



INTRODUCTION

The Visiting Friends and Relatives (VFR) market is of considerable importance to Australia and NSW. It is the second largest purpose of visit segment, after the Holiday market. It is also a segment that has seen considerable growth over the last few years.

According to the latest International and National Visitor Surveys¹, there were 33.0 million visitors who travelled to visit friend and relatives in Australia in 2015, of which 92% were domestic overnight VFR visitors (30.4 million). They spent more than \$9.3 billion in Australia and accounted for 72% of total VFR expenditure in the country. Domestic overnight VFR visitors Australia accounted for 35% of all domestic overnight visitors, next to Holiday visitor share of 40%.

The annual study into the Australian travel mindset, Domesticate 2016² reported that visiting friends and relatives remains a key driver of domestic travel as it fulfils a range of different needs that include connecting with family, having a fun and relaxing holiday experience, rejuvenation and a break from normality.

Destination NSW's research of the VFR hosts confirmed that visiting the VFR host family was a higher motivator for domestic visitors (55%) than for international visitors (41%).

This document provides size and trends in the domestic VFR market in Australia and NSW, demographic profile of domestic VFR visitors to NSW, and their travel behaviour. It makes comparisons in terms where they go, who they go with, where they stay, their main activities and mode of transport they use.

MARKET SIZE AND TREND

NSW received nearly 11.4 million international and domestic overnight visitors who visited the state for the purpose of Visit Friends and Relatives and they spent \$4.25 billion in the year ending December 2015.

Domestic overnight VFR visitors to the State accounted for 92% of the total overnight visitors (10.4 million), 60% of the nights (32.1 million) and 73% of expenditure (\$3.1 billion). VFR was the second largest purpose of visit for domestic overnight visitors to NSW (37%), after the Holiday market (40%).

In 2015, NSW domestic overnight VFR visitor market share of Australia was 34%, slightly lower than its share in 2011 of 36%. Since 2011, however, the number of domestic overnight VFR visitors to NSW has grown by 19.1% (a compound annual growth rate of 4.5%), well ahead of the growth in

¹ Visitor statistics and profile are sourced from Tourism Research Australia's International and National Visitor Surveys. Visitor expenditure figures in this report relate to expenditure at destination only, and excludes airfares and long distance transport costs.

² Domesticate is an annual syndicated study conducted by research company TNS Australia. It looks into the Australian travel market, their mindset, attitudes to travel and outlook.

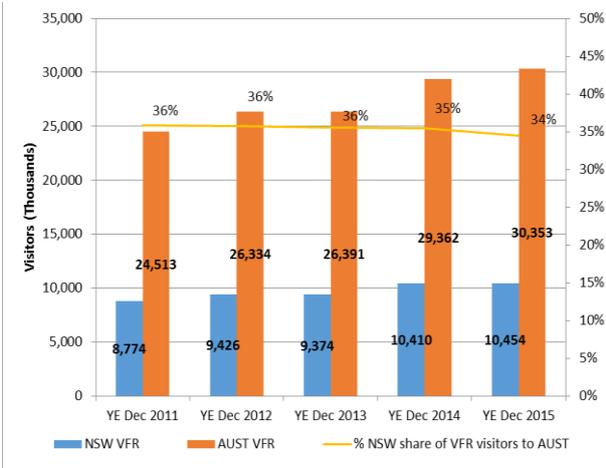


visitors who come to NSW for a Holiday (8.7% growth in the last 5 years or a compound annual growth rate of 2.1%).

NSW domestic overnight VFR visitor night market share of Australia was 32%, a slight decline in comparison to its share in 2011 of 34%. Since 2011, however, the domestic overnight VFR nights to NSW has grown by 23.8% or a compound annual growth rate of 5.5%.

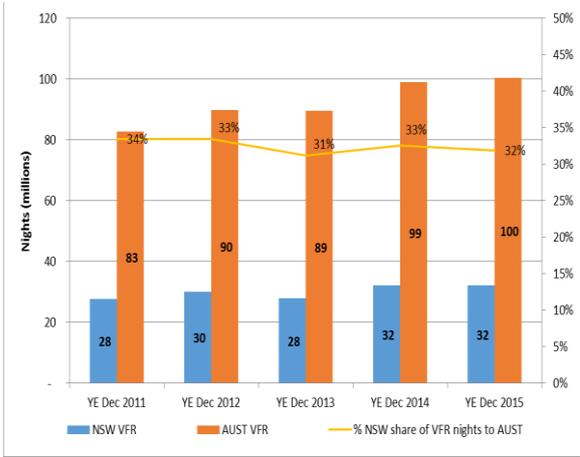
Figures 1 and 2 provide a comparison of domestic overnight VFR visitor numbers and nights to NSW in comparison to Australia.

Figure 1: Domestic Overnight VFR visitors and market share



Source: National Visitor Survey Year Ending December 2015.

Figure 2: Domestic Overnight VFR nights and market share

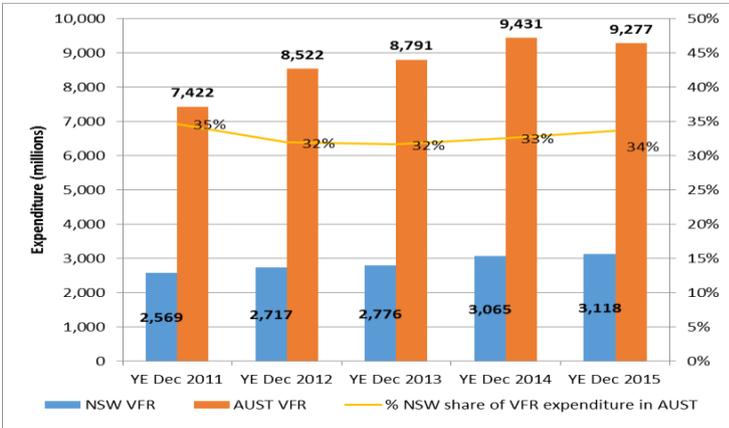


Source: National Visitor Survey Year Ending December 2015.

In 2015, domestic overnight VFR visitors spent \$3.1 billion in NSW, accounting for 34% of total domestic overnight VFR visitor spend in Australia. Although the share of domestic overnight VFR visitor expenditure to NSW fluctuated between 32% and 35% in the last five years, expenditure has grown by 21.4% since 2011 or a compound annual growth rate of 5.0%.

Figure 3 below provides a comparison of VFR visitor expenditure to NSW against VFR visitor expenditure to Australia.

Figure 3: Domestic Overnight VFR expenditure and market share



Source: National Visitor Survey Year Ending December 2015.

TYPES OF VFR VISITORS

Table 1 below provides a comparison of different types of domestic overnight VFR visitors to non-VFR visitors to NSW. There were 7.5 million domestic overnight visitors to NSW who reported **visiting relatives** and they represented 72% of all domestic overnight VFR visitors to NSW. People who reported **visiting friends** (3.0 million) accounted for 29% of all domestic overnight VFR visitors to NSW.

People **visiting relatives** tended to stay longer (3.3 nights on average) while those who **visited friends** had a lower average length of stay (2.3 nights), resulting in a lower per visitor spend (\$223 for 'visiting friends' vs. \$324 for 'visiting relatives').

Table 1: Domestic Overnight VFR VISITORS

Domestic Overnight Visitors to NSW	Visiting Relatives	Visiting Friends	Total VFR Visitors	Non-VFR Market
Visitors(000) (% share of NSW total)	7,529 (72%)	3,034 (29%)	10,454 (37%)	18,050
Nights(000) (% share of NSW total)	25,118 (78%)	6,963 (22%)	32,080 (35%)	58,992
Expenditure (% share of NSW total, based on nights)	\$2,441 million	\$677 million	\$3.1 billion (23%)	\$10.2 billion (77%)
Average length of stay	3.3	2.3	3.1	3.3
Average spend per night	\$97	\$97	\$97	\$173
Average spend per visitor	\$324	\$223	\$298	\$565

Source: National Visitor Survey Year Ending December 2015.

Domestic overnight VFR visitors to NSW tended to spend less money (\$97 per night) than non-VFR visitors to NSW (\$173 per night). Domestic overnight VFR visitors stayed slightly shorter than non-VFR visitors (3.1 nights vs. 3.3 nights).

Table 2 below provides a comparison of expenditure items in 2015. Domestic overnight VFR visitors were more likely to spend less on Food, drink and accommodation than the non-VFR domestic overnight market (51% vs. 58%), and more likely to spend more on Transportation (19% vs. 15%), Airfares (13% vs. 10%) and Shopping (12% vs. 7%). VFR visitors were more likely than non-VFR visitors to stay in the home of a friend or relative while on their trip (81% of nights vs. 19% of nights).

Table 2: Domestic Overnight VFR VISITORS Expenditure Items

Domestic Overnight Visitors to NSW	Visiting Relatives	Visiting Friends	Total VFR Visitors	Non-VFR Market
Food, drink & accommodation	51%	53%	51%	58%
Transportation	19%	19%	19%	15%
Airfares	13%	14%	13%	10%
Shopping	13%	11%	12%	7%
Entertainment	3%	3%	3%	3%
Tours	1%	1%	1%	3%
Other Expenditure	1%	0%	1%	1%

Source: National Visitor Survey Year Ending December 2015.

VFR VISITOR PROFILE

Demographic

Table 3 below provides a demographic comparison of different types of domestic overnight VFR visitors to non-VFR visitors to NSW. There are some differences in profiles of VFR visitors and non-VFR visitors. VFR visitors were more likely than non-VFR visitors to be female (54% vs 44%) and to be aged over 60 years (29% vs. 21%).

The profile amongst the people 'visiting relatives' or 'visiting friends' have subtle differences. People 'visiting relatives' were more likely to be aged over 50 years old (50% vs. 37%) and to be female (56% vs. 49%) than those who 'visited friends'. Those who 'visited friends' were more likely to be younger, with 36% under 30 years old compared to 23% of those 'visiting relatives'.

Table 3: Age and Gender comparisons

Domestic Overnight Visitors to NSW		Visiting Relatives	Visiting Friends	Total VFR Visitors	Non-VFR Market
Gender	Male	44%	51%	46%	56%
	Female	56%	49%	54%	44%
Age	15 to 29 yrs	23%	36%	27%	22%
	30 to 39 yrs	15%	15%	15%	16%
	40 to 49 yrs	12%	12%	12%	21%
	50 to 59 yrs	19%	14%	18%	19%
	60 to 69 yrs	19%	15%	18%	15%
	70+ yrs	12%	8%	11%	6%

Source: National Visitor Survey Year Ending December 2015.

Travel behaviour

Table 4 below provides a travel behaviour comparison of different types of domestic overnight VFR visitors to non-VFR visitors to NSW.

Table 4: Travel behaviour comparisons

Domestic Overnight Visitors to NSW		Visiting Relatives	Visiting Friends	Total VFR Visitors	Non-VFR Market
Travel Party	Alone	31%	42%	35%	28%
	Adult couples	29%	27%	29%	24%
	Parents with children	24%	10%	20%	16%
	Friends and relatives	16%	20%	17%	22%
	Other	0%	1%	0%	10%
Repeat Visitation	First time to main destination state	3%	2%	3%	6%
	Return visitor to main destination state	97%	98%	97%	94%

Domestic Overnight Visitors to NSW		Visiting Relatives	Visiting Friends	Total VFR Visitors	Non-VFR Market
Main Transport Used in NSW	Private vehicle or company car	80%	72%	78%	73%
	Aircraft	13%	14%	14%	19%
	Railway	7%	11%	8%	3%
	Bus/Coach	1%	2%	1%	2%
	Rental car	1%	2%	1%	1%
Seasonality (Quarter returned from trip)	March Quarter	26%	27%	26%	26%
	June Quarter	25%	24%	25%	24%
	September Quarter	24%	22%	23%	23%
	December Quarter	26%	26%	26%	26%

Source: National Visitor Survey Year Ending December 2015.

Domestic overnight VFR visitors were more likely than non-VFR visitors to travel alone (35% vs. 28%), to be a return visitor (97% vs. 94%). There were no differences in seasonality of travel between domestic overnight VFR and non-VFR visitors or between those who visited relatives and those who visited friends. March and December quarters are peak times for travel among these segments.

People **visiting relatives** were more likely to be parents travelling with children than those visiting friends (24% vs. 10%) and use private vehicle or company car (80% vs. 72%). Those who visited friends were more likely to travel alone than those who visited relatives (42% vs. 31%).

Accommodation

Table 5 below provides an accommodation comparison of different types of domestic overnight VFR visitors to non-VFR visitors to NSW. VFR visitors were more likely than non-VFR visitors to stay in the home of a friend or relative (81% of nights vs. 19% of nights).

Both people **visiting relatives** and **visiting friends** preferred to stay in the home of a friend or relative (82% vs. 75%) than at Hotel/resort/motel or motor inns (10% vs. 13%).

Table 5: Accommodation comparisons

Domestic Overnight Visitors to NSW		Visiting Relatives	Visiting Friends	Total VFR Visitors	Non-VFR Market
Main Accommodation Used in NSW (nights)	Friends or relatives property	82%	75%	81%	19%
	Hotel/resort/motel or motor Inn	10%	13%	10%	33%
	Rented house/apartment/flat or unit	3%	5%	3%	13%
	Caravan park or commercial camping ground	3%	2%	3%	15%
	Caravan or camping - non commercial	1%	2%	1%	7%

Source: National Visitor Survey Year Ending December 2015.

VFR source markets

Table 6 below provides source markets for domestic overnight VFR visitors to NSW.

The intrastate market is the largest source of VFR visitors to NSW with 7.3 million visitors in 2015, accounting for 70% of VFR visitors to NSW. They have relatively shorter length of stay (2.6 nights) in comparison to the interstate market (4.1 nights). Visitors from the Queensland, Victoria and ACT were the top interstate source markets in terms of VFR visitors to NSW. VFR visitors from Western Australia stayed the longest in NSW (average of 7.3 nights).

Table 6: Domestic VFR Source Markets to NSW

	Visitors		Nights		Average Length of Stay
	Visitors (000)	Share (%)	Nights (000)	Share (%)	
Sydney	2,739	26%	6,447	20%	2.4
Regional NSW	4,593	44%	12,890	40%	2.8
Total Intrastate	7,332	70%	19,337	60%	2.6
Queensland	1,204	12%	4,683	15%	3.9
Victoria	990	9%	4,320	13%	4.4
ACT	515	5%	1,335	4%	2.6
Other Interstate	413	4%	2,405	7%	5.8
Total Interstate	3,121	30%	12,743	40%	4.1
Total	10,454	100%	32,080	100%	3.1

Source: National Visitor Survey Year Ending December 2015.

Activities

Domestic overnight VFR visitors to NSW tend to be less active in terms of the number of activities undertaken in NSW. In the year ended December 2015, Domestic VFR visitor to NSW engaged in an average of 3.1 activities while international VFR visitors to the State participated in an average of 8.1 activities.

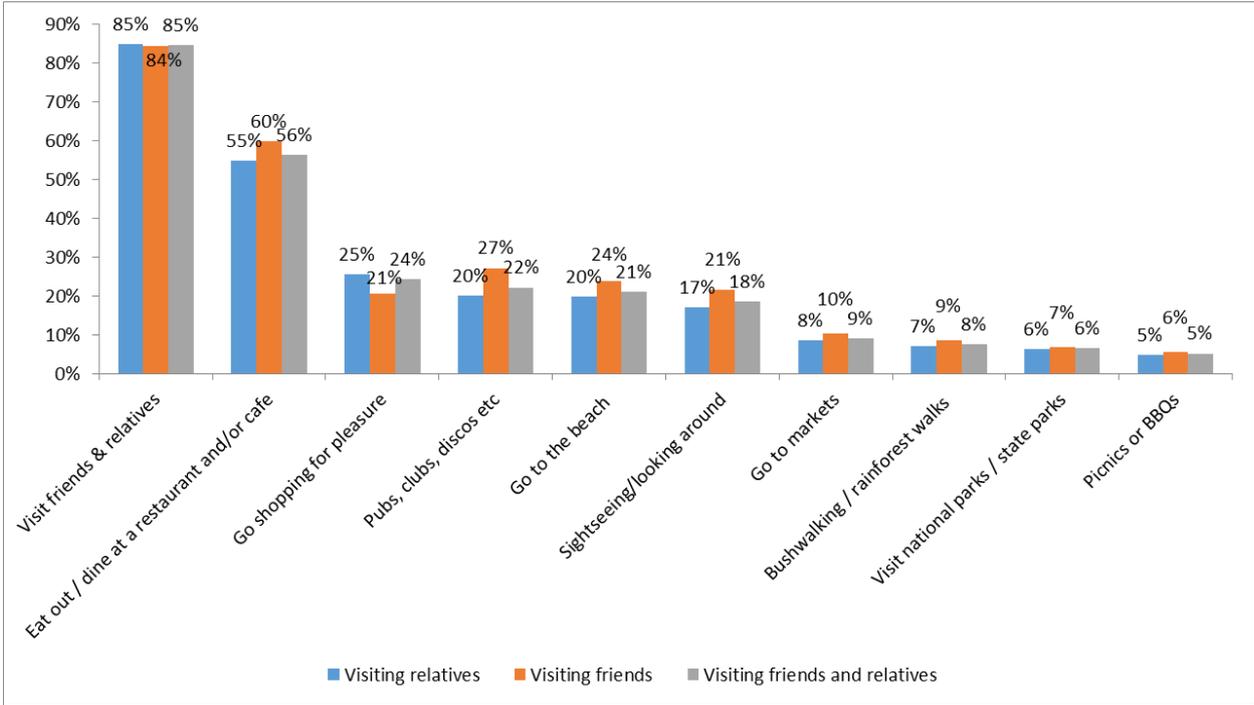
On average, domestic overnight VFR visitors in NSW engaged in 3.1 activities, fewer than the Holiday visitors who participated in 4.0 activities. VFR visitors who came to visit friends were the most active group, having participated in an average of 3.3 activities.

Table 7: Average number of Activities taken by VFR and Holiday visitors to NSW

Domestic Overnight Visitors to NSW	Visiting Relatives	Visiting Friends	Total VFR Visitors	Holiday Visitors
Activities	3.0	3.3	3.1	4.0

Source: Domestic overnight visitors Survey, Year Ending December 2015.

Figure 4: Top 10 Activities taken by Domestic overnight VFR Visitors to NSW



Source: Domestic overnight visitors Survey, Year Ending December 2015.

Figure 4 shows the top 10 activities taken by Domestic overnight VFR visitors to NSW. The choice of activities was similar for both VFR visitors and all visitors to NSW.

‘Eating out in a restaurant’, ‘Go shopping for pleasure’, ‘Pubs, clubs, discos etc.’ and ‘Going to the beach’, each rated highly across all types of VFR visitors although visiting friends generally recorded higher participation in most activities including ‘Sightseeing/looking around’.

In terms of activities in NSW by age group, domestic overnight VFR visitors aged over 55 years old tended to be a little less active (average of 2.9 activities) while the middle aged VFR visitors (30 to 54 years old) tended to participate in more activities (average of 3.3 activities). Those who visited friends were more active than those who visited relatives for all age groups.

Table 8: Number of Activities taken by VFR Visitors to NSW

Domestic Overnight Visitors to NSW	Visiting Relatives	Visiting Friends	Total VFR Visitors
15 to 29 yrs	3.0	3.3	3.1
30 to 54 yrs	3.2	3.4	3.3
55+ yrs	2.9	3.1	2.9

Source: Domestic overnight visitors Survey, Year Ending December 2015.

There was slight variation in choice of activities taken by different age groups. Those middle aged domestic overnight VFR visitors (30 to 54 years old) were more likely to engage in activities such ‘Eat out / dine at a restaurant and/or café’. The youth VFR visitors (15 to 29 years old) were more likely to join ‘Pubs, clubs, discos etc.’ and ‘Go to the beach’ while those VFR visitors aged over 55 years old were more likely to engage in less active activities such as ‘Go shopping for pleasure’ and ‘Sightseeing/looking around’.

Destinations

Sydney dominated the destination choice by VFR visitors to NSW in 2015 (34% reported visiting Sydney), followed by visits to North Coast (17%), Hunter (12%), and South Coast (10%). This pattern of visitation was similar for people who visited relatives or friends. By comparison, South Coast ranked 4th top destination for the VFR market and 3rd for the non-VFR market.

Table 8: Number of Activities taken by VFR Visitors to NSW

Destinations	Visiting Relatives	Visiting Friends	Total VFR Visitors	Non-VFR Market
Sydney	33%	35%	34%	32%
North Coast	17%	15%	17%	17%
Hunter	11%	12%	12%	10%
South Coast	11%	10%	10%	13%
Central NSW	7%	5%	7%	7%

SUMMARY

Visiting friends and family remains a key driver of domestic travel. The Visiting Friends and Relatives (VFR) market represents the second largest purpose of visit segment for NSW and contributed 10.4 million visitors and over \$3.1 billion to the State. Since 2011, the number of domestic overnight VFR visitors has grown by 19.1% or a compound average annual growth rate of 4.5%.

There are different types of domestic overnight VFR visitors - 72% visited relatives and 29% visited friends. Those who visited relatives were more likely to be aged over 50 years old (50%), more likely to be female (56%), more likely to be parents travelling with children (24%), more likely to use a private vehicle (80%), stayed longer (3.3 nights) and hence, had a higher average spend per visitor (\$324) than those who visited friends.

Those who visited friends were more likely to be under 30 years (36%), more likely to be male (51%), more likely to travel alone (42%), stayed shorter (2.3 nights) and hence, had a lower average spend per visitor (\$223) than those who visited relatives.

The intrastate market is the largest source market of VFR visitors to NSW (70%), followed by Queensland (12%). Domestic overnight VFR visitors to NSW tend to engage in fewer activities than international VFR visitors to the State (3.1 vs. 8.1 activities).

More Information

For more information and statistics about domestic overnight visitors to NSW including VFR and other purposes of visit, see the ‘Tourism – Facts & Figures’ page on the Destination NSW Corporate website at <http://www.destinationnsw.com.au/>