THE FUTURE OF TRAVEL

Discover the next normal and travel with purpose in regional Australia

People say...

That what we're all seeking is a meaning for life. I don't think that's what we are really seeking.

> I think that what we are seeking is an **experience of being alive.**

> > Joseph Campbell, The Power of Myth

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About

THE FUTURE OF TRAVEL

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PURPOSE AND INTENT

This Paper is the collaboration of current research and discussion on how the travel industry must look forward and re-invent itself in an uncertain world.

It explains how regional travel might be just the thing we need to kick start economic renewal and how nature-based tourism can provide what we need to transform and reconnect as human beings.

This Paper is intended to be enjoyed and shared.

ABOUT WANDER in

Wander is a transformational travel company with a network of luxury, eco-aware accommodation in Australia's most spectacular locations. Founded on the knowledge and science of travel having transformative power, Wander provides a space that reconnects guests with nature and invites them into the story of the local community.

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Foreword

Travel is intrinsic to the human condition. We have always travelled and will again, but differently. We don't need bigger tourism, or to bounce back. We need better tourism and travel.

Regional tourism bodies, local governments, chambers of commerce, businesses and communities are all demonstrating the need to 'lean in' to new, innovative visitor economies and experiences. Those places and communities that lean in will almost certainly lead out. However, there are very real questions about how, especially when we are still working within the same systems and structures that created the challenges we currently face.

Quick fix marketing solutions are not an option. This new future requires leadership, creativity and the courage to think, work and lead differently. It's not just that consumer sentiment has changed. It's much deeper. The values and aspirations of Australians have also changed. We have found solidarity, resilience, strength and skills that we didn't know existed. It's time to channel these to build better tourism.

I have a great deal of optimism for what lies ahead, especially for regional tourism. Bold and courageous ideas and innovative leaders, such as Wander, are leading into this future encouraging us to both build and experience better tourism.

Dianne Dredge, PhD in

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The next normal

What lies in front of us, is a rare opportunity in history to create the next 'normal.'

Let's choose to appreciate and value rest, to connect to country and community, to travel with purpose and a whole heart.

Let's choose contribution over consumption.

Overview

As domestic travel looks to cautiously re-open following the easing of COVID-19 restrictions, what does the future of tourism look like and how does the sector recover from the body blows?

This Paper captures the trends and shifts that have been occurring both locally and globally and highlights those which are strengthening as a result of COVID.

The rise of the purpose-led economy, the desire for transformative experiences, a pivot towards the ethics of care, and a heightened interest in regenerative futures are all part of this wider set of trends.

COVID has also brought into sharper focus the need to be kinder to ourselves, to connect with those we care about, and to foster a deep connection to country. According to an August 2020 survey report from CBRE¹, there's a renaissance in regional travel.

"Regional operators have become an unexpected beneficiary of the COVID-19 pandemic. This has been mainly driven by frustrated demand triggering heightened interest from domestic travellers for local, authentic and indulgent offerings, in the absence of international travel options."

"Surveyed operators indicated the highest proportion of their guests were intrastate leisure travellers, closely followed by interstate leisure travellers".

"With international borders remaining closed, we are now seeing a material proportion of the 181 million outbound visitor nights being diverted locally toward domestic options. Average outbound holiday spend reached \$7,700 per person in 2019, making frustrated demand from this segment potentially high yielding for local and regional operators." As soon as gathering restrictions were eased and overnight stays permitted in various States in time for the June long weekend, we saw a rush of visitation to regional towns and attractions within a few hours of capital cities. In South Australia², New South Wales³ and Victoria⁴, from the Riverland to the Blue Mountains to Port Fairy to Daylesford and beyond, people are flocking away from big cities in search of nature, countryside and new landscapes.

This is good news for the longer term, but over-tourism in areas that aren't ready and don't have product offerings to suit the new traveller could result in disappointing experiences and a missed opportunity.

Domestic and regional airlines need to recover, and in the next six months we can expect to see interstate flights and regional travel to areas such as Far North Queensland and Western Australia available shortly, with domestic premium markets predicted to boom, according to Qantas CEO, Alan Joyce.

This augurs well for the objectives and goals of State tourism and regional development bodies, and the industry must be quick to take note and respond rapidly to meet the new demands and investment in regional Australia. State tourism agencies are all actively campaigning for intrastate visitation, and road tripping is on the rise in Western Australia, South Australia, Queensland and New South Wales.

According to the January Household Spending Intentions report by CBA for January 2021, senior economist Belinda Allen said that both actual spending and Google searches for travel increased last month. This puts spending intentions for travel into positive territory for the first time in 2020, signalling an economic rebound from the impact of Covid-19.²⁴ The CBA research shows travel and entertainment intentions are moving back towards 2019 record levels while education, health and fitness lagged behind.

According to an Australian treasury analysis as of January 2021, Treasurer Josh Frydenberg reported as of mid-January households and businesses have amassed \$200bn in savings which is now available to spend across the country.²⁵



A Problem Worth Solving

The data is in, the sentiment is palpable but is there more at play here than just the latest travel trend?

Our priorities have changed...

McKinsey Insights followed 12 Australian families to get a sense of the deeper principles behind the numbers, and made the following observations, related to our values and humanity. ⁵

"Australians take pride in being good citizens—embedded in our cultural DNA as "mateship"; we generally adhere to social norms and rules and expect others to do so as well.

What has emerged in Australia is strong support for local communities and a sense of "we're all in this together." We observed consumers, especially those less financially affected by the restrictions, actively switching their spending to prioritise buying from local businesses and producers. We also observed a "community experience" factor, which helps counteract price sensitivity and sometimes sacrifices convenience as consumers give themselves permission to spend more in the interest of helping out." New preference have emerged during COVID-19 that will impact what families value and how they spend time together.

"The worlds of family and work have blended into one, blurring the boundaries between responsibilities while at the same time bringing into sharp contrast the complexities of juggling competing demands under self-confinement.

Families are taking steps to strengthen their immune system and avoid germs: exercising more, taking new vitamin regimens, and avoiding sharing public resources. Australians are learning more about what is most important to keep us mentally healthy and positive.

Despite the "always on" nature of popular online social platforms and digital communication technologies, we observed among our families a desire for true social connectivity, underpinned by direct human-to-human contact, and to some extent, a decoupling from our digital self."

The 'always on' mentality

results in a high level of anxiety and depression. We are seeing a continual increase in people suffering from burnout and mental health issues.

Burnout is Real

...and it's changing our brains

Research referenced in a fascinating article by Dr Adam Gazzaley adds weight to what we intuitively feel. We are in a Cognition Crisis. "Between 2005 and 2015, the number of people worldwide with depression and anxiety increased by 18.4% and 14.9% respectively, while individuals with dementia exhibited a 93% increase over those same years. Despite substantial investment in research and treatments by governments, foundations, and companies around the world, the prevalence and impact of these conditions are escalating.

The impact of cognitive dysfunction is immense personal, societal and economic, and the crisis is growing, not receding.

Our constant engagement with technology interferes with the pursuit of other behaviors critical for maintaining a healthy mind, such as nature exposure, physical movement, face-to-face contact, and restorative sleep. Its negative influence on empathy, compassion, cooperation, and social bonding are just beginning to be understood"⁶

He goes on to paint an optimistic picture of technology's potential to offer solutions but it's a complex problem. Perhaps we should start integrating some of the ancient paths, rhythms and lifestyles that are more aligned with our biology. The Australian Look Up movement led by the work of academic Dr Fiona Kerr of the University of Adelaide and the NeuroTech Institute is gathering momentum. The report presents evidence demonstrating that living life with a deeper connection to our surroundings and each other is a timely reminder for everyone - be present and engage with the world around you.

"The quality of our relationships – to ourselves, to each other and to the places we live – shape our sense of identity and belonging and are what ultimately determines the health of our societies.

Looking up and out to connect with the world around us and each other is what humans are hardwired for."⁷

By instilling a deep connection to country as a modern practice we can build our resilience to changing times, and do so with respect for the people and the environment around us.



Nature is the New Black

"Natural environments can have remarkable benefits for human health. Viewing and walking in nature is associated with positive emotions, and heightened physical and mental energy. Nature has also been found to have a beneficial impact on children who have experience impulsivity, hyperactivity and attention-deficit disorder.

In Your Brain on Nature, physician Eva Selhub and biophilosopher Alan C. Logan examine these effects alongside the ubiquitous influence of everyday technology on the brain. They claim that digital overload and its many distractions may even be changing how we think. Offering an antidote for the technology-addicted, the book outlines emerging nature-based therapies and practical strategies for improving your (and your children's) cognitive function, mental health and physical well-being through ecotherapeutic, nutritional and behavioural means."⁸

The effect nature has on our pathology, quality of life and effectiveness in the world has attracted a burgeoning multi-disciplinary body of research. Human mind and mood thrive during and after being immersed in natural environments. Effects that are most clearly known include physical relaxation, boosted immunity and improved sleep, as well as restored mental attention and vitality. Nature makes us better at cognitive work and social interactions.⁹

Take a moment to go outside, look up through the branches of a tree and breathe deeply - you'll feel the difference.

To truly take care of yourself, you have to reconnect with country. It is something that ancient culture and indigenous peoples have known for thousands of years. We have largely stepped out of the wild, but it's clear that we need the wilderness.

Nature provides us with a pattern interrupt from the normal routines and linear thinking that keep pulling us away from peace and creativity.

Australians have a unique relationship to country

Our culture has been formed from the smell of rainforests in the morning, and the taste of outback dust in our mouths.

It's the salt drying on our skin as we head back from the beach.

It's the rush of exhilaration to our hearts when we land on country, and the tangible feeling of joy and grounding that we have when we are in the bush.





The Pursuit of Wellness

According to the Huffington Post in May 2020, the Coronavirus could force countries to prioritise wellness over wealth. Surveys show that people don't want to return to a normal that wasn't working for them in the first place.¹⁰

The wellness economy is a global industry, estimated by the Global Wellness Institute (GWI) as \$4.5 trillion and representing roughly 5.3 percent of global economic output in 2017. Defined as industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives, it is made up of many sectors, including wellness tourism.

Wellness tourism is the conscious and deliberate pursuit of travel to prioritise health, wellbeing and wellness and encompasses not only the spa and resort industries, but the transformational travel market that is growing rapidly in Australia and around the world. The GWI has developed a white paper series, "Resetting the World with Wellness: A New Vision for a Post COVID Future".¹¹ With a wide-ranging set of topics from built environment to mental resilience, it explores the potential that a holistic concept of wellness has to transform our lives.

The 2014 - 2018 Global Wellness Economy Monitors, demonstrated that from 2013-2017 the wellness economy grew at twice the rate of the global economy (based on IMF data).¹² It also documented a significant shift in travel behaviour and trends towards wellness tourism and transformation travel.

The top 2020 wellness trends include moving towards true circadian health, embracing a positive mindset to ageing, and the rise of the wellness sabbatical.¹³

Transformational Travel is...

Any travel experience that empowers people to make meaningful, lasting changes in their life.

Ultimately, it's a new philosophy on travel that connects travellers to their truest self and to others, cultivating a sense of purpose and belonging.

Transformational Travel

"... intentionally traveling to stretch, learn and grow into new ways of being and engaging with the world.

The word transform means to "undergo a change in form;" to change not the appearance, but the very form of one's existence.

Travel joins other catalysts for personal transformation and new lifestyle choices, from family and relationships to life events, personal health, and community development. Travel can be catalytic in a handful of areas: relationships, ecological footprint, consumer and travel choices, social purpose and philanthropic commitments, lifestyle choices and mindful, contemplative practice.

When we leave home and set out on our own, we believe there are 5 ways to travel with an eye toward transformation of self and society;

- Be intentional and mindful
- Go slow and fully engage
- Travel ethically, empathetically, equitably, and ecologically
- Welcome physical and emotional challenges
- Take time for reflection and rest"14

As we start to enter the post-COVID19 recovery phase, transformational travel could be the winning segment of the industry. It's able to offer consumers the experiences, values and destinations that current consumer insights are suggesting matter the most to us.

- Conscious consumption
- Radical acceptance and seeking stability
- Hyper-localism and social commerce
- Optimism and activism
- Environmental care and climate change action

As a response to modern living itself and as a deeper response to the impact of COVID-19 on our sense of safety, security and wellbeing we again find ourselves searching for what makes us truly come alive.

A mind that is stretched by a new experience can never go back to its old dimensions.

Tomorrow's Consumer

What will consumers want next?

The events of 2020 have accelerated changes in the cultural and personal consumer framework. We are beginning to think differently about ourselves, our community and our purchasing decisions.

In addition to reading the local signals, we've looked beyond Australia's tourism market to the world-wide mega trends of the next decade.

WGSN is the world's leading trends authority, working with top retailers, businesses and brands across industries to predict how customers will evolve, the products they'll want to buy, and the experiences they'll seek out.¹⁵

The Stabilisers

The Stabilisers – mainly Millennials and Gen X – are reacting to desynchronisation and feelings of chronic uncertainty by prioritising stability and simplicity across all aspects of their lives. They are starting to opt out of the cult of productivity and opt into a mindset of radical acceptance.

Blending the paradox between self-improvement and self-acceptance, the Stabilisers stop trying to optimise every aspect of their lives, truly identify where they need to improve and allocate time and resources accordingly.

The Settlers

Desperate to redefine the global 'hustle hard' work cycle, The Settlers are looking to plant roots in their community without sacrificing their careers, and they are driving a new era of localism in the process. Moving into second-tier cities and prepared to hustle, they want to bring their new surroundings up to speed, putting back into the community as they go.

For The Settlers, this new work cycle (fewer work hours + more time at home = better workforce productivity and more consumer spending) will be fundamentally better all round – for people, the planet and profits.

The New Optimists

The New Optimists range from Gen Z to Boomers, but despite the broad demographic, they have many unifiers – the largest being a vivacious appetite to embrace joy.

The New Optimists are embracing positive activism and extol and exalt celebration as a core focus of society.

The New Optimists strive for age equality, and smart companies are investing in the greying workforce. As career models are reshaped, The New Optimists are looking to redefine what role models look like – particularly around challenging the cult of youth.

"It's less about the online social clout and more focused on intimately spending time connecting with friends and family. It's the experience economy rooted in gratitude."¹⁵

Australian Tourism Economic Landscape

Recovery is essential.

Tourism Australia's release of the National Visitor Survey to March 2020 forecasts a promising prospects for the future of domestic tourism in Australia.

Despite the devastating impact of bushfires and the COVID-19 pandemic, domestic overnight tourism showed considerable growth for the year ending March 2020, with overnight spend up 6% to \$78.8 billion and overnight trips up 3% to 112.3 million.

With outbound travel by Australian residents currently limited, there is potential for Australians to redirect some of the \$65.5 billion they spent overseas in 2019 on travel within Australia.

In May and June 2020 more than half (53%) of those interviewed planned to take a domestic trip within the next 3 months and 80% within the next 12 months.¹⁶

However, if we discount the 2019 data, the numbers for 2020 demonstrate that the full impact of the fires and pandemic related restrictions continues to hit the industry hard.

According to Terry Rawnsley of SGS Economics and Planning (leading researchers and data experts in local government areas);

> "Many local government areas (LGAs) have experienced a 2.5 and 7.5 per cent decline. LGAs that rely on tourism are likely to experience between 11 and 15 per cent decline in GDP, as a result of travel restrictions. LGAs heavily impacted by the summer bushfires could see up to 20 per cent decline in annual GDP."¹⁷

Tourism in Australia is an important piece of the Australian economy, consisting of domestic and international components. In the 2019 financial year, the tourism industry employed one-in-twenty Australians and contributed a record \$60.8 billion, a growth of 3.5% over the previous year.¹⁸

Regional tourism is a vital sector of the Australian economy and key to the sustainability and vibrancy of many of our communities. Tourism Research Australia reports that nearly half of the nation's tourism expenditure (46% or \$107 billion) occurs in regional Australia. In addition, regional tourism directly employs over half a million people (534,000) in tourism related industries, which is more Australians than mining and more than forestry, agriculture and fishing combined.¹⁹

296 million visitor nights were spent in regional Australia in 2019, up from 247 million in 2015 and that trajectory is set to continue, increasing by 5.6 per cent per annum over the past 5 years.

"With millennials being the next wave of travellers, their intense global demand for travel experiences that resonate on a deeper emotional level is also driving travel brands to develop product that is more adventurous, more personalised, and more attuned to local culture; inspiring consumers toward a path of self-discovery.

Regional Australia is well-placed to capitalise on this trend."20

The Travel Demand

Total domestic travel summary (YE Dec 2019)²¹



Key Tourism Strategies



The Regional Rising

The time has come for regional Australia to raise the bar and embrace a market that is ready and willing to re-discover a love for our country.

As a result of the impact of the 2019/2020 bushfires and the COVID-19 outbreak, stimulus and recovery packages and policies have been developed to assist the tourism sector to re-emerge as a viable industry for the Australian economy.

Regional stimulus measures have included:

- Fee and levy relief
- Planning and development fast-tracking
- Regional airlines funding assistance
- Grants and funding for regional development, indigenous arts and events
- State governments relocating events, meetings and offsites to regional areas
- Regional tourism marketing campaigns from key government tourism agencies eg "Holiday Here This Year (Tourism Australia); "Now's the time to love NSW (Tourism NSW)"; Queensland - You're Good to Go (Tourism Queensland).

Engagement with rural communities has also grown as city dwellers discover all that contemporary country life has to offer. Initiatives like #buyfromthebush and One Hour Out are sharing stories, experiences and goods from the regions and encouraging connection, not just through donations, but by empowering sustainable small businesses.

Consistently referenced motivations for visiting Australia include the world-class nature and wildlife experiences, aquatic and coastal destinations, and food & wine - many of which are best found in regional Australia.²² Following are some of the key Drivers, Barriers and Opportunities for the immediate future of regional travel.^{22, 23}

Drivers

- For domestic travellers, regional visitation is is strongly driven by affordability and convenience.
- Growth in self drive travel for local and international markets.
- Drastically reduced overseas travel.
- Existing and future possibility of interstate travel restrictions.
- Rise in support and spend local sentiment.

Barriers

- Limited quality accommodation offerings, especially compared to international destinations.
- Popular regional destinations are located a few hours drive from capital cities, presenting the problem of tourists opting for a day trip and not staying overnight.

Opportunities

- Development or refreshing of products that can offer greater personalisation,
 - authenticity and connection with nature. Development of high quality
 - accommodation and F&B that showcases regional life and produce within a few hours drive of a major city.

Travelling

it leaves you speechless, then turns you into a storyteller.





Conclusion

The future of travel looks bright. By returning to the mindset and intention of a traveller, we can leverage the natural paradigm shift that leaving home opened up for our ancestors.

We will wander, not just as consumers who turn the wheels of the tourism industry, but as explorers who journey through our bountiful country and connect with its people. Welcome to a new era of tourism. We travel, not just to escape, but to find the wisdom, the power and the space to make a positive impact on our world.

Travel with purpose.

We believe

We don't need more. We need something real.

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