

SOUTH AUSTRALIAN

INTERNATIONAL TOURISM

STRATEGY 2025



[SOUTHAUSTRALIA.COM](https://southaustralia.com)

ACKNOWLEDGEMENT OF COUNTRY

Aboriginal people have made and continue to make a unique and irreplaceable contribution to the state of South Australia.

The South Australian Government acknowledges and respects Aboriginal people as the state's first people and nations and recognises Aboriginal people as traditional owners and occupants of South Australian land and waters.

The South Australian Government acknowledges that the spiritual, social, cultural, and economic practices of Aboriginal people come from their traditional lands and waters, and that Aboriginal people maintain cultural and heritage beliefs, languages and laws which are of ongoing importance today.



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FOREWORD

International visitation is a vital component of South Australia's visitor economy. Worth a record \$1.2 billion pre-COVID, the loss of international tourists for nearly two years was felt keenly across our sector.

During this time of flux, our tourism operators worked hard to adapt their offerings to capture a growing domestic market. While some were able to pivot effectively, others suffered considerable downturns in revenue.

The re-opening of Australia's international borders in February 2022 was a key step forward on the road to recovery for South Australia's tourism industry. The \$1.2 billion dollar question for the South Australian Tourism Commission (SATC) is how do we reclaim the valuable international market as we work to grow our visitor economy to \$12.8 billion by 2030?

To this end, we've developed the South Australian International Tourism Strategy 2025. This plan identifies the key global markets we will focus on and the marketing activities we will undertake to attract international visitors, particularly the High Value Traveller and Working Holiday Makers.

While international borders were shut, the SATC kept a presence in key markets which helped to keep our state top of mind for when international travel could resume.

With international tourism starting to return, the time is right to double-down on our efforts to grow international visitation. Our main focus will be on the High Value Traveller from the United Kingdom, Europe, New Zealand and North America, whilst maximising the opportunity in the key Asian markets.

Central to our plan will be our strong working relationship with Tourism Australia (TA). Our approach to growing our key global markets largely aligns with TA, and our team will collaborate closely with TA on all marketing and trade initiatives.

We've set ourselves a challenging target: reclaim our once \$1.2 billion international market by December 2025. To achieve this, we are focussed on working with government, industry, our key partners and media to drive international visitation, encourage visitors to linger longer and see 'a little more' of our great state.



A handwritten signature in black ink, reading 'Zoe Bettison'.

THE HON ZOE BETTISON MP

Minister for Tourism
South Australia



A handwritten signature in black ink, reading 'Erik de Roos'.

ERIK DE ROOS

Executive Director Marketing
South Australian Tourism Commission



EXECUTIVE SUMMARY

The South Australian Visitor Economy Sector Plan 2030 is focused on achieving the South Australian Tourism Commission's (SATC) ambitious goal of \$12.8 billion in tourism expenditure across all visitor origins by 2030.

Prior to the COVID-19 pandemic, there were 488,000 international visitors who spent \$1.2 billion in the year ending December 2019. To ensure we stay on track to reach \$12.8 billion by 2030, the SATC has set an ambitious target of returning to pre-COVID expenditure of \$1.2 billion in international visitor expenditure by December 2025.

The International Tourism Strategy 2025 document provides an overview of key International markets that South Australia will focus on, target segments, projections and activity in these markets to support the achievement of the December 2025 international visitor expenditure goal.

TARGETS



\$1.2B

International tourism
expenditure back to
pre-Covid levels by 2025

\$12.8B

in tourism expenditure
across all visitor origins
by 2030



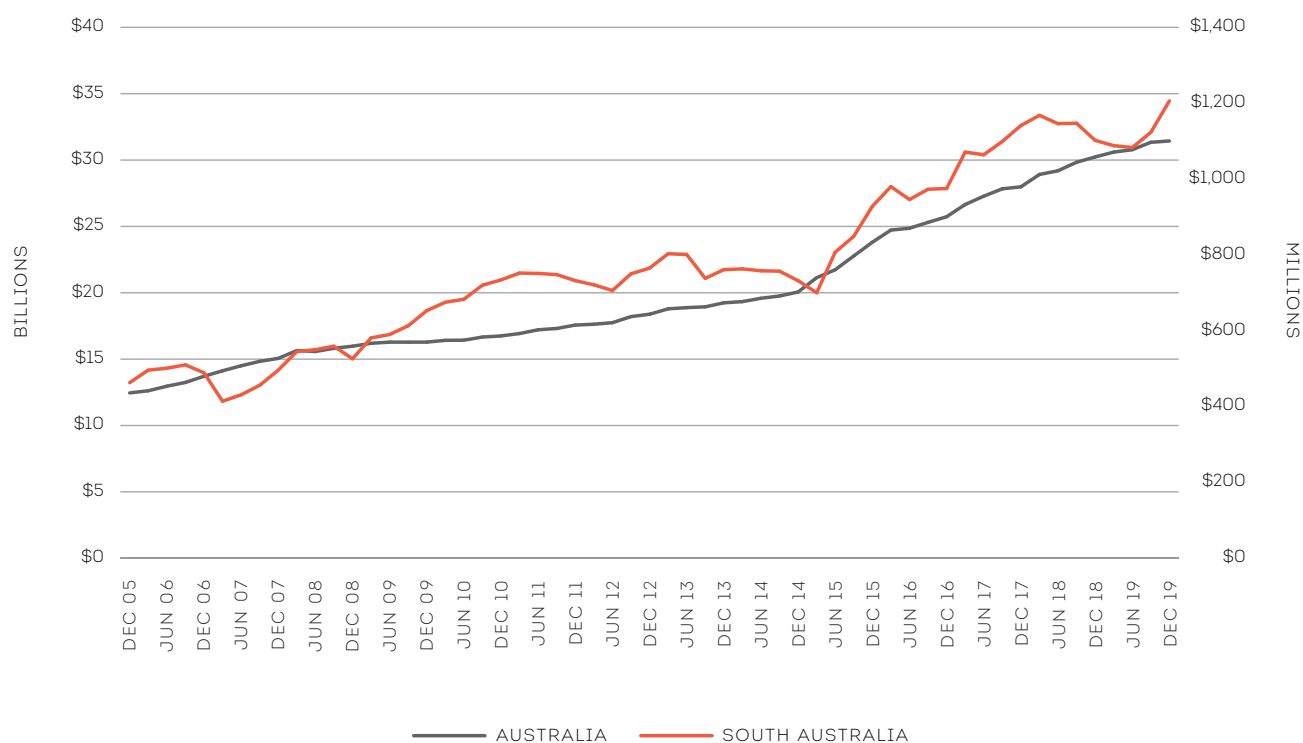
INTERNATIONAL TOURISM SUMMARY PRE-COVID

International tourism in South Australia was experiencing a significant growth period in 2019, with visits up 8% and expenditure up 9% in the calendar year, reaching a record high \$1.2b and was well on track to reach the target \$1.4b by December 2020. Additionally, this growth was ahead of the national averages, driven by a range of factors, including strong aviation supply expansion, SATC in-market promotions and a strong international education market. This growth had been sustained for many years, with expenditure in 2013 at only \$761m when the 2020 Tourism Plan was established, a growth of over 58% in only six years.

Over this six-year period, we saw strong growth, particularly from Asian markets, with China in particular tripling in value, from \$130m in 2013 to \$384m in 2019. India experienced comparable growth, but from a much smaller base, reaching \$58m by 2019.

Western markets also experienced growth, but to a lesser extent. For example the USA (22%) and Germany (21%). The smaller European markets such as the Netherlands, Switzerland, Scandinavia and France saw strong growth however from a smaller base. Some well-established markets such as the UK and NZ remained largely flat over the same period.

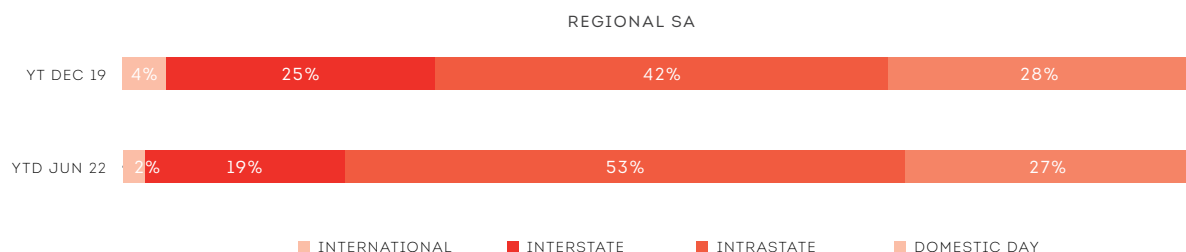
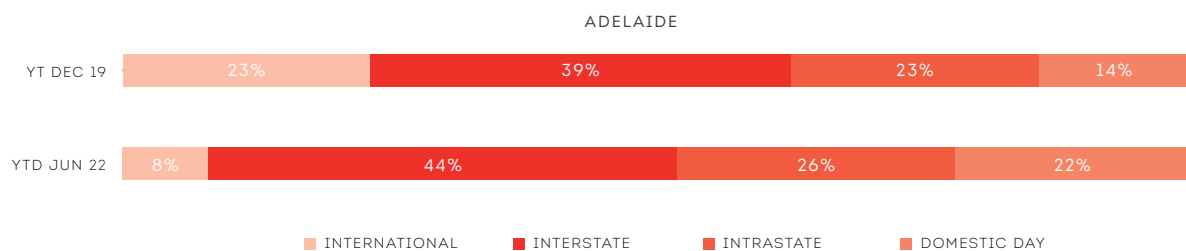
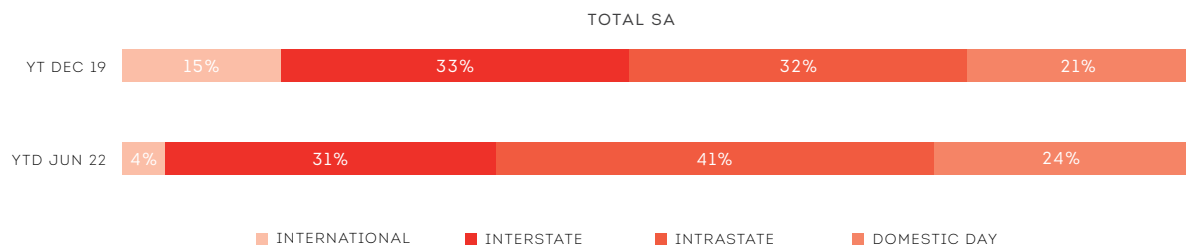
INTERNATIONAL EXPENDITURE
AUSTRALIA AND SOUTH AUSTRALIA



COVID-19 IMPACTS

At the end of 2019 the expectations on the international market were significant, and it had been well established as the growth driver of tourism in South Australia. The 2020 targets had even been revised upward from \$1.2b to \$1.4b to reflect the strong growth outlook for these markets, and overall the South Australian Visitor Economy Sector Plan 2030, launched in 2019, set a target of sustained expenditure growth of almost 9% (and as high as 13% for China) through to 2030, which would see a trebling of international tourism in South Australia over that period.

This was not to be, with the closure of the international borders to China in January, followed by a comprehensive closure in March. From April 2020 international visitor expenditure in South Australia dropped to effectively zero, aside from some residual expenditure of visitors who were already in the country at the time of border closures, and the brief opening to travellers from New Zealand in 2021. Visitor expenditure overall dropped from \$8.1b in December 2019, to \$4.4b in March 2021, before recovering to \$6.2b currently. Compositionally, international visitor expenditure shifted from 15% of the visitor economy, to less than 1%. Intrastate overnight and day trip tourism held steady despite various lockdown, and as of June 2022 accounts for 65% of the Visitor Economy.





Throughout the period, tourism operators in South Australia adjusted their business models to re-target intrastate audiences to fill the gap of international travellers. While some operators were able to effectively pivot, many suffered substantial downturns in revenue. This was particularly apparent for operators in Adelaide or operated tours with pick up in Adelaide (which had the highest proportion of international expenditure at 23%, well ahead of regional South Australia at 4%). Even in areas that were experiencing boom times from intrastate tourists, there were operators for whom it was simply not possible to re-gear their products to the self-sufficient local audience which expects a lower price point. Many of these operators were previously the highlights of a South Australian itinerary and have a key role to play in driving the recovery of overall demand as signature experiences and triggers to visitation.

WITH THE REOPENING OF INTERNATIONAL BORDERS IN FEBRUARY 2022, IT IS NOW POSSIBLE TO CONSIDER RECOVERING THESE INTERNATIONAL MARKETS TO THEIR PREVIOUS LEVELS.

CONSUMER RESPONSE AND THE CHANGED TRAVEL BEHAVIOURS

The market conditions in 2022 are substantially different from 2019, and simply recommencing previous activities and strategies will not be sufficient to fully capitalise on the opportunity ahead of us.

In the latest consumer demand report from Tourism Australia, "safety" and "nature and wildlife" remain the most important factors when choosing a destination. As an overall destination of Australia, our desirability has declined across the purchase funnel. With this decline, Australia is now the second most desired destination among international visitors behind Japan and ahead of the Maldives. We are still number one for desirability however for the High Value Traveller. Visitors have lacked certainty with the strict borders entry rules and have stated this as the most significant barrier to coming to our country. With borders now open and the barriers to travel lessened the demand will grow and desirability as a destination will increase.

Key considerations include:

- VFR consumers initially will have the strongest appeal to travel due to the opportunity for social connection. They will be most willing to navigate complexity and uncertainty to be reunited with loved ones.
- A higher value placed on safety and security while travelling, specifically in regard to countries with strong medical systems, such as Australia, but also with reliable transport.
- A higher value placed on uncrowded destinations
- A higher value placed on direct flight connections and less time in transit.
- A higher value placed on Working Holiday Makers. With a longer length of stay they are going to be less concerned about arrival protocols and spending a week in isolation with COVID-19. Further to this, they form an important function of filling gaps in the work force.



MARKET PRIORITISATION

To support the return to \$1.2 billion in international visitor expenditure by December 2025, the SATC has categorised international markets into four tiers of prioritisation.

PRIORITY 1	PRIORITY 2	PRIORITY 3	PRIORITY 4
HIGH GROWTH HIGH YIELD	LOWER GROWTH HIGH YIELD	MAINTAIN, FOCUS ON HIGH YIELD	MONITOR
United Kingdom Europe New Zealand North America	SE Asia (primarily Singapore and Malaysia)	Hong Kong China India Japan	Vietnam South Korea Taiwan Indonesia

Key international markets (Priority 1 and Priority 2)

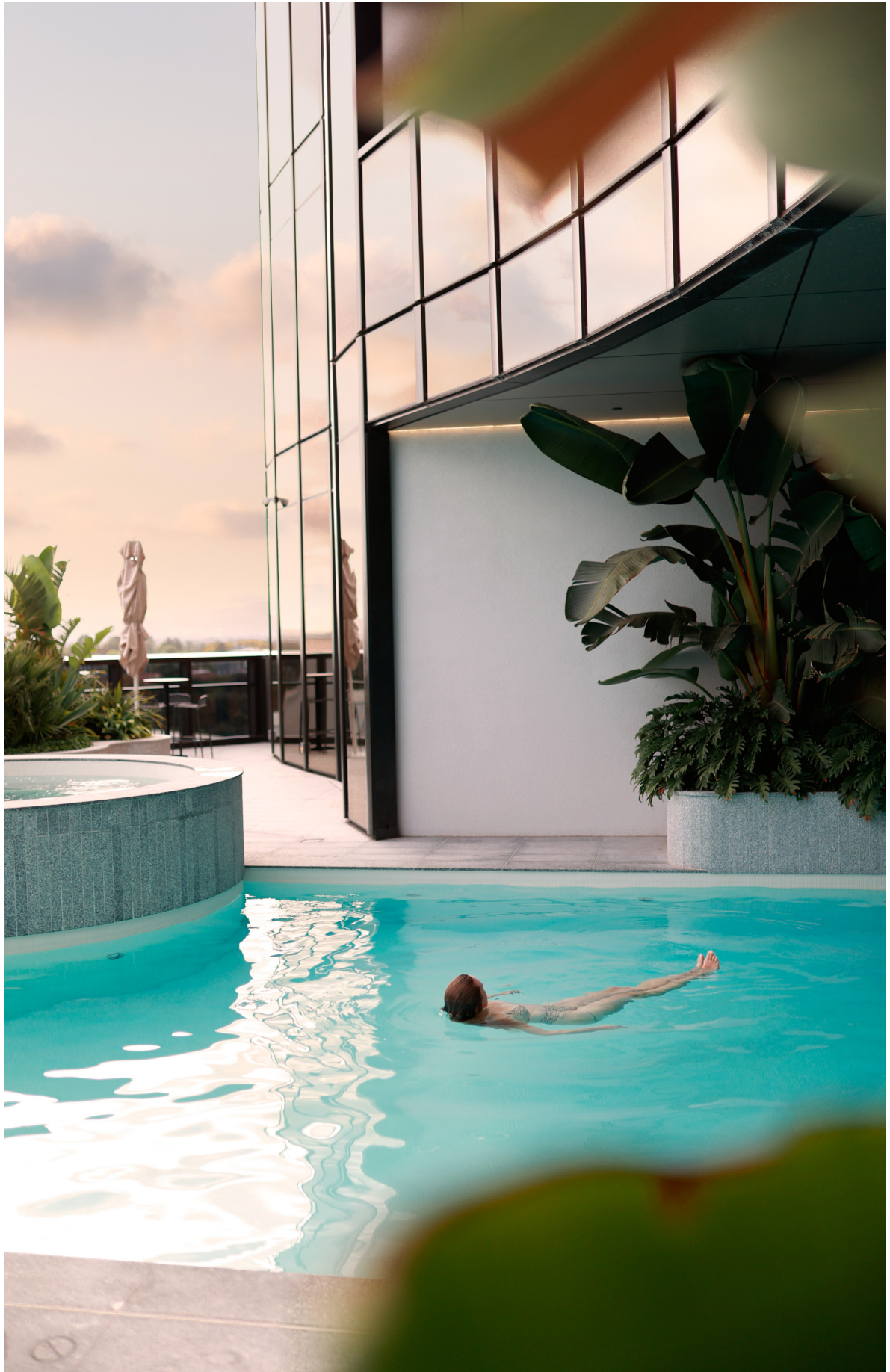
The SATC retained a presence in key international markets during the COVID-19 pandemic. This included New Zealand, Singapore, United Kingdom, Germany and North America. Some markets were scaled back more than others, but the SATC considered it vital to keep a presence to continue in-market relationships and lead to a more effective rebound.

It is expected that the return of inbound travel to South Australia will largely come from these markets, and thus, they will be the markets prioritised over the coming years.

Within Europe the SATC will focus on Central Europe (incorporating predominantly Germany and Switzerland), France, Italy and Northern Europe (incorporating predominantly Benelux and Nordic countries).

There are some other key reasons why the SATC will prioritise these markets, including:

- This approach is generally in line with Tourism Australia's approach.
- It is expected the cost of travel will rise which will have less impact on the high-end travel market. Therefore, this market is expected to come back strongly and skews towards the UK, European and North American markets.
- Working Holiday Market will be an important sector going forward and that sector is largely concentrated on the United Kingdom and Europe.
- Some of these markets – such as United Kingdom and New Zealand – are strong Visiting Friends and Relatives markets which gives people an automatic reason to visit Australia which we can leverage off.
- These markets generally have good airline access to Australia and Adelaide.
- The product available resonates with these priority markets and perhaps more so post-COVID as consumers look for less crowded and more remote destinations.



MARKET PRIORITISATION

China and Hong Kong (Priority 3)

As of late 2022, the short to medium term outlook for China and Hong Kong is unclear. Until the Central Government softens its COVID-zero approach travel is unlikely to resume to Australia on a notable scale. There is additional uncertainty brought about by geopolitics and diplomatic interactions. However, it is important to keep in mind that China had become the largest inbound market into South Australia prior to COVID-19 and therefore it is wise to be ready and well placed when travel begins again. Therefore the SATC will endeavour to maintain a presence in China (and service Hong Kong) to keep relationships warm for when the situation changes.

India and Japan (Priority 3)

It is recognised that there are opportunities in India and Japan. India is a strong Visiting Friends and Relatives (VFR) market and should rebound quickly on the strength of this sector alone. Japan is a mature travel market and South Australia has appeal to the well travelled and more adventurous Japanese traveller. Whilst the SATC will continue to look at opportunities as appropriate, the overall opportunity in the holiday segment isn't quite as high as Priority 1 and 2 markets.

Other markets (Priority 4)

The SATC will continue to monitor the other Asian markets as listed in Priority 4 above. At this point there are no plans to significantly invest into these markets and the SATC will allow Tourism Australia to lead the way.



PROJECTIONS AND KPI'S

The SATC has developed a COVID-19 Impact Model to predict the likely trajectory of the Visitor Economy in response to the COVID-19 pandemic. While there have been significant fluctuations in actual visitor expenditure, the overall model has proved highly reliable at predicting the tourism recovery in South Australia for intrastate and interstate markets and the methodology is likely to also be highly predictive for the international market.

The model uses data around source markets and purpose of travel to predict likely travel behaviour response over the next few years depending on a range of assumptions. The accuracy of the model depends entirely on the extent to which these assumptions prove to be true. The "COVID Tourism Impact Prediction Model" relies on the following assumptions:

Assumption specific to the international market underpinning this model are:

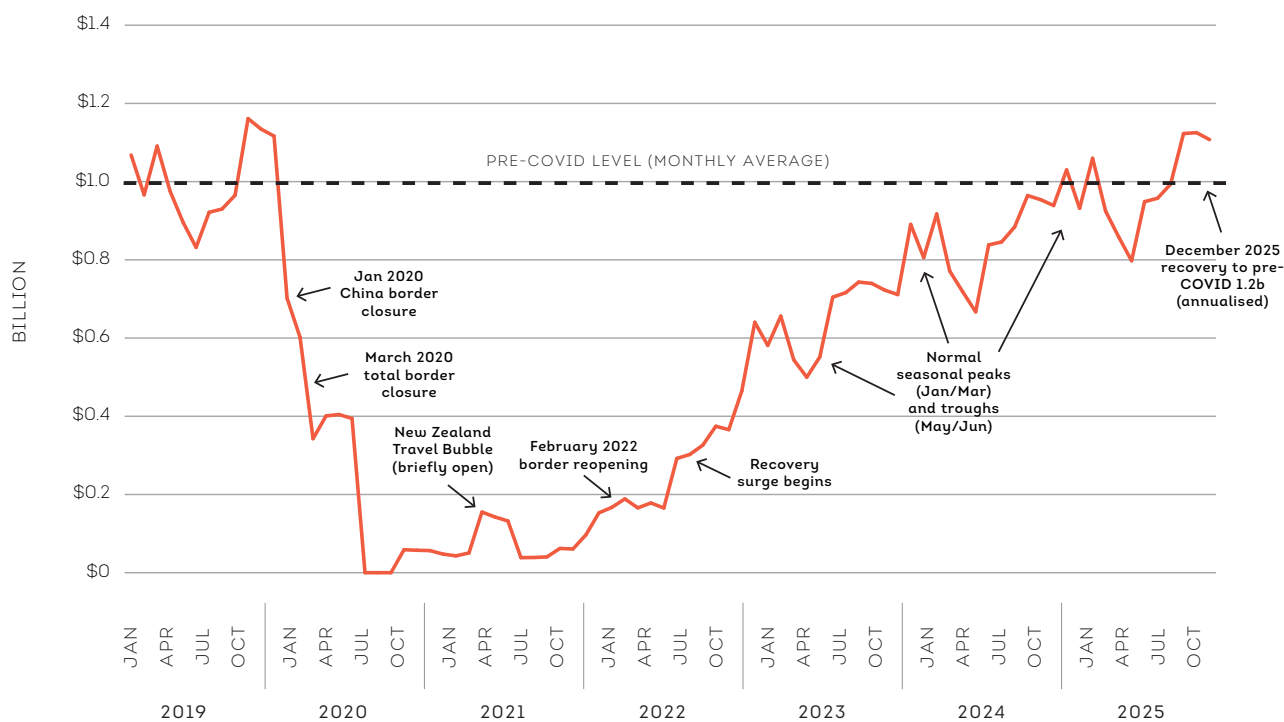
- International holiday and VFR dropped to almost zero during border restrictions from March 2020 to February 2022. From this point, steady international recovery through to end 2024 led by VFR.
- International business travel also absent during travel bans and forecast to be slow to resume due to technological adaptation, especially the heavy adoption of video conferencing.
- International education dropped significantly although some residual expenditure was retained by the small number of students able to remain. Moderate recovery expected over the next couple of years.



PROJECTIONS
AND KPI'S (CONT'D)

Standard practice for the SATC over many years has been to report expenditure on an annualised basis and prior to COVID-19, monthly data was not even available. However, due to the substantial and volatile impacts of COVID-19, a 12-month average figure hides much of this volatility and does not reflect the experience on the ground. While the metrics outlined in this strategy are 12 month rolling, the chart below shows a more granular perspective of the recovery through to 2025.

INTERNATIONAL COVID IMPACT AND RECOVERY
MONTHLY PERFORMANCE





PROJECTIONS
AND KPI'S (CONT'D)

The same data as reflected on the previous page is shown on a 12-month rolling basis in the chart below, and represents the key annual milestones of this strategy to recover international markets to pre-COVID levels by 2025.

INTERNATIONAL COVID IMPACT AND RECOVERY
ANNUAL PERFORMANCE





KEY METRICS

	ACTUALS		TARGETS				
	PRE-COVID	JUN 2022 LATEST AVAILABLE	JUN 2022	JUN 2023	JUN 2024	JUN 2025	DEC 2025
Total international	\$1.2b	\$272m	\$135m	\$560m	\$911m	\$1.1b	\$1.2b
International education	\$568m	\$155m	\$67m	\$333m	\$595m	\$638m	\$653m
Ex-education (HOL, VFR, BUSINESS, OTH)	\$638m	\$117m	\$68m	\$226m	\$315m	\$465m	\$533m
International aviation (SEATS PER WEEK)	13,200	7,919 (AUG 2022)	1,500	6,100	10,000	12,100	13,200
PRIORITY 1 MARKETS							
United Kingdom	\$77m	\$20m	\$10m	\$40m	\$56m	\$77m	\$84m
United States	\$61m	\$9m	\$6m	\$24m	\$35m	\$53m	\$62m
New Zealand	\$47m	\$9m	\$13m	\$23m	\$32m	\$43m	\$48m
Germany	\$37m	\$3m	\$3m	\$16m	\$24m	\$36m	\$39m
France	\$29m	\$3m	\$3m	\$12m	\$19m	\$26m	\$28m
Italy	\$13m	\$2m	\$2m	\$6m	\$9m	\$12m	\$13m
Scandinavia	\$26m	\$2m	\$3m	\$13m	\$19m	\$26m	\$28m
Canada	\$19m	\$4m	\$2m	\$7m	\$11m	\$17m	\$19m
PRIORITY 2 MARKETS							
Singapore	\$85m	\$18m	\$8m	\$41m	\$80m	\$89m	\$93m
Malaysia	\$60m	\$6m	\$6m	\$31m	\$60m	\$67m	\$69m
PRIORITY 3 MARKETS							
China	\$381m	\$39m	\$36m	\$162m	\$239m	\$280m	\$298m
Hong Kong	\$58m	\$9m	\$5m	\$29m	\$54m	\$60m	\$63m
Japan	\$29m	\$2m	\$2m	\$13m	\$25m	\$28m	\$29m
India	\$59m	\$76m	\$10m	\$28m	\$50m	\$61m	\$65m

TARGET SEGMENTS

Insights from the Tourism Australia Consumer Demand Project have assisted in defining the international target segments for Australia and South Australia. There has been a transition from predominantly demographic targeting (e.g. wage, household income, education levels) to psychographic (behavioural) targeting as consumers have completely different attitudes, interests and behaviours. The target segments identified across the key markets include:

High Value Travellers

The transformation from demographic to psychographic targeting is underpinned by the development of the 'High Value Travellers' (HVT) segment. They are high spending travellers who are motivated by what Australia has to offer and represent between 35% to 44% of the long haul travel market from key markets including the United Kingdom, United States, Singapore and Germany. The HVT's are empowered individuals and increasingly knowledgeable about the world around them. They prefer authentic holidays where they can experience the local culture and get a taste of everyday life. They travel to expand their horizons which means getting a taste of everything from local cuisine to the natural surroundings which align to South Australia's marketing pillars. A description of their travel behaviours include:

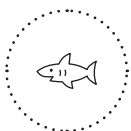
- Travel long haul (out of region on a regular basis)
- Preference for Australia and consideration to visit in the short or long term
- Key drivers for destination choice include food and wine; aquatic and coastal; nature and wildlife experiences
- Represent high value with above average trip expenditure. Likelihood to stay longer and disperse further

Working Holiday Maker

Secondary to this segment, the working holiday maker (WHM) is also critical to South Australia as the arrival of these visitors will assist with filling employment gaps and skills shortages in the city and regional areas. The WHM program allows young adults from eligible partner countries such as the United Kingdom, France and Germany to work in Australia whilst having an extended holiday. They are a valuable travelling segment as they tend to stay longer, spend more and disperse more widely through the country than other international arrivals (Source: IVS, Y19). Along with this they also contribute to filling roles in critical Australian industries such agriculture, tourism and aged care.

KEY MESSAGES

Globally, the SATC encompasses the following brand pillars into marketing activity. These five pillars are dialled up or down depending on the nuances of each market.



WILDLIFE ENCOUNTERS

Wildlife in the wild, outback experiences



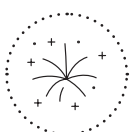
ACCESSIBLE PROVENANCE

Wine regions, food and drink experiences, destination dining



BOUTIQUE CAPITAL

Adelaide as a gateway to the regions, restaurant scene



LOVES A PARTY

Year-round festivals and events calendar



NATURAL THERAPY

Seclusion, off-grid / digital detox, wellness experiences, clean / green environment



MARKETING ACTIVITY AND RESOURCING

The following table provides an overview of the key international markets that the SATC will focus on, their consumer to trade ratio which influences the types of activity that we undertake and examples of activity that will take place to drive visitation.

During the COVID-19 pandemic, team resources were scaled back in some international markets but the SATC considered it important to retain presence for an effective rebound. With the border reopening in February 2022, the resources in global markets have been increased and will continue to be reviewed as the opportunity arises.

MARKET	PRIORITY	CONSUMER / TRADE RATIO	STRATEGY OVERVIEW
United Kingdom	1	40/60	Australia is a long-haul destination, where there is still a reliance on expert travel advice and security booking through a travel agent. Majority of the SATC's focus will be working with booking partners to inspire and convert consumers to visit SA. Consumer direct activities will be undertaken mainly through digital, content and PR.
Europe	1	30/70	Europeans generally spend longer periods of time in Australia and undertake complex, multi-destination itineraries. Travel agents are the preferred source of booking; however most consumers will have made their destination choice before contacting a travel agent. Therefore, it is important to undertake awareness campaigns, ensuring all activities include a booking partner to help drive conversion.
New Zealand	1	70/30	New Zealanders tend to book their travel to SA direct with the operator. It is important to create awareness via consumer direct activity to support growing visitor arrivals into SA. Integrating direct to consumer strategy with trade partnerships provides the opportunity to lengthen time in market by leveraging their investment and ensures reasons and ability to book now.
North America	1	35/65	North American travellers are experienced travellers that rely heavily on travel trade. There is a growing segment who book online via airlines and Online Travel Agents. Travel agents have a significant influence on the HVT destination choice and the SATC's strategy is to invest in activities with the booking partners to ensure they are inspired and educated to recommend SA to their consumers.
South East Asia	2	50/50	Singaporeans are mature, savvy travellers who are familiar with Australia. Most would have been to Australia previously before considering a holiday to SA. The SATC's strategy is to conduct marketing activities showcasing the unique features of SA versus other Australian destinations, always endeavouring to use airline or trade call to action for easy booking. The travel trade is seen as a form of media channel which can be used to leverage funds and a database of ready to travel consumers.
China	3	10/90	With China not currently open for travel to / from Australia, the SATC will focus on keeping relationships warm and travel trade engaged. A solid social media presence will also be maintained, ready to scale up when required. Without a China Business License, the SATC is unable to directly purchase media and undertake sole destination consumer awareness campaigns, which means the SATC often need to work with trade partners or Tourism Australia.
India	3	20/80	Tourism Australia's research shows that Australia has maintained the highest awareness, consideration and intention amongst the high value Indian travellers and have rated aquatic and coastal, nature and wildlife and food and wine experiences high. Post-COVID, visitation from India to South Australia will initially be primarily students, visiting family and relatives (VFR) and the ICC World Cup in late 2022 with opportunities to grow the holiday segment over the coming few years, primarily working with the travel trade to reach this segment.
Japan	3	10/90	Consumer sentiment towards immediate travel is still relatively weak. There is however pent up demand with enquiries to distribution partners and airlines increasing. The Japanese outbound traveller is considered to be very mature in terms of the tourism product consumed. Many of South Australia's core products such as nature and wildlife, food and wine resonate highly with these consumers. The travel trade is still very important in the Japanese market.

SUMMARY OF KEY ACTIVITY



Activity that focuses on the target segments of the High Value Traveller and Working Holiday Maker



Implementation of key distribution partners / travel trade marketing initiatives including;

- Joint campaign activity with travel trade and airline partners
- Trade familiarisations (famils) activity – these are educational visits to South Australia
- Intense training of international retail travel agents in various countries by SATC team members or via Tourism Australia's Aussie Specialist Program



Direct to consumer awareness marketing activities in certain markets including brand campaign activity in New Zealand



Ongoing implementation of the Global Digital Strategy which seeks to expand the presence of southaustralia.com in international markets and utilise targeted paid digital marketing to reach consumers efficiently



Close collaboration with Tourism Australia on all marketing and trade initiatives



Proactive public relations through strategic PR tactical campaigns and activities, media famils and ongoing media relations initiatives



Supporting the development of internationally ready SA tourism product



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