

Tourism and Racing
by Mrs. Claire GOLDING, Regional Manager UK & Europe,
Tourism Victoria, Australia

I would like to present the links between the tourism and racing industries in the Australian State of Victoria and our mutual efforts in the promotion of our valuable industries on the international stage.

THE TOURISM INDUSTRY



International visitation to Australia = 5,194, 013 (to Jun 07)

Inbound tourism contribution to Gross Domestic Profit = over \$ 9 billion

International visitation to Melbourne and the State of Victoria = 1,474,431

Firstly I set the scene. International tourism is an important part of our economy and provides Australia with over 5m international visitors a year. Inbound tourism's contribution to the gross domestic profit of the country is over \$9 billion.

For Melbourne & Victoria State visitation currently sits around 1.4 million contributing over \$8 billion to the Victorian economy.

Australia itself is a large country and despite having the challenges of distance and time, Melbourne and Victoria packs a punch well above its size in terms of its share of international arrivals to Australia and the economic benefit from these visitors.

THE RACING INDUSTRY IN VICTORIA

- Dynamic powerhouse of the Victoria economy
- One of the largest of 17 main industries
- Employs more than 47,500 people
- 1 in 3 residents employed within the industry
- Economic value \$2.1 billion
- Direct spending into the economy of \$1.8billion

It is the Melbourne Cup that stands loudest on the international stage : “the Race that stops a Nation”.

SPRING RACING CARNIVAL
<ul style="list-style-type: none"> • World renowned event • Runs for 50 days in Oct-Nov annually • Three main metropolitan carnivals - the Caulfield Cup, the Cox Plate and the world famous Melbourne Cup Carnival • Plus a number of country race meetings • Attendance to the 2006 event was over 770,000

These events needs no introduction, but our racing, and in particular the Melbourne Cup, is part of a festival with a universal appeal. So much so, that in the State of Victoria, Melbourne Cup day is a statutory or public holiday!

*

Racing Victoria ltd commissioned an economic benefit report to assess the impact of the spring racing carnival on the Victorian economy.

Overall last years 2006 carnival provided a record \$628.8 million dollars worth of gross economic benefit.

Attendance peaked at over 770,000 a 5.8% increase on the previous year

5-Year Trend In Visitation

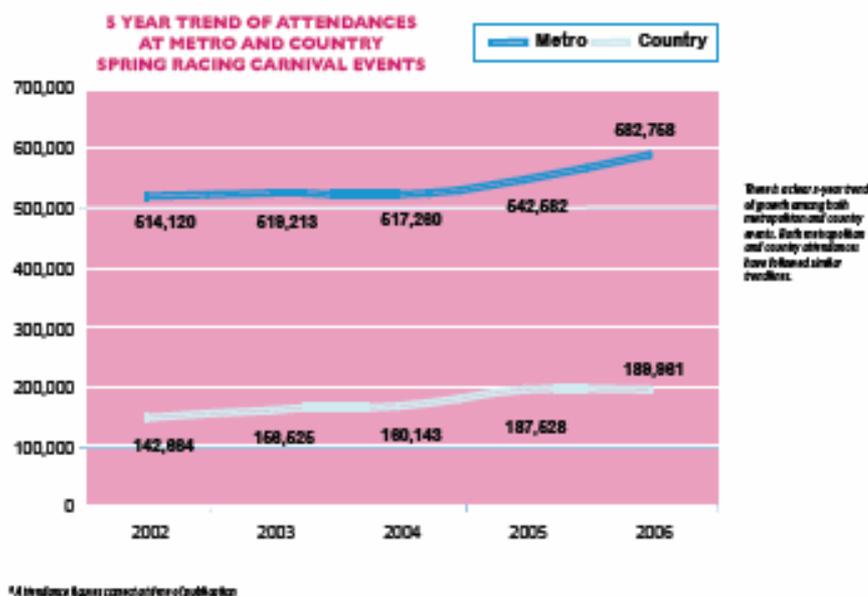
Year	Interstate Visitors	Overseas Visitors	Total Interstate & Overseas	% of total attendance
2002	119,402	22,405	141,897	21.6%
2003	93,400	27,168	120,568	17.8%
2004	75,155	25,547	100,701	14.9%
2005	76,072	25,602	101,674	13.9%
2006	96,022	24,548	120,870	15.6%

In terms of visitation mix to the spring racing carnival, the total visitation has grown substantially, with interstate visitation performing well. International visitation has been a little more fical and decreased slightly in 2006; however, one of the challenge for Victoria on the international stage is the balancing of our major sporting events and the timings of these.

Melbourne hosted the successful Commonwealth Games in March 2006 which may have lured visitors to travel earlier and include this event on their Australia holiday, and the November carnival was then followed by the much anticipated cricket ashes series which ran in December 2006. The length of time between these events did not allow for any cross over of event traffic and may well have reduced international attendance.

5 Year Trend – Positive Trend

CARNIVAL ATTENDANCE GROWTH OVER 5 YEARS



However, in total visitor terms, it is an upward trend, with the blue line indicating the strong growth of attendance at metro events.

AVERAGE DAILY SPENDING - \$346.07

Metro events	Melbourne	% spent	Country Victoria	% spent	Interstate	% spent	Overseas	% spent
F&B	\$74.41	90.4%	\$85.43	88.0%	\$88.40	91.2%	\$82.24	91.5%
Enter.	\$73.03	61.9%	\$76.80	60.1%	\$95.35	81.2%	\$80.63	74.5%
Shop.	\$33.90	34.2%	\$25.20	33.5%	\$63.38	63.6%	\$25.44	61.7%
Accom	\$80.54	7.0%	\$119.38	22.2%	\$125.06	71.1%	\$131.52	59.6%
Trans	\$21.21	71.8%	\$33.50	67.1%	\$37.52	85.4%	\$26.25	83.0%
TOTAL	\$283.08		\$340.31		\$409.7		\$346.07	

This table gives an indication of average daily spending by customers. It shows how valuable both the interstate and international markets are. With interstate contributing just over \$409

per day, and international \$346 per day. It should be noted here, that the international visitors average stay when including the spr is 7 days compared to an interstate visitors of just over 4 days.

GROSS DIRECT SPENDING - \$291.7 M

Gross direct spending	2002	2003	2004	2005	2006
Metropolitan direct spending	\$144.9m	\$146.5m	\$182.9m	\$198.5m	\$247.9m
Country direct spending	\$20.6m	\$34.4m	\$34.7m	\$45.1m	\$43.8m
Total direct spending Spring Racing Carnival	\$165.5m	\$180.9m	\$217.6m	\$243.6m	\$291.7m

Gross direct spending has continued to grow strongly, standing at \$291.7 million dollars in 2006. This is calculated to include race day spending and off-course race day spending ie entertainment such as dinners, theatre etc, it includes personal shopping (but not clothing) accommodation and transport, corporate hospitality, and additional tourism spending, official social event spending, betting and fashion spending as a separate entity. The analysis shows that the strong increase in gross economic benefit was driven by the significant growth in both attendance and corporate package revenue, particularly at the Melbourne Cup carnival.

*

FASHION SALES – VALUE OVER \$25M SALES

Fashion Item	2005	2006
Gloves	4,439	2,155
Handbags	29,000	33,999
Hats	46,461	62,725
Jewellery	34,977	32,851
Outer garments	54,699	62,954
Pantihose/socks	14,678	17,758
Scarves	4,595	3,527
Shoes	57,344	57,093
Sunglasses	17,831	16,630
Ties	19,964	26,737
Undergarments	19,780	13,859
TOTAL	304,478	330,290

The fashion industry is worth a mention on its own merit. Visitors to the 2006 Spring Racing Carnival spent more than \$25.7 million dollars on fashion purchases within Victoria – a steady increase to the \$20 million in 2005.

This table shows the level of individual fashion item sales, with more than 330,000 items bought with hats being the strongest item with over 40% of respondents revealing that they bought a hat or a facinator.

In addition to this interstate and international visitors who came to Victoria to primarily attend the Australian Racing Club spent a further \$15 million dollars on additional tourism activities pre/post race days.

It would be wrong of me to say the racing itself is not the key factor as of course the event is serious business for many and the Melbourne Cup considered to be one of the world's premier handicap races. But the event as previously mentioned provides a wonderful festival and atmosphere that is brought right into the streets of Melbourne and impacts on all levels of society.

THE FUN!

- Event extends beyond the racing itself
- Fashion plays a big role in delivering financial returns with race goers pumping more than \$8m into the retail industry
- Fine food and wine
- Car boot parties
- Picnics on the lawns
- Race goers enjoying the best of Australia's fine local produce
- 425,000 bottles of beer
- 30,000 bottles of wine &
- 100,000 bottles of champagne!

With more than 700 million people across the world able to witness the Melbourne Cup itself with millions more either viewing or listening to the race on the internet, it provides a spotlight on our destination the opportunity to position our key messages and brand attributes firmly in the consumer's mind.

We are fortunate that destination Australia is a strong and highly desirable holiday destination, and with racing and the Melbourne Cup in particular, many key attributes are shared : stylish, fashionable, exciting, festive, inclusive,

ACTIVITIES

- Supportive Government initiatives and funding
- A proactive industry - Victoria Racing Club's approach to international market with the "Melbourne Cup on Tour" programme and Business Club.
- High visibility events – exclusive black tie dinners, cocktail receptions, media briefings, travel industry/tour operator meetings
- Product offering – access to key events, commissionable

A key asset is our governments proactive support and development of major events and event marketing. The government has been forward thinking and has an all of government approach, ie, we look at cross opportunity between industries and government departments.

The Victoria Racing Club have led the way with their proactive approach to positioning themselves in the international market. Over the past two years the Victoria Racing Club have run a successful and consistant Melbourne Cup on tour programme visiting a number of key markets and cities across the globe and including London, Manchester, Dubin, and Baden Baden in Europe.

The programme has incorporated sophisticated black tie dinner events, cocktail receptions, ladies lunches and has provided social and business platforms for meeting and developing new contacts, catching up with old acquaintances and promoting opportunity in general.

This programme has been well supported by partners and stakeholders/sponsors have included government bodies, tourism Victoria, Emirates airline, austrade, and individual business such as de Bortoli wines from the Yarra Valley in Victoria, dr le winns a Melbourne based business and Australia's number 1 selling skin care range.

Importantly, the Victoria Racing Club has also addressed their way of cooperating with the travel trade internationally. Communicating clearly their product offering with the travel trade in key markets and positioning themselves alongside the tourism. Historically the highly sought after events during the carnival have been sold out in minutes, but the Victoria Racing Club has brought out international friendly programmes, with relevant commission rates, ease of booking and access to event tickets which are held back specifically for the international market.

TOURISM PROMOTION – IRELAND

- Information marquee – to develop awareness and visibility position Melbourne & Victoria as top of mind when considering a holiday to Australia
- Distribution of information & showcasing of local Victorian industry – millinery, handbags, local wines
- Linked to mainstream tourism marketing activities e.g. Irish Times newspaper supplement, run-ons distributed at event
- Media, trade and stakeholder hospitality

As a part of the outcome of the close relationship between the Victoria Racing Club and the Curragh, tourism Victoria has just run a 3 day promotion at the autumn racing festival in Ireland using the event and the strong ties between the Irish and the Australians to promote and position destination Melbourne and Victoria to the race goers. We did this by focusing our own tourism marketing spend allocated for Ireland around this event.

We ran consumer awareness activity by producing and distributing a 32-page colour newspaper supplement in the Irish times the week prior to the event, and by running consumer competitions to drive interest not only generically but also encouraging customers to come to the event and visit our promotional marquee. In our marquee at the event we displayed a selection hats by a wonderful Melbourne millener kim fletcher, we displayed a range of handbags by Melbourne based designers Spencer & Rutherford, and we presented Victoria wine and offered wine tastings.

SUMMARY

- Major economic value with growth potential
- Opportunity to align objectives
- Opportunity to link activity and leverage marketing activity
- Benefits spread beyond the two industries – fashion, food & wine, entertainment

So in summary, any boundaries across bussiness sector can fall when it comes to the joint promotion of opportunities. It is true than individual bussinesses may have differing business objectives and budgets. However, there is often great opportunity in align mutual objectives, opportunity to link activties and leverage the marketing activity.

As I hope I have demonstrated to you here today, the benefits spread beyond the two industries of racing and tourism, and has not only helped deliver major economic value to our economy, but has also spread into other industry sectors.

* * *