

International Visitations to the U.S. from

AUSTRALIA

INTERNATIONAL INBOUND TRAVEL MARKET PROFILE



2018

SUMMARY

Australia is the United States' ninth largest overseas inbound market, accounting for 3.4% of all overseas visitations to the U.S. It is also one of the most lucrative markets, with the average spending per Australian visitor topping \$6,000 (compared to an overseas average of \$4,200).

The U.S. is the third largest destination market for Australian travelers, behind only Indonesia and New Zealand, and commands a 7% share of all outbound travel from Australia.

AUSTRALIA MARKET SUMMARY, 2018

U.S. Visitations from Australia	1.4 million
Travel Spending	\$7.5 billion
Average Spending Per Visitor	\$6,130
Total U.S. Travel Exports	\$8.6 billion
U.S. Travel Trade Balance	\$5.7 billion

VWP Member	Free Trade Agreement	Global Entry	Preclearance	Open Skies
✓	✓	✗	✗	✓

MACRO OVERVIEW

With a \$1.4 trillion economy and a population of just 25 million, Australia ranks 14th (in GDP) and 55th (in population) globally. Australia has one of the most developed and diverse economies in the world, with a per capita GDP of \$50,300, on par with Germany, Taiwan and Austria.

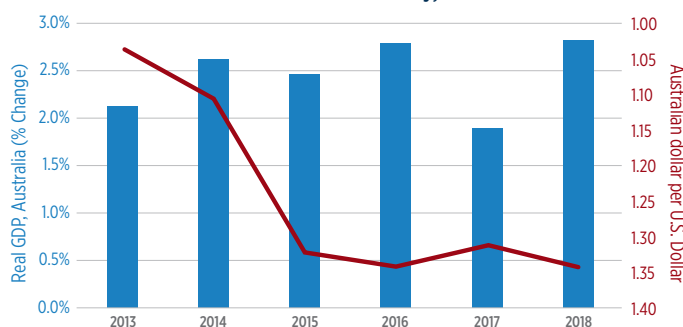
Beginning in the 1980s, Australia evolved from an inward-looking and import-substituting economy into a globally-competitive export-oriented economy. Services currently account for 72% of Australia's economy, while industry accounts for 26% and agriculture makes up 3%.

Due to its wealth of natural resources and minerals, Australia has a comparative advantage in the extraction of primary products. In fact, agriculture and mining products account for over half of the country's exports. Australia currently has 11 free trade agreements with the United States, Chile and multiple countries in Asia.

Since 1991, Australia's economy has been growing. During the past three years (2016-2018), Australia averaged 2.7% growth in real GDP. Slowdowns in consumer spending and business investment are expected to weigh on the country's economy in 2019, though export growth remains strong. After a projected slowdown to 1.8% growth in 2019, the economy is expected to accelerate moderately in the near term.

From 2012 to 2015, the Australian dollar depreciated 27% against the U.S. dollar and has remained at a similar level in subsequent years, which has made traveling to the U.S. more expensive.

Australia GDP and Currency, 2013-2018



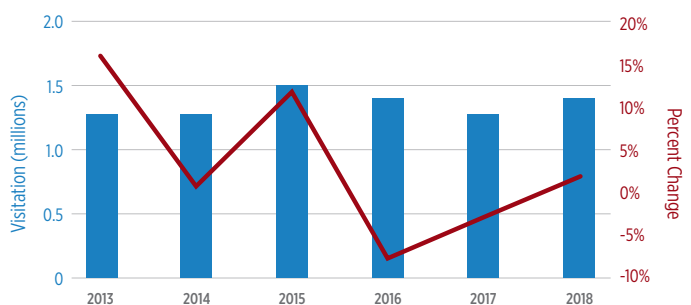
Source: Oxford Economics

TRAVEL IMPACT: VISITATION

After two years of declines (-7.1% in 2016 and -2.0% in 2017), Australian visitations to the U.S. grew by 2.9% in 2018. The U.S. welcomed 1.4 million arrivals and remained a top destination for Australians while ranking as the third-largest of any international destination for Australians, behind only Indonesia and New Zealand.

Despite the modest growth in 2018, however, the number of Australian visitations in 2018 remained 6% lower than in 2015. In fact, while the U.S. commanded a 9.2% share of all Australian outbound visitations in 2015, it commanded a share of just 7.3% in 2018.

Australia Visitation to the U.S., 2013-2018



Source: U.S. Department of Commerce

Visitations from Australia to the U.S. have returned to negative growth so far in 2019 and declined in five out of the first seven months of the year on a year-over-year basis. Overall, in the first seven months of 2019 (monthly data for 2019 is only available through July as of September 2019), total visitations from Australia declined by 2.2% compared to the first seven months of 2018.

TRAVEL IMPACT: ECONOMIC

Valued at \$8.6 billion in 2018¹, travel is the largest U.S. export to Australia and accounts for 39% of U.S. services exports and 18% of all exports of goods and services from the U.S. to Australia.

Travel also strengthens the United States’ trade surplus with Australia. With travel exports valued at \$8.6 billion, and travel imports (i.e., spending by U.S. travelers in Australia) valued at \$2.9 billion, travel generated a \$5.7 billion trade surplus with Australia in 2018. In fact, without travel, the 2018 trade surplus with Australia of \$28.9 billion would have been only \$23.2 billion, nearly 20% lower.

Despite the continued strength of Australian spending in the U.S., Australia accounted for a smaller share of total U.S. travel exports (to all countries) in 2018 compared to 2015. In fact, U.S. travel exports to Australia declined from 3.8% of U.S. travel exports worldwide in 2015 to 3.4% in 2018. Australia ranks ninth in terms of U.S. travel exports.

For more about the contribution of visitations from Australia to America’s trade balance, see the Addendum, Page 5.

MAJOR TRAVELER CHARACTERISTICS

In 2018, 45% of Australian travelers in the U.S. visited California, 27% visited Hawaii, 23% visited New York and 19% visited Nevada. Top cities visited included Los Angeles (31%), Honolulu (24%), New York City (22%), Las Vegas (18%) and San Francisco (17%).

- The average Australian traveler spends 14 nights in the U.S.
- Main purposes of visiting the U.S. are: vacation (73%), visiting friends/relatives (14%), business (5%), convention/ trade show (5%) and education (2%)
- Top activities in the U.S. include: shopping, sightseeing, national parks, guided tours, small towns, historical locations and art gallery/museum
- Bucket list destinations, friends or family, general atmosphere, adventure and food and cuisine were the top incentivizing factors for Australians to visit the U.S.
- 30% of Australian travelers indicated this was their first trip to the U.S.

For more Traveler Characteristics and Demographics see the Addendum, Page 6.

TOP U.S. EXPORTS TO AUSTRALIA, 2018		
INDUSTRY	U.S. EXPORTS IN BILLIONS (\$)	SHARE TOTAL EXPORTS OF GOODS AND SERVICES
Travel	8.6	18.2%
Transportation equipment	5.3	11.3%
Machinery, except electrical	4.3	9.1%
Chemicals	3.4	7.2%
Computers and electronics	3.0	6.3%

Source: U.S. Department of Commerce



Source: Tourism Economics and U.S. Department of Commerce (for U.S. arrivals)

¹ International standards now use a broader definition of travel exports than previously used which, in addition to general travel spending by visitors, includes education-related and health-related spending, as well as expenditures on goods and services by border, seasonal, and other short-term workers in the United States. For more information, please visit <http://travel.trade.gov/pdf/restructuring-travel.pdf>.



THE COMPETITION

Despite the modest growth in 2018, Australian visitations to the U.S. have declined by 6% since peaking in 2015. During the same time period, Australian visitations to all markets increased by 18%. (Examples by top Australian destinations include: Indonesia, +60%; New Zealand, +13%; Italy, +13%; and France, +34%. The only other key Australian destination that was down was the U.K., -4%)

As a result of these trends, the U.S. lost a significant amount of market share, which declined from 9.2% in 2015 to 7.3% in 2018.

Since Australia is a particularly lucrative market, every effort should be made to maintain the United States' competitive edge and ensure that the U.S. continues to attract Australian visitors at the rates we did just a few years ago.

TOP AUSTRALIAN INTERNATIONAL DESTINATIONS AND SHARE OF TOTAL OUTBOUND TRAVEL FROM AUSTRALIA, 2015 AND 2018			
DESTINATION	SHARE OF OUTBOUND TRAVEL, 2015	SHARE OF OUTBOUND TRAVEL, 2018	VISITATION, 2018 (IN MILLIONS)
1 Indonesia	7.0%	9.4%	1.8
2 New Zealand	8.4%	8.0%	1.5
3 United States	9.2%	7.3%	1.4
4 United Kingdom	6.6%	5.3%	1.0
5 Italy	5.1%	4.9%	0.9
Total Outbound Travel		100%	18.7

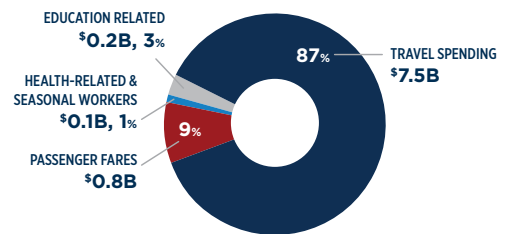
Source: Tourism Economics and U.S. Department of Commerce (for U.S. arrivals)

TRAVEL FROM AUSTRALIA TO THE U.S. IS “MADE IN AMERICA”

1 Spending by Australian residents in the U.S. produced \$8.6 billion in export income for the U.S. economy

Although travelers from Australia are physically on U.S. soil when they visit the United States, the goods and services they consume while in America are U.S. exports. In 2018, U.S. travel exports to Australia totaled \$8.6 billion, most of which was comprised by travel spending by Australian visitors to the U.S. (\$7.5 billion) and international passenger fares by Australians flying on U.S. airlines (\$0.8 billion). Education and health-related spending by Australians in the U.S. were relatively low.

Breakdown of U.S. Travel Exports to Australia



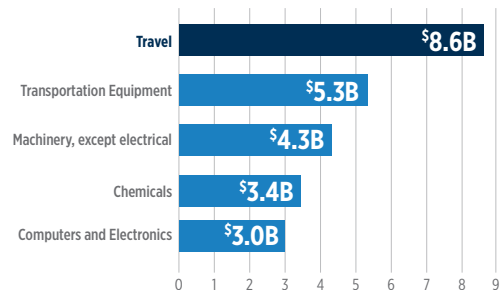
Total U.S. Travel Exports to Australia = \$8.6 Billion

Source: U.S. Department of Commerce

2 Travel is the largest industry export to Australia and accounted for 18% of all U.S. exports to Australia in 2018

As the largest industry export to Australia in 2018, travel accounted for 18% of all U.S. exports of goods and services, significantly ahead of the second largest export, transportation equipment (11%).

Top 5 U.S. Exports to Australia, 2018

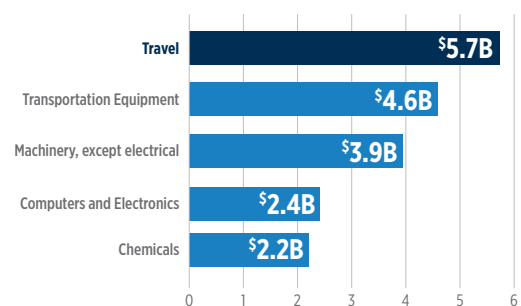


Source: U.S. Department of Commerce

3 Travel generated a \$5.7 billion trade surplus in 2018

After taking into account U.S. resident spending in Australia (\$2.9 billion), the U.S. had a \$5.7 billion travel trade surplus with Australia. In fact, without travel, the 2018 trade surplus with Australia of \$28.9 billion would have been only \$23.2 billion, nearly 20% lower.

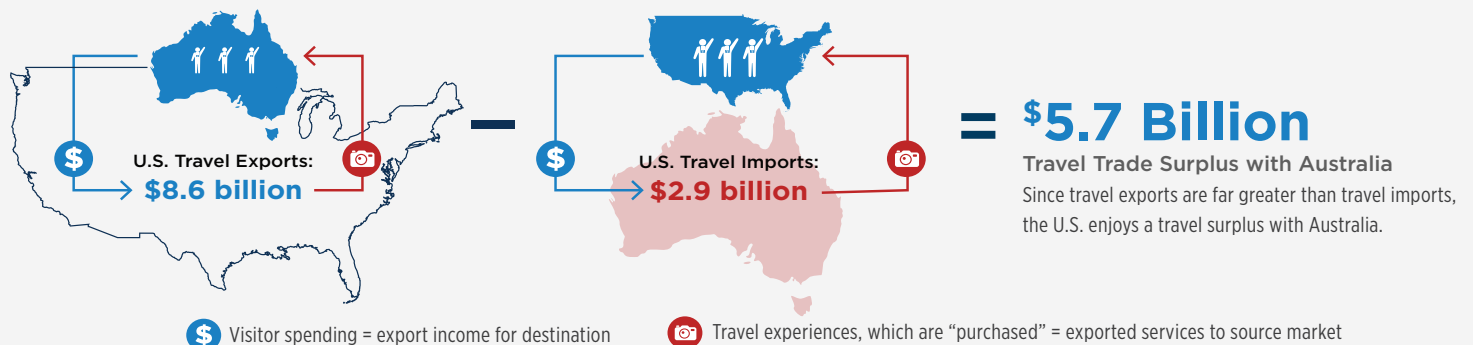
Top 5 Industries by U.S. Trade Surplus with Australia, 2018



Source: U.S. Department of Commerce

CALCULATING THE TRAVEL TRADE BALANCE WITH AUSTRALIA

Spending by Australian visitors constitutes a U.S. travel export while spending by U.S. residents in Australia constitutes a U.S. travel import.



TRAVEL CHARACTERISTICS AND DEMOGRAPHICS

TOP MOTIVATIONS FOR INTERNATIONAL TRAVEL¹



Urban Attractions



Shopping

Beaches/Seaside
AttractionsCultural/Historical
Attractions

Local Lifestyle

IMPRESSIONS OF THE U.S.¹

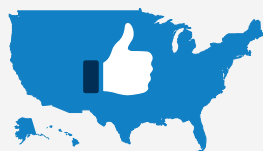
DIVERSE

ENERGETIC

ADVENTUROUS

FRIENDLY

ARROGANT



34% say the U.S. is
a top desired destination²

PLANNING/BOOKING BEHAVIORS

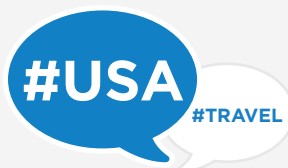
	2018	2017
Use of social media to plan trip ²	27%	28%
Pre-paid package ³	9%	10%
Average trip decision time in days ³	159	162

MOST INFLUENTIAL CONTENT WHEN DECIDING ON DESTINATION²

TRANSPORTATION

ICONIC ATTRACTIONS

HOTELS AND LODGING

RESTAURANTS AND
FOOD

27% use social
media to plan trip²

DETERRENTS TO VISITING THE U.S.²

	2018	2017
Airfare is too expensive	36%	
Unfavorable currency exchange rate	31%	30%
Too expensive	27%	38%
U.S. is too far away	24%	17%
Concerns about my personal safety	23%	23%
I don't feel welcome in the USA	22%	24%
Concerns about my personal safety	20%	22%

PRIMARY TRIP PURPOSE³

	2018	2017
Vacation/holiday	73%	72%
Friends and Relatives	14%	15%
Convention/trade show	5%	6%
Business	5%	5%
Education	2%	3%

ACTIVITY PARTICIPATION³

	2018	2017
Shopping	91%	92%
Sightseeing	91%	91%
National Parks/Monuments	54%	56%
Guided Tours	49%	50%
Small Towns	44%	43%
Historical Locations	42%	45%
Art Gallery/Museum	38%	40%

DEMOGRAPHICS³

	2018	2017
Average age	43.7	41.2
Annual household income (average)	\$105,286	\$106,456

1. Brand USA

2. Destination Analysts, 2018

3. National Travel and Tourism Office