

20 December 2011

## Fewer Australians planning to travel this Christmas

### ... but for those who are, high AUD is making overseas destinations more appealing than ever

- More Australians are planning to stay at home this Christmas compared to last year but for those that are travelling, overseas destinations are more popular than ever.
- The December **Westpac-Melbourne Institute Consumer Sentiment** survey included extra questions on travel plans for the Christmas break and what people did last year. The results show the 'staycation' is increasingly the preferred choice with only 31% of consumers planning to travel this Christmas, down from 33% last year, 36% in 2009 and 38% that reported travelling in 2008. The downbeat plans echo similarly soft consumer sentiment reads heading into the Christmas period.
- However, amongst those planning to travel, overseas destinations are increasingly popular. Just over 17% of travellers are planning to go overseas compared to 13% last year and 11% in 2009. Although a higher proportion (21%) reported travelling abroad in 2008, the actual proportion is usually higher than reported plans due to those spontaneous (or disorganised) folks that head off at the last minute.
- The high AUD is clearly a major factor. Despite recent volatility, Westpac's 'outbound tourism-weighted' exchange rate index is 1.8% higher than a year ago and 37% above its 2008 level, i.e. overseas travel has never been cheaper for Australians. With travel plans often made well in advance, the fact that the currency has been sustained at these highs is also important.
- The state detail shows a uniform downgrade to travel plans for NSW, Vic and Qld but increases for consumers in SA and WA although those out west remain least inclined to travel. Only 20% plan to do so this year, a corollary no doubt of the state's isolated location rather than the mining boom (Perth is often referred to as the 'most remote' city in the world). The state detail on overseas travel is more varied with a dramatic rise in the proportion of travellers in SA and WA planning trips abroad, more moderate increases for those in NSW and Vic and a decline amongst Qld travellers. The weakness in Qld stands out given that all other state readings for overseas travel plans were the highest in the three years the question has been run.
- The proportion of travellers planning to go overseas is about as high as we have ever seen. A similar survey asking consumers about their travel intentions over the next 12mths shows the proportion of travellers planning to go overseas has risen steadily from 9% in 2005 to 14% last year. That reading is broadly comparable to the 13% the Westpac survey found last year and suggests this year's 17% is a very high read.
- While none of the shifts indicate a dramatic weakening, the results are not good news for Australia's tourism industry which continues to face a threefold problem: fewer Australians taking holidays, a bigger leakage of domestic demand into offshore markets and lower inbound arrivals.

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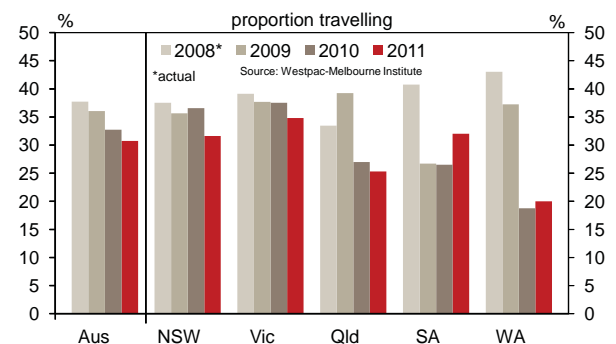
### Consumer holiday travel plans – 2011

#### Expected travel over the Christmas break

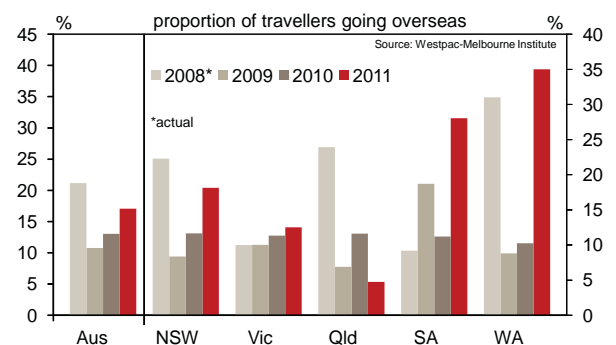
	% responses expecting to:					
	stay at home		travel in Australia		travel abroad	
	2010	2011	2010	2011	2010	2011
Aus	67.3	69.2	28.5	25.5	4.3	5.2
NSW	63.4	68.4	31.8	25.2	4.8	6.5
Vic	62.5	65.2	32.8	29.9	4.8	4.9
Qld	73.0	74.7	23.5	24.0	3.5	1.4
SA	73.2	68.0	23.1	21.9	3.3	10.1
WA	81.2	79.6	16.6	12.1	2.2	7.8

\*Figures exclude those reporting "no opinion" and do not sum to 100;  
Source: Westpac-Melbourne Institute

### Christmas travel plans by state

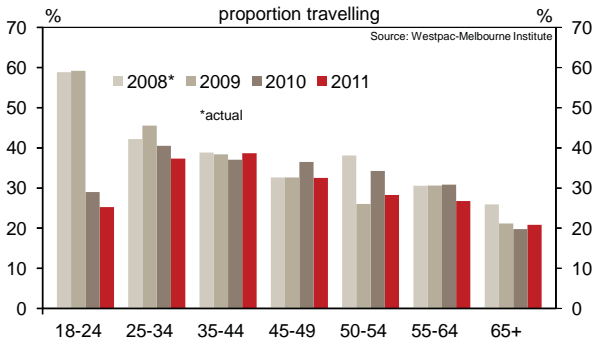


### Christmas overseas travel plans by state

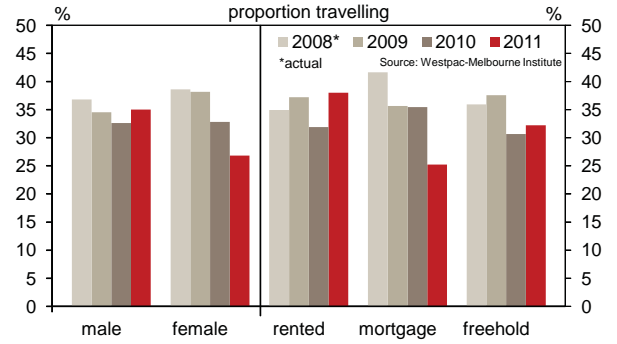


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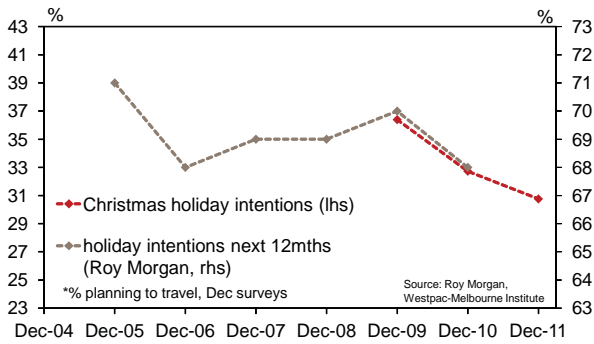
### Christmas travel plans by age



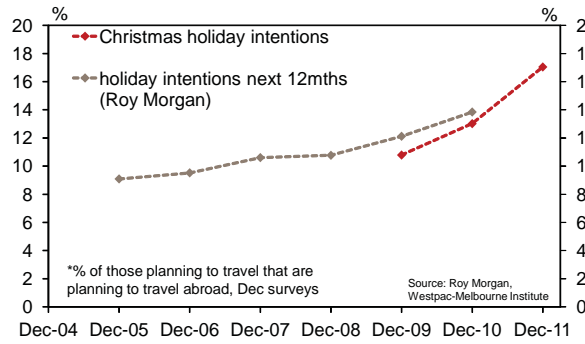
### Christmas travel plans by selected group



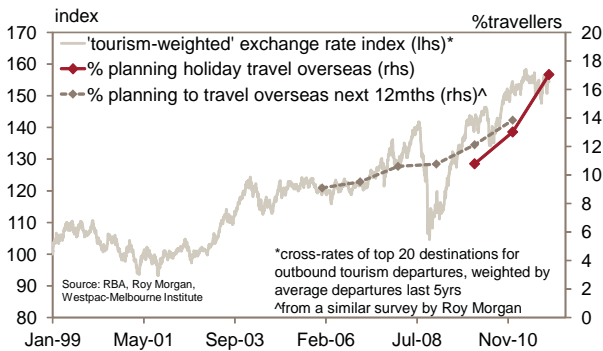
### Holiday intentions



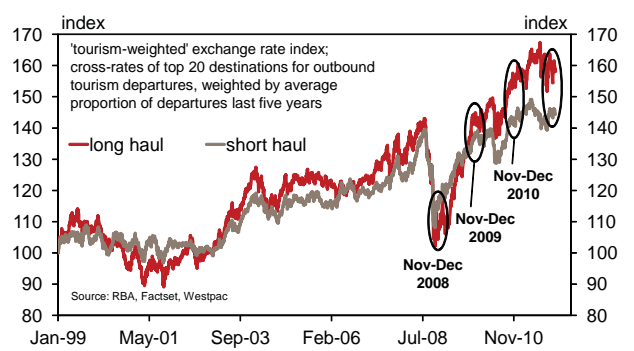
### International travel propensity



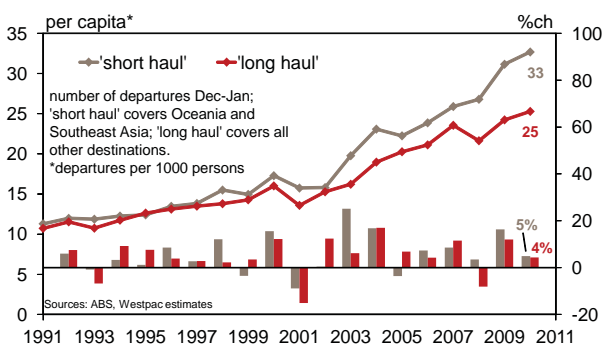
### AUD vs overseas travel plans



### Exchange rate index: "outbound tourism"



### Christmas break: outbound tourism



### Australian accommodation providers: visitors

