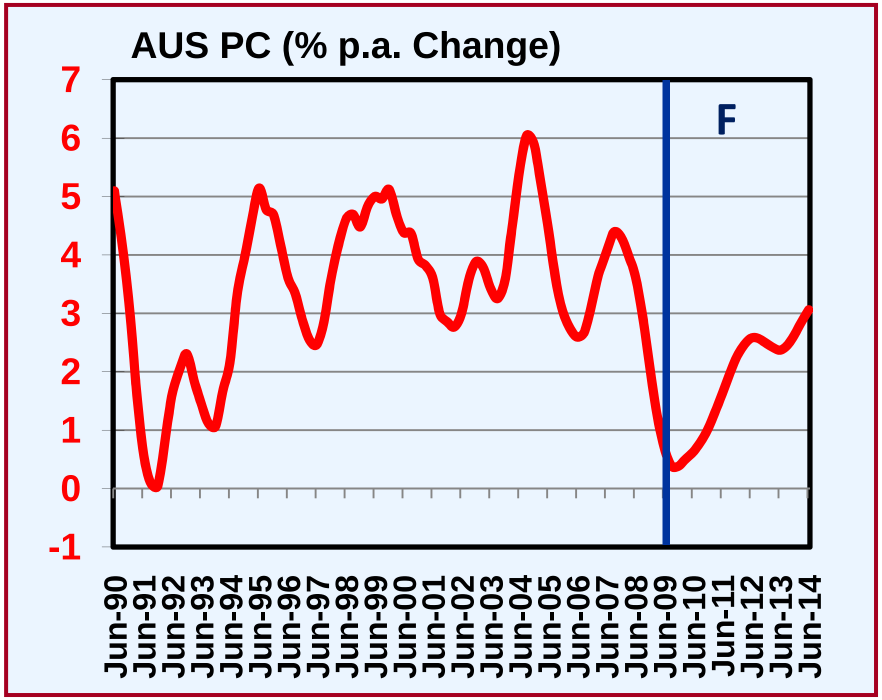
- **Intention to return is also very high amongst all visitors.**



Source : NVS

Economic Outlook



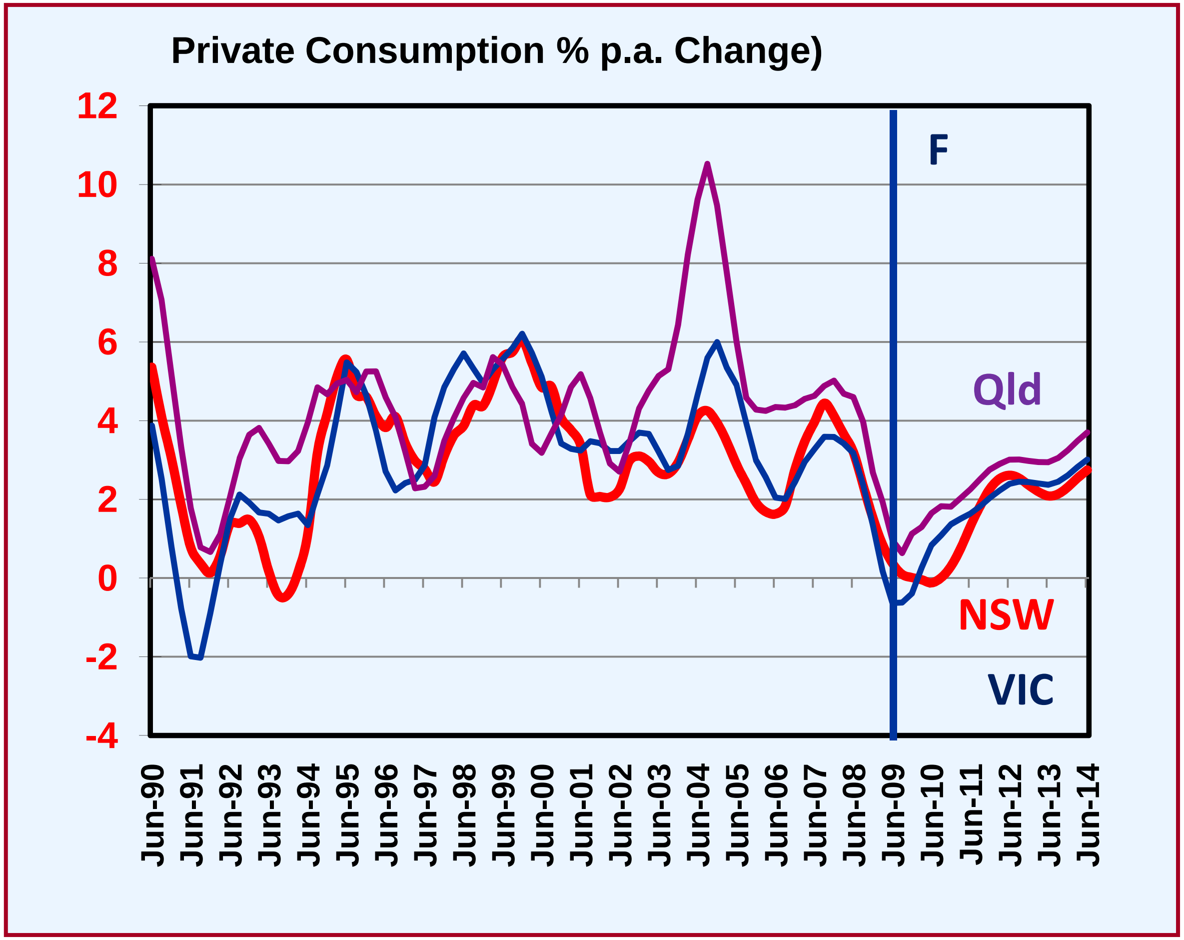


Source : Access Economics

- **The Global Financial Crisis is impacting on the Australian economy with the outlook for GDP and Private Consumption weak over the next year , some improvement in 2010, then the good times are expected by 2011, (with a bit of luck!).**

Economic Outlook – Key Source States

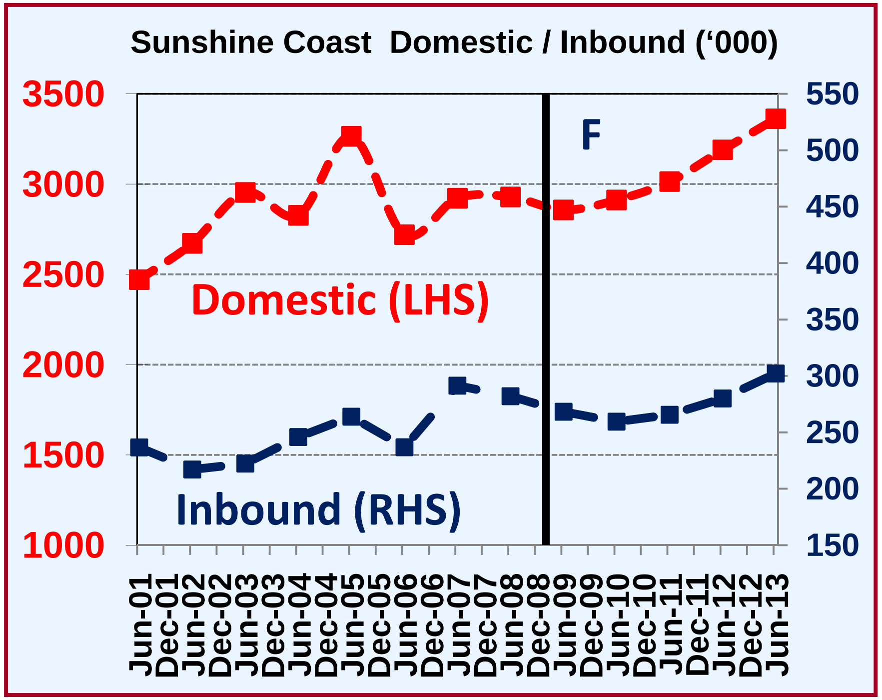
- With the overall economic outlook weak over the next year or so – there are still some bright spots .
- Victoria is not expected to suffer as it did in 1991.
- NSW is expected to improve as well by 2011.

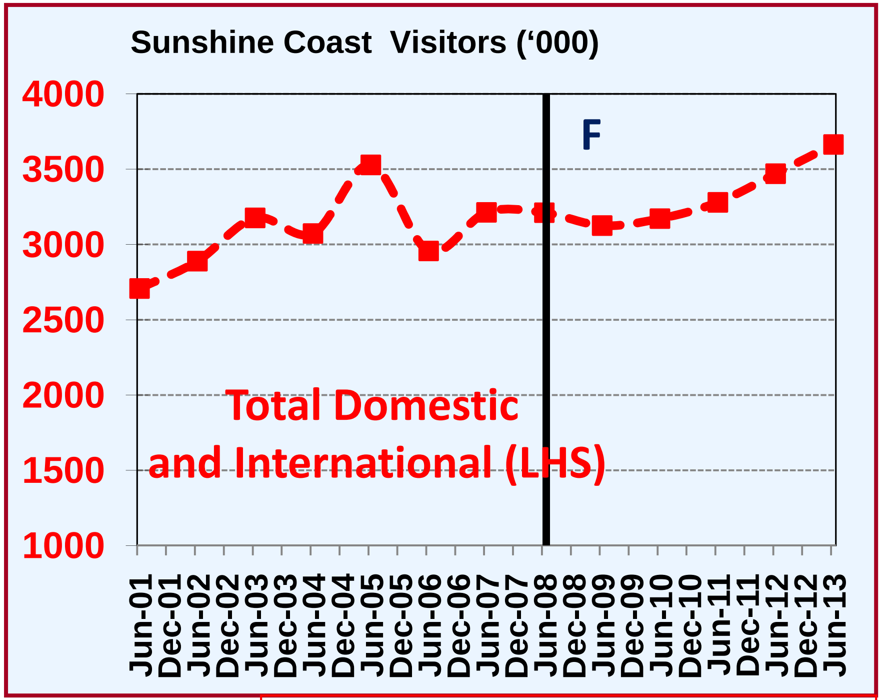


Source : Access Economics

Sunshine Coast Visitor Forecasts

Source : EMDA





- **With weak outlook over the next year – visitor numbers are expected to continue to be soft as well.**
- **Inbound is forecast to be more impacted than Domestic overnight.**

Inbound Drivers ($R2$ = 0.87)
NZ GDP, UK GDP, TFC Outlook, $A exchange Rate

Domestic Drivers ($R2$ = 0.91)
QLD, NSW, Vic Private Consumption., RMR Preference

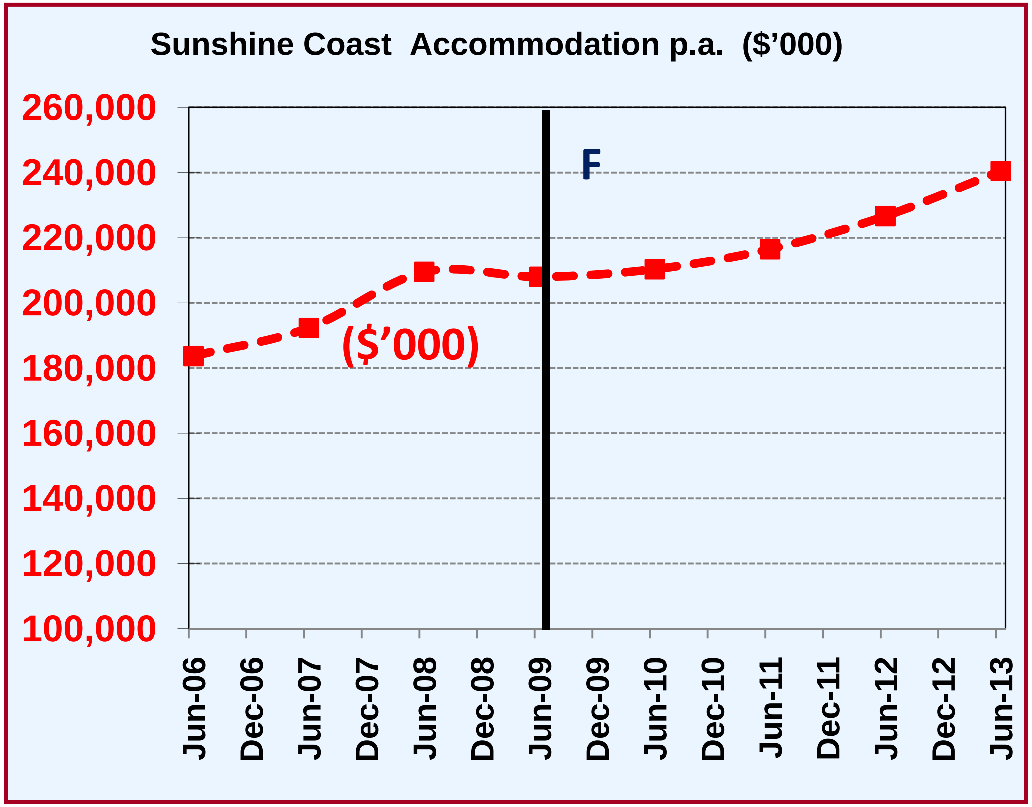
Sunshine Coast Accommodation Sector Forecasts

- With softer visitor number forecasts, the accommodation sector is forecast to grow only +1.1% by June 2010.

- This is broadly in line with the Regional Council's business confidence survey which shows 73% of businesses either expect no change or some improvement – only 8% are expecting a collapse.

Inbound Drivers (R2 = 0.87)
NZ GDP, UK GDP, TFC Outlook, $A exchange Rate

Domestic Drivers (R2 = 0.87)
QLD, NSW, Vic Private Consumption., RMR Preference

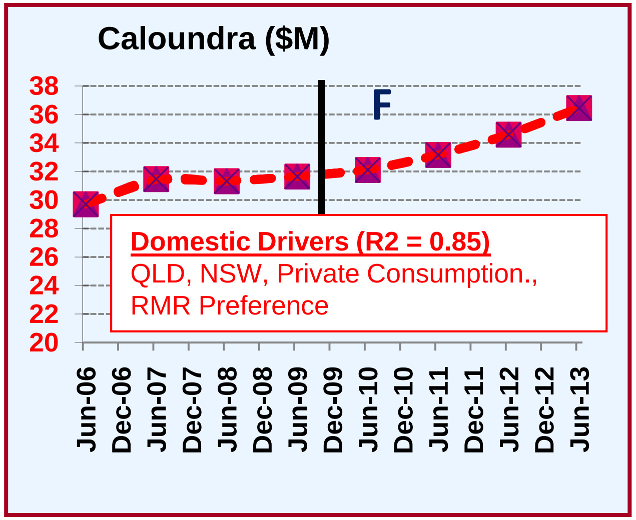


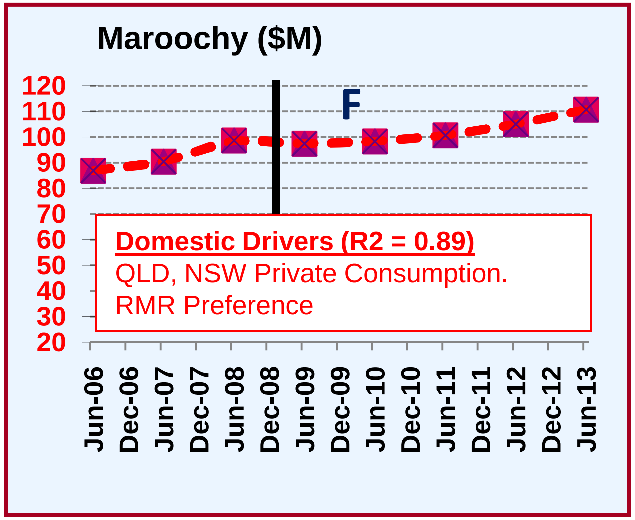
Source : EMDA

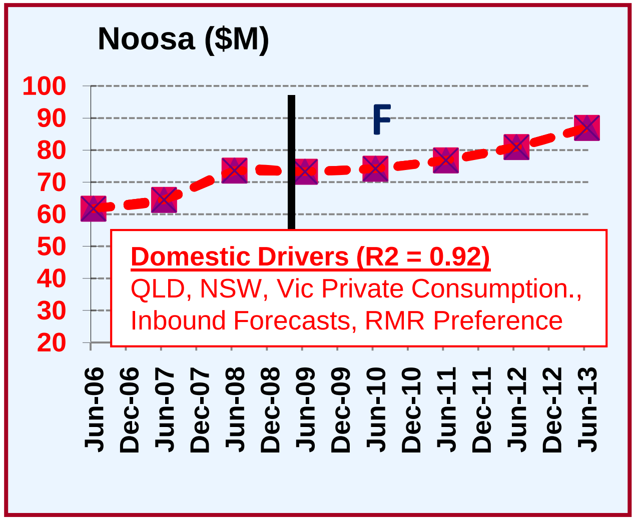
Note : ABS Base Establishments with 5 or more rooms

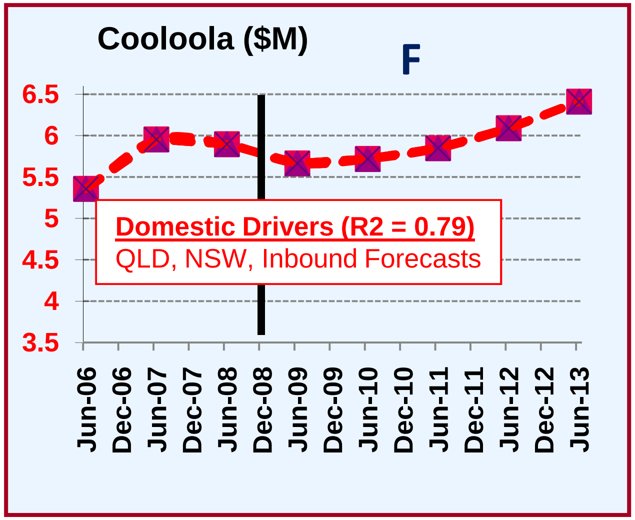
Accommodation Forecasts (SC and Destination Area)

- **All four Destination Areas are expected to be soft in the year to June 2010 with the impact of the Global Financial Crisis.**









Source : EMDA

Summary

- **Weak economic conditions due to the Global Financial Crisis is impacting on tourism in Australia and the Sunshine Coast.**

- **The Sunshine Coast though is weathering the storm and there are some strong positives :-**
  - Visitor satisfaction remains very high and increased in January 09.
  - The Sunshine Coast has been gaining share of tourism spending, with strong growth in high value visitors.
  - Share of domestic overnight spending has been growing strongly – although Dec 08 was a little weaker.
  - The Sunshine Coast is the 3rd largest Regional tourism area in Australia and tourism accounts for 36.9% of jobs on the Coast. Tourism to the Sunshine Coast makes a bigger economic contribution to the Australian economy than the Tasmanian and the NT tourism industries.

- **However, the Industry faces some real issues – the forecasting models show a fairly flat 09/10 after strong growth. Of greatest concern is the drop in Preference to holiday on the Coast, especially in the Sydney market. By way of contrast the Gold Coast is gaining Preference and also share of Preference as well. Continued loss of Preference will undermine the Industry and place pressure on accommodation yields – resulting in a further loss of accommodation takings' share.**

Disclaimer

While every effort has been made to ensure accuracy of the data in this report, EMDA has not audited the data sources and therefore does not accept any responsibility in relation to financial and/or decisions based on this information.

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