

2020 Summary of Tourism Australia's India Strategic Plan

WHY INDIA?

India is one of the world's fastest growing outbound travel markets, with the United Nations World Tourism Organisation predicting 50 million outbound travellers by 2020. Now Australia's 10th most valuable inbound tourism market, India contributed A\$867 million to the Australian economy in 2011. By 2020, this market has the potential to contribute between A\$1.9 and A\$2.3 billion annually.

India is one of the key Asian markets driving growth in this "Asian Century". The India 2020 Strategic Plan has been developed to help Tourism Australia and the Australian tourism industry maximise the potential of India by identifying ways to work effectively in this large and complex market. By investing now, Australia can strengthen its position to be better placed for the future when long haul travel, in particular leisure long haul travel, becomes more common.

Starting from a low base of 41,000 in 2000, Indian arrivals have grown at a compound annual growth rate of 12.3% to reach 148,200 visitors in 2011. In the Tourism 2020 projections, India has the second fastest rate of growth, behind China, however from a much smaller base.

Currently the number of Indian visitors for holiday is small compared to other countries (only 19% of visitors compared to the average of 44% of visitors). In fact the number of short term arrivals for education and employment is about the same size as holiday arrivals. Education and employment drive a relatively large visiting friends and relatives (VFR) market (33% of visitors), supported by a strong business market (20% of visitors). The profile of visitation from India is unique and emphasises the opportunity of advocacy to build the holiday market. Advocacy is also very important to help rebuild the safety image of Australia after the Indian student safety issue that occurred in 2009.

Not surprisingly other National Tourism Offices (NTOs) are also targeting the growth and potential of the Indian market. It is estimated there are over 70 NTOs active in India. Australia needs to further invest to grow its competitive advantage over other destinations. During the first year of the India 2020 Strategic Plan, Tourism Australia will double its marketing spend in India.

(Sources: ABS, TRA IVS March 2012 Quarterly Results, Tourism Economics)

WHAT WILL SUCCESS LOOK LIKE IN 2020?

A \$1.9 to
A \$2.3bn

Potential Spend by Indian visitors to Australia in 2020

300,000

Potential Indian visitors to Australia in 2020

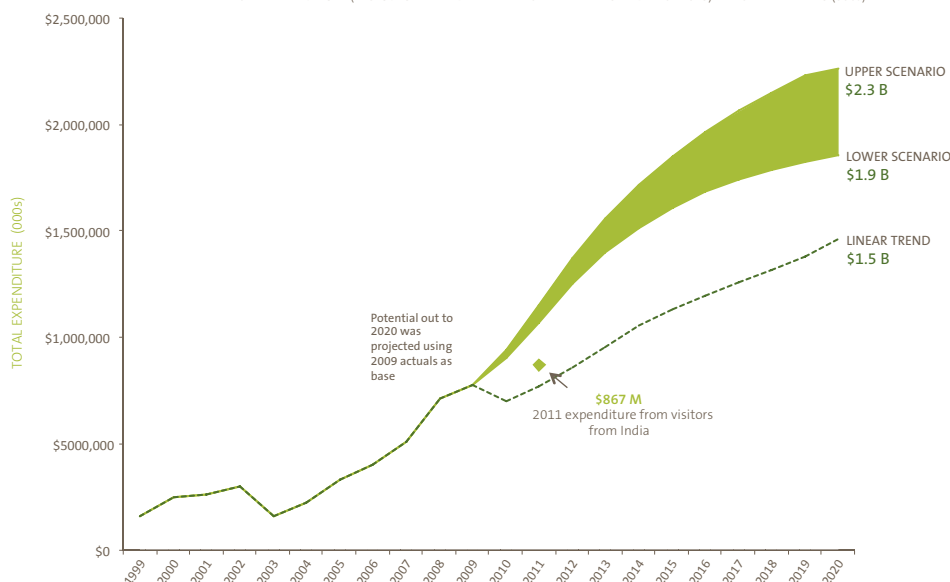
50 million

Outbound Indian Travellers by 2020

Sources: TA, Tourism Forecasting Committee, United Nations World Tourism Organisation

INDIA POTENTIAL FOR OVERNIGHT TOURISM EXPENDITURE

TOTAL EXPENDITURE (INCLUDES PRE-PAID INTERNATIONAL AIRFARES AND PACKAGES) IN NOMINAL TERMS (000s)



- Tourism Australia opened an office in Mumbai in 2008, recognising the potential of the market
- In 2010-11, Tourism Australia developed a local campaign 'Namaste Australia' to encourage positive consumer advocacy of Australia
- The "There's Nothing Like Australia" campaign will roll out in India in the latter part of 2012

THE CURRENT INDIA MARKET

- India is Australia's eleventh largest tourism market in terms of visitor arrivals
- There were 148,200 arrivals from India in 2011, up 7% on 2010
- Total spend from India in 2011 was A\$867 million, up 6% on 2010
- In 2011, Indian visitors spent a total of 9.4 million nights in Australia, up 11% on 2010
- In 2011, Indian visitors spent a total of 1.4 million nights outside Australia's gateway cities of Sydney, Melbourne, Brisbane and Perth, up 33% on 2010
- Australia ranks eighth amongst all out-of-region outbound destinations for Indian travellers

(Sources: ABS, TRA IVS March 2012 Quarterly Results, Tourism Economics)

HOW WILL WE ACHIEVE INDIA'S TOURISM POTENTIAL?

KEYS TO SUCCESS

The four areas pivotal to achieving India's 2020 tourism potential and winning market share are:

- Know the Customer Strategy
- Geographic Strategy
- Aviation Development Strategy
- Quality Experiences Strategy

KNOW THE CUSTOMER STRATEGY

Tourism Australia undertook an in depth economic and demographic analysis of the potential of the Indian market. This analysis was supplemented with secondary data sources and consultation with stakeholders to determine the target customer for Australia.

THE TARGET CUSTOMER

The target customer to drive the future growth of travel to Australia has been identified as:

Affluent, mid life travellers who are:

- self employed or entrepreneurs
- highly qualified professionals
- senior executives at multinational companies

They will travel as:

- couples (including honeymoon), often with their children
- increasingly as free independent travellers (FIT)
- usually first time visitors to Australia

Australia is a relatively expensive holiday choice when compared to competitor destinations such as Europe and the USA. Most Indians travel to Australia after first travelling short haul within Asia, (an inexpensive holiday) and then after a first long haul trip, (usually to Europe or the USA). Australia's target customer is therefore older and better able to afford the cost of a long haul holiday. Highlighting the expected growth in wealth over the coming decade, research has also shown that the more affluent households in India will grow faster than other segments.

Ongoing consumer research will be used to determine the most effective communication strategy to reach this target customer, using the next phase of *There's Nothing Like Australia* and including the use of advocacy, (diaspora, sporting and celebrity) digital, media platforms, cooperative partners, and major events.

The target sectors for Business Events are consumer goods, automobile, pharmaceuticals, information technology and life insurance.

GEOGRAPHIC STRATEGY

The Geographic Strategy identifies the focus for Tourism Australia's resources to maximise the Indian market growth opportunities and achieve the 2020 goal. India's Gross Domestic Product per capita is US\$3,703, (number 127 in the world, according to International Monetary Fund estimates for 2011), so effectively reaching the more affluent consumers who can afford long haul travel is an important task.

Tourism Australia will implement a tightly focused Geographic Strategy. The strategy is based on an economic and demographic forecast of the top 50 cities in India by 2020, which was then qualified by an assessment of aviation, visa access and stakeholder feedback. The key insight from the research was that wealth is highly concentrated in India, and will remain so.

In the short term the focus will be on Delhi and Mumbai, ensuring marketing and distribution are optimised. Four additional cities have been identified for possible targeted marketing and strengthening of distribution. By focusing resources more tightly, better marketing cut through is expected to have greater impact in the two major centres.

It is expected the Geographic Strategy will be reviewed in time to look at opportunities beyond these initial six cities.

The Geographic Strategy has also been used to inform the Know the Customer work and the distribution strategy as part of the Quality Experiences Strategy.



AVIATION DEVELOPMENT STRATEGY

Aviation capacity is critical to Australia achieving the India 2020 potential.

While there are currently no direct nonstop services between India and Australia, Qantas, Virgin Australia and Jet Airways serve the route through code share arrangements. Supporting a sustainable and competitive aviation market will be the focus of the Aviation Development Strategy. It is estimated that an extra 345,000 seats will be required by 2020 to meet the expected demand from India. As per the Geographic Strategy, aviation development priorities will focus on Delhi and Mumbai.

Air services arrangements are in place, and there is sufficient capacity available for airlines of both sides to commence services should they choose to. If the Australia-India market expands to the point where the current air services arrangements act to artificially constrain the market in the later years toward 2020, governments will need to work together to ensure market growth is facilitated.

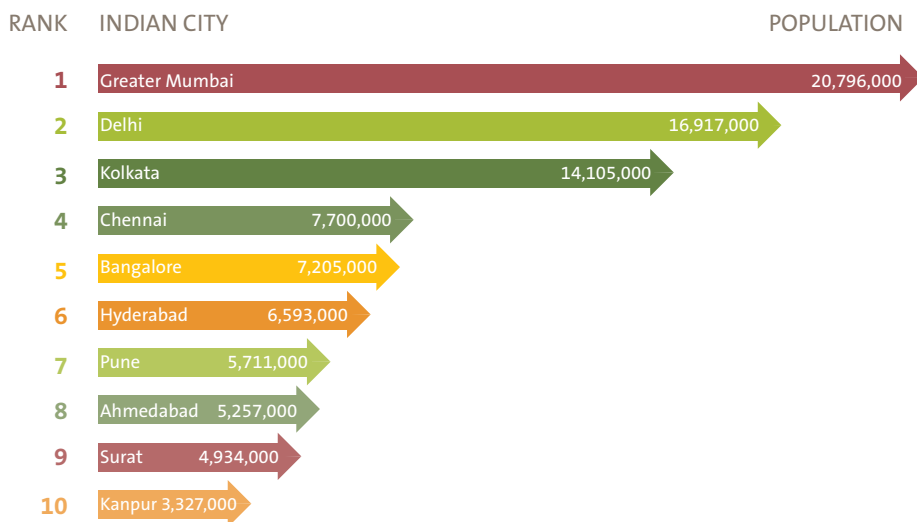
Most Indian travellers to Australia presently travel through South East Asian hubs such as Singapore, Bangkok and Kuala Lumpur. The Aviation Development Strategy will focus on working with airlines to support available capacity for Australia. Singapore Airlines currently offers the most frequent connections to Australia, with code share arrangements with Virgin Australia. Tourism Australia has strong partnership links to Singapore Airlines.

Tourism Australia will work with Indian airlines and other carriers to identify opportunities for the Australia-India route and provide partnership solutions. The Strategy also aims to add value to the work already being done by States, Territories, regions and airports.

"We know there is high satisfaction with an Australian holiday amongst Indian travellers, and the India 2020 Strategic Plan will increase our profile amongst the affluent travellers of India".

— **Andrew McEvoy** Managing Director
Tourism Australia

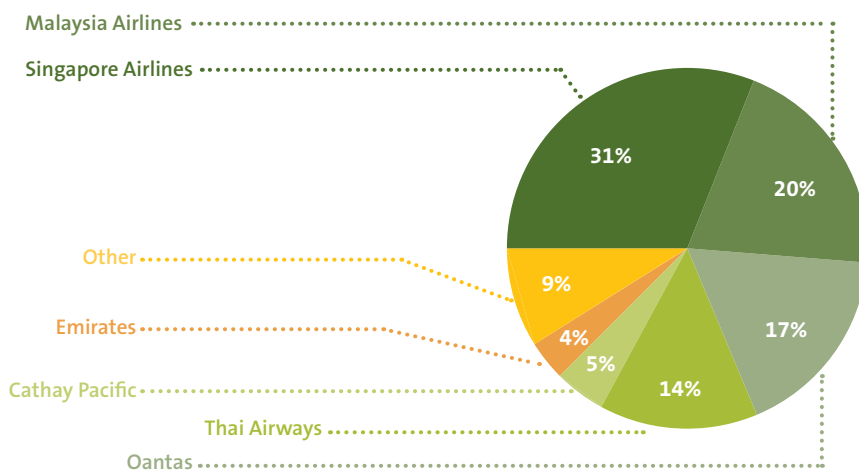
INDIA'S TOP 10 CITIES BY POPULATION SIZE



(Source: Global Demographics 2012)

- India is a populous, culturally and geographically diverse country
- 17 per cent of the world's population, 1.2 billion people, live in India
- The population increases annually by more than the Australian population
- However the affluent population is about 1 million households in 2012

KEY AIRLINES AND SHARE OF PASSENGERS IN 2011



QUALITY EXPERIENCES STRATEGY

Research indicates that Indians are motivated to travel to Australia by the experiences of nature and journeys. Indians find Australia an easy place to visit particularly since most affluent travellers speak English. Although there is a high awareness of Australia amongst Indian travellers, they have relatively low levels of knowledge about places outside of the major east coast cities. The development of new products that meet the needs of the target customer, along with in-market promotions that showcase new destinations and reasons to visit will be prioritised as part of the Quality Experiences Strategy.

Cultural training is needed to better understand the attitudes, habits, needs and expectations of the Indian traveller. Consideration of their needs around customer service, attention to detail, staffing levels, portage and dietary requirements need to be taken into account to deliver quality experiences.

Indian travellers enjoy a culture in their home country where shopping and dining are available into the late hours, and this can be a challenge for Australia to provide. Education of Indian visitors, so their expectations are appropriate, will also be needed.

Tourism Australia will continue to work in partnership with the Department of Resources Energy and Tourism and the Department of Immigration and Citizenship to identify improvement opportunities, to ensure Australia remains competitive in visa processing and innovation.

A key part of the Quality Experiences Strategy will be to deliver a distribution strategy that leverages the strong current support of travel sellers through the Aussie Specialist and Preferred Agency Scheme programs. Once again the focus will be on the identified target cities in order to reach the largest pool of affluent consumers.

As part of ongoing consumer research, insights will be provided to the Australian tourism industry to help develop quality products to attract and satisfy Indian visitors.

WHAT DOES IT MEAN FOR YOU?

The India 2020 Strategic Plan means being part of a bigger picture for Australian tourism. It means;

- Increasing your understanding of the India market opportunity
- Having access to Tourism Australia's research and insights on the Indian target customer
- Developing products suitable to the Indian consumer
- Using Tourism Australia's India 2020 Strategic Plan as the basis for your own plans for India
- Understanding where the best opportunities for growth are now and into the future

TOURISM 2020

The National Long-Term Tourism Strategy was launched in December 2009, followed by the 2020 Tourism Industry Potential in November 2010. Tourism 2020, launched in December 2011, marks a further milestone in Australian tourism policy. It represents an integration of the long term focus, research and collaboration commenced under the National Long-Term Tourism Strategy with the growth aspirations of the 2020 Tourism Industry Potential. Tourism 2020 builds on this foundation to support industry to maximise its economic potential.

The development of an India 2020 Strategic Plan is a key deliverable of Tourism 2020. Significant engagement and consultation was undertaken to develop the Plan, including with:

- Tourism industry in India and Australia
- Industry associations
- State and Territory tourism organisations
- Government stakeholders in Australia and India

Tourism 2020

"Capitalising on India's growing affluence through the development of the India 2020 Strategic Plan is a key deliverable of Tourism 2020, and will be instrumental in growing both arrivals and value to Australia."

— The Hon. Martin Ferguson AM MP Minister for Resources, Energy and Tourism

HOW DO YOU GET INVOLVED?

For more details, please contact the International Operations team in Sydney

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Tourism Australia's corporate site www.tourism.australia.com contains Market Profiles for all key international markets, including India.

Updates on Tourism Australia's activities in the India market are published in Tourism Australia's industry newsletter, *Essentials*. To subscribe please visit www.tourism.australia.com.

State, Territory and Regional Tourism Organisations are also sources of market intelligence on India.