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Forget discounts, Roy Morgan data shows curious, cashed-up consumers can save the Travel industry

With travel and tourism on its knees due to COVID-19, the industry has focused on government aid for its survival. However new data from the Roy Morgan Research Institute reveals that true recovery won't hinge on the actions of politicians or bureaucrats but on the choices of millions of high-earning, high-spending consumers.

And discounting will only drive them away.

According to Roy Morgan CEO Michele Levine, "Government support, particularly JobKeeper, has been important for the travel and tourism sector to date, but it is an emergency flotation device, not a path back to economic safety."

This new economic order or NEOs drove economic recovery following the Global Financial Crisis and according to the data will likely play the same role leading Australia out of the pandemic recession. Australia has 4.7 million of these powerhouse consumers.

"The evidence on the new economic order is incontrovertible. We tracked NEOs as they drove the post-GFC recovery and we're already seeing them charge ahead in what will be a two-speed recovery," said Ms Levine.

Domestic destinations are the only travel option for the foreseeable future, but that appears to suit NEOs just fine. In the year to March 2020, 76% of NEOs nominated Australia as the preferred destination for their next holiday — significantly higher than the 59% figure for the population.

NEO Ranking	Destination	NEO Index (100=population)	Number of NEOs
1	Spa Country (Daylesford, Hepburn Springs) - VIC	200	272,000
2	Freycinet (Coles Bay, etc) - TAS	192	142,000
3	Noosa - QLD	188	424,000
4	Barossa Valley - SA	186	274,000
5	Thredbo/Perisher/Smiggins (snow season) - NSW	179	458,000
6	South Coast, Gerringong, Merimbula, Nowra - NSW	177	502,000
7	Margaret River - WA	177	390,000
8	Mornington Peninsula (Portsea, Flinders, etc) - VIC	176	453,000
9	Hunter Valley, Newcastle, Lake Macquarie - NSW	175	581,000
10	Cradle Mountain - TAS	175	229,000

Source: Roy Morgan Single Source, Apr2015-Mar 2020. n=250,705. Cut-off >100,000 NEOs.

The data reveals that NEO-preferred destinations span all states. The top NEO destination is Victoria's Spa Country, with NEOs twice as likely as the average population to visit.

"NEOs are the future-shapers. They are ready to travel as soon as permitted; in many states they are already back out accumulating cherished experiences and spending freely," said Ms Levine.

"However, to appeal to NEOs you must genuinely understand their thinking or mindset. This requires discarding truisms about doing business in a recession, especially the push to discount.

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“To attract the big spending visitors, travel operators need to find value-add promotions rather than just offering discounting. There are good examples in the attached paper.”

The data also reveals that NEOs are also more likely than other Australians to take a three-week trip over the next 12 months, spending far more than those who opt for weekend jaunts.

Nobody wants to spend more than they have to, but NEOs are happy to pay full price as long as they can find something to fall in love with — something that touches their spirit.

Michele Levine is available for interview. Phone (03) 9224 5309

To find out more about NEOs and their impact on the economy or about Roy Morgan’s extensive data on the Travel and Tourism industry, call (03) 9224 5309 or email askroymorgan@roymorgan.com.

About Roy Morgan

Roy Morgan is the source of the most comprehensive data on Australians’ behaviour and attitudes, surveying 1,000 people weekly in a continuous cycle that has been running for two decades. The company has eight decades’ experience collecting objective, independent information. To go deeper on this or any other subject, ask Roy Morgan.

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