



INTRODUCTION

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

According to the latest National and International Visitor Surveys, **Domestic VFR** visitation accounts for 37% of NSW domestic overnight visitors in year ended March 2016 and they spent over \$3.3 billion in the State. Since year ended March 2011, the number of domestic overnight VFR visitors to NSW has grown by 22.2%, nearly twice Holiday visitor growth (11.7%). VFR visitor expenditure in the State has grown by 23.9%, also about twice Holiday expenditure growth (12.5%).

International VFR visitation accounts for 27% of NSW international visitors in year ended March 2016 who spent nearly \$1.2 billion. Since year ended March 2011, the number of international VFR visitors to NSW has grown by 29.4%, slightly below of growth in visitors who came to NSW for Holiday (33.6%). By comparison, international VFR visitor expenditure increased by 45.2% in the last 5 years, above the 40.9% growth in Holiday visitor spend.

Most research has primarily focused on the VFR visitor and their demographic and travel behaviour profile with minimal consultation with and consideration of the VFR host. However, there has been some past research which highlights the important role that hosts play in VFR visitation.

Destination NSW commissioned a study among hosts of VFR visitors to understand the host profile and their role in VFR travel, and to identify opportunities to further drive VFR visitation. Specific information about the research process is included at the end of the document.

KEY FINDINGS

For the purpose of this paper, hosts of International visitors will be called International hosts while hosts of domestic visitors will be called Domestic hosts.

Hosting incidence and frequency

In terms of incidence, the majority (69%) of NSW residents have hosted at least one visitor in the last 12 months, though overseas-born residents are more likely to have hosted than Australian-born residents (73% vs. 67%).

Overall incidence of hosting domestic visitors is higher (59%) than international visitors (40%), though there is an overlap of 30% who have hosted both international and domestic visitors.

Hosting incidence of visitors from key international markets are as follows: UK (9%), USA/Canada (9%), New Zealand (5%), China (4%), Germany (2%) and India (1%). Among domestic hosts, the incidence survey found that 36% of respondents have hosted intrastate visitors while 38% have hosted interstate visitors.



International visitors are more likely to be hosted by Sydney residents than Regional NSW residents (46% vs. 26%) and/or by permanent and temporary residents born overseas than Australian-born residents (57% vs. 32%). Domestic visitors are more likely to be hosted by Regional NSW residents than those from Sydney (66% vs. 55%).

In terms of frequency, hosting occurs with some regularity with repeat hosting being the norm. Eighty per cent have hosted on more than one occasion in the last year, the average being 4.3 separate occasions. Hosting of domestic visitors is more frequent than that of international visitors (3.6 vs. 2.2 occasions).

Trip purpose

Hosts are often the main drivers of VFR visits. The top five main reasons for the VFR visit are similar for international and domestic visitors, with the top trip purpose being to visit the host/household in both markets.

Visiting the host and/or other friends and relatives were more important reasons in domestic VFR visits (64%) than international VFR visits (54%). Holidaying and/or stopover while on holiday were more common reasons in international VFR visits (22%) than in domestic VFR visits (10%).

Top 5 reasons for VFR visit by international and domestic visitors as reported by VFR hosts

International	Domestic
To visit me/ my family (41%)	To visit me/ my family (55%)
A holiday to my city/ town (15%)	Personal event (13%)
To visit other friends or relatives (13%)	To visit other friends or relatives (9%)
Personal event (11%)	A holiday to my city/ town (5%)
To stopover while on a holiday (7%)	To stopover while on a holiday (5%)

Host findings

In terms of residency, the majority of domestic hosts (73%) and international hosts (58%) are Australian-born residents. International hosts are more likely to be permanent residents than domestic hosts (35% vs. 25%). In particular, hosts of visitors from China (49%) and India (65%) are more likely to be permanent residents or citizens born overseas while hosts of USA/Canada visitors are predominantly Australian-born residents. The majority of hosts who are overseas-born have lived in Australia for more than ten years (international 60%; domestic 62%).

Hosts' residence status by visitors' country

	UK (n=163)	USA/ Canada (n=160)	NZ (n=161)	China (n=94)	India (n=46)	Germany (n=64)
Australian born resident	59%	71%	52%	36%	20%	57%
Permanent resident or citizen born overseas	37%	23%	40%	49%	65%	32%
Temporary resident	5%	6%	8%	16%	15%	12%

Country of birth does not perfectly correlate with cultural identity such that an individual can sometimes identify with more than one cultural background. Only 90% of Australian-born resident hosts surveyed identify themselves as being Australian instead of 100%. Conversely, some residents born overseas identify themselves as Australian (33%).



While the majority of hosts considered themselves to be Australian, this was more significant for domestic hosts (76%) than for international hosts (60%). Many international hosts identify with more than one cultural background. For example, while 48% of hosts of Chinese visitors consider themselves as Chinese, only 11% of hosts of USA/ Canada visitors consider themselves as American/Canadian.

Hosting is seen as an opportunity to have a holiday without leaving their own city/ town, as well as an opportunity to repay the favour to their visitors who have hosted them in the past. Hosts' involvement in terms of making recommendations and accompaniment further boosts the economic impact of the VFR visit.

Hosts are well placed to be ambassadors for driving tourism in NSW. Hosts are proud of where they live and the majority believe they are knowledgeable about things to see and do (86%), but also actively look up what to do when they have free time (67%) and take day trips or overnight trips around NSW (61%). However, hosts who are temporary residents are significantly less likely to consider themselves knowledgeable (59%) and hosts with a Chinese background are significantly less likely to take trips around NSW (28%).

Furthermore, hosts take pride in providing visitors with a good trip experience (94%), happy to host again (91%), enjoy hosting friends and relatives (90%), and agree in the importance of providing good impression of their city/ town (86%). By comparison, 54% find hosting to be exhausting. Temporary residents are less likely to agree that it is important their visitors have a good trip (84%), enjoy the experience (70%) or would be happy to host again (69%). For those hosts with a Chinese background, whether or not their visitors have a good trip is less likely to be important (70%) and they themselves are less likely to enjoy the hosting experience (61%).

Hosts play a somewhat passive role in initiating the visit. They do not tend to actively insist on visits but the offer is 'always there' and this is mutually understood between the host and (potential) visitor. The majority of trips are decided by the visitors (international 74%; domestic 68%). While only a quarter (25%) of international hosts and a third (32%) of domestic hosts invited their friends or relatives, hosts are more likely to initiate the trip with close or immediate family (35%). The visitors decide on when to visit and on trip length based on their own schedule and personal circumstances.

Hosts however have a degree of influence on their visitors' plans and itinerary with about a third indicating they are very or extremely influential, a third being somewhat influential and a third have little or no influence. Hosts of Indian visitors are significantly more likely to be very influential in their visitors' activities. Hosts have the greatest role to play in offering recommendations to their visitors on what activities to do and attractions to visit in the city/ town (international 60%; domestic 53%).

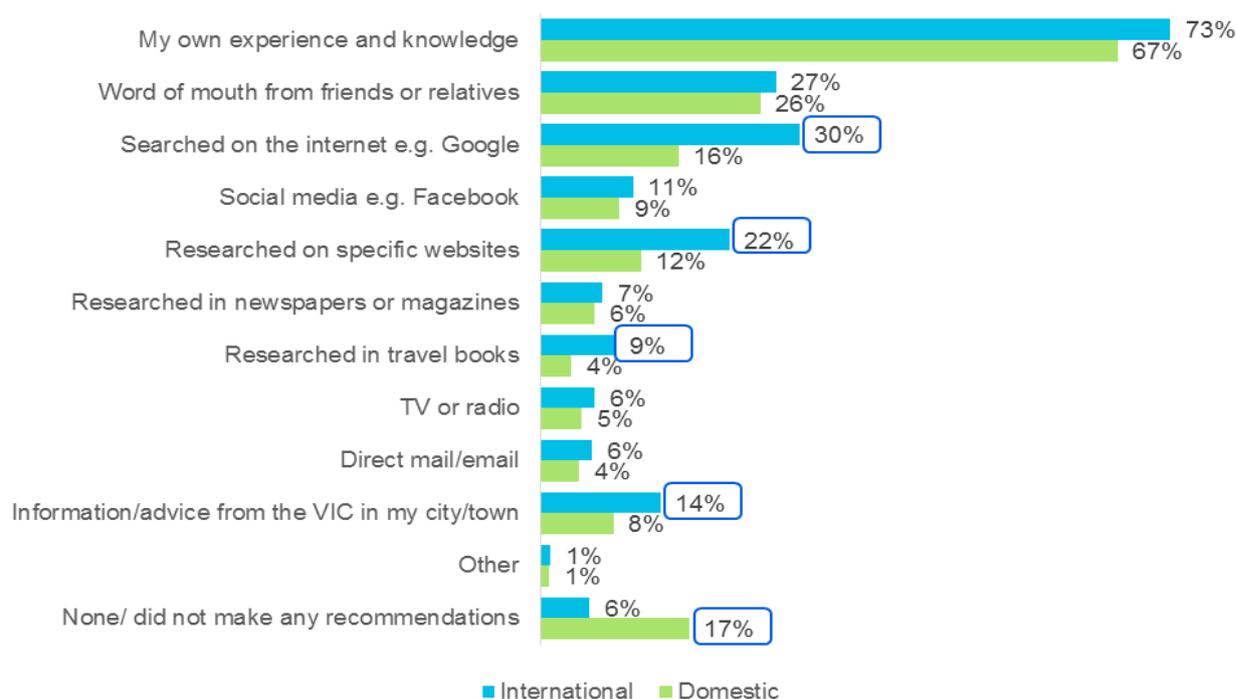
Hosts are very open to other influences and sources of inspiration when planning guest visitation. The majority of hosts like to look up new things to do with their visitors (79%) and few have difficulty finding information (18%). Sydney hosts are more likely than Regional NSW hosts to agree with that it is difficult to find information (22% vs 14%).

Hosts still tend to take visitors to the same places (59%). This may be due to the fact that hosts still predominantly rely on their past experience and own knowledge (international 73%; domestic 67%), implementing their tried and tested itinerary and options, as well as relying on word of mouth from their friends or relatives (international 27%; domestic 26%).

When hosting international visitors, hosts are more likely to do additional research online (44% vs. 26% for domestic visitors). Anecdotally, online research is typically done using search engines for top attractions, activities or events, though this can sometimes yield generic options and outdated itineraries. Relatively few go directly to a specific website (international 22%; domestic 12%) and those who do, Tripadvisor (international 66%; domestic 53%) and Visit NSW (international 49%; domestic 54%) receive the most traffic.



Information sources by hosts of international and domestic visitors



In terms of information needs, hosts are especially interested in logistical information such as opening times and costs (69%) but there is also interest in information on local attractions (66%) and new experiences (63%). These suggest hosts are open to external marketing influences, but may need further assistance and prompting to find more relevant and inspiring information that can expand their repertoire.

Visitor findings

Similarly, hosts were asked to report on their visitors' cultural identity. Travel parties can include multiple visitors who may or may not be identified as belonging to the same cultural background. Additionally, an individual may be identified as belonging to more than one cultural background.

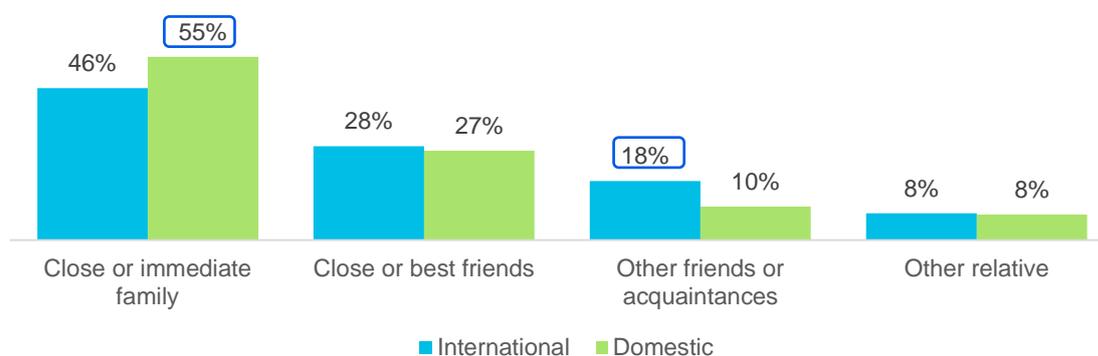
Not surprisingly, the majority (80%) of domestic visitors are considered to be culturally Australian, and the majority of visitors coming from an overseas country are considered to be from that cultural background. For example, 66% of Chinese visitor hosts identify their visitors as being culturally Chinese, and this means, that 34% of hosts of Chinese visitors identify their visitors as being from a different cultural background.

Overall, travel party sizes of one or two people account for 77% of all hosting occasions. Specifically, a typical VFR travel party consists of two adults and no children. In terms of age, adults range from 18 to 70+ though are more likely to be aged 30-39 years (international 32%; domestic 29%), though German visitors tend to be younger with more being 18-29 (39%). Intrastate visitors are more likely to be 70+ (19% vs. 8% for interstate visitors).

In terms of relationship to the host, VFR visitors are typically relatives, especially domestic visitors (62% vs. 52% for international visitors). While this segment is called Visiting Friends and Relatives, the relationship between the host and visitors can be further broken down into close or immediate family, close or best friends, other friends or acquaintances and other relatives. By doing so, there are minimal differences observed between hosting close or immediate family and close or best friends. Both international visitors (46%) and domestic visitors (55%) tend to be close or immediate

family, though German visitors are more likely to be an acquaintance (38% vs. 18% for total international visitors).

Relationship by hosts of international and domestic visitors



In terms of previous visitation, close or immediate family (49%), domestic visitors (48%) and New Zealand visitors (39%) are more likely to be on their fourth or more visits or to be ex-residents. Visitors from China are significantly more likely to be on their first visit to NSW (46%).

Hosts tend to have been visitors themselves and see hosting as an opportunity to repay the favour. Domestic (78%) and international hosts (70%) are equally likely to have been hosted by their visitors before. **Reciprocity** though is lower for visitors and hosts from China, India and Germany. This suggests an opportunity for leverage to encourage greater visitation particularly from visitors from China, India and Germany.

Trip planning and length

Pre-trip communication for international visits is typically done via email (67%) and phone calls (50%) while domestic visitors prefer phone calls (85%) and text messages (48%). However, hosts and their international visitors are also significantly more likely to use other web-based communication including social media (31%), VoIP (27%) and instant messaging apps (25%). During and after the trip, Facebook and Instagram are most commonly used social media platforms for sharing experience, particularly among international hosts (71% vs. 52% domestic), and among international visitors (65% vs. 50% domestic).

Lead time for domestic trips is generally shorter than international trips with 67% of domestic trips planned within one month, though even shorter for intrastate visitors (39% within 2 weeks). Around 69% of international trips are planned at least two to three months in advance, with UK visitors more likely to plan 6 months in advance (21%). International visitors tend to be better prepared when it comes to researching options for trip activities, given that their trips tend to be longer and they are less familiar with the destination. However, they will still heavily rely on hosts to make recommendations (60% vs. 53% for domestic visitors).

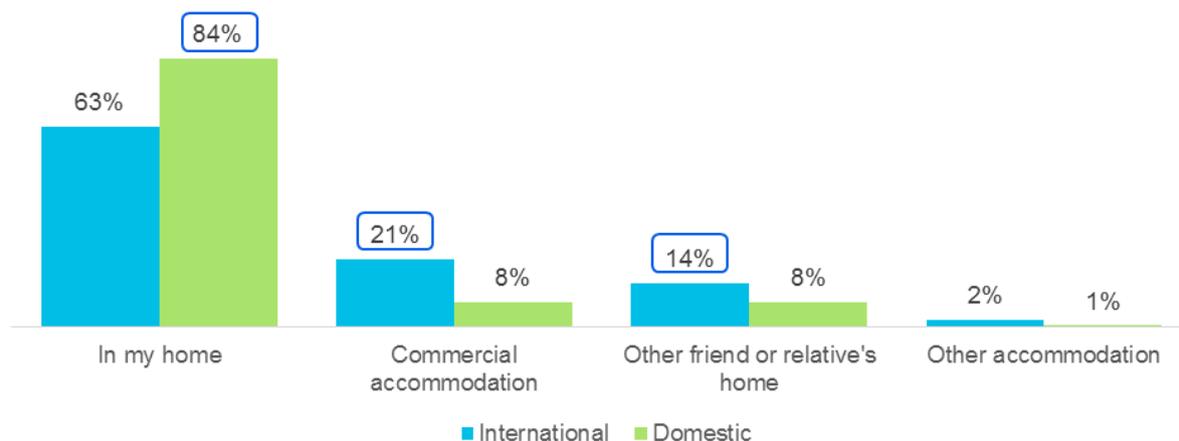
In terms of trip length, visitors from the six key international markets generally stay longer (18.6 nights vs. 5.2 nights for domestic visitors). International visitors spend 16.6 nights in the hosts' city/town while domestic visitors spend 4.8 nights on average. VFR trips by United Kingdom visitors in hosts' city/town is significantly longer (22.5 nights) than trips by New Zealand visitors (8.2 nights) and China visitors (10.8 nights). Furthermore, intrastate visitors stay in the hosts' city/town have the shortest trip length (4.1 nights) while interstate visitors stay for 5.5 nights.



Accommodation

Nearly all (95%) international and domestic travel parties stay with the host in their home for at least one night. However international visitors are more inclined to stay in commercial accommodation (48% vs. 16% for domestic visitors) and with another friend or relative (35% vs. 16% for domestic visitors) beyond the nights they spend with their host. Consequently, international visitors spend a significantly lower proportion of nights in the home of the host (63%) compared to domestic visitors (84%). Not surprisingly, close or immediate family spend the greatest proportion of their trip in the hosts' home (83%).

Proportion of nights in accommodation by hosts of international and domestic visitors



Trip activities

Having meals at home and dining out and socialising are the most popular activity for VFR hosts and their visitors (85% international vs. 88% domestic). Anecdotally, it presents both a chance for hosts and visitors to reconnect and to experience the Australian lifestyle, particularly for overseas visitors. While the primary reason for the majority of guests is to visit the host, visitors also seek tourism experiences and engage in a range of other activities.

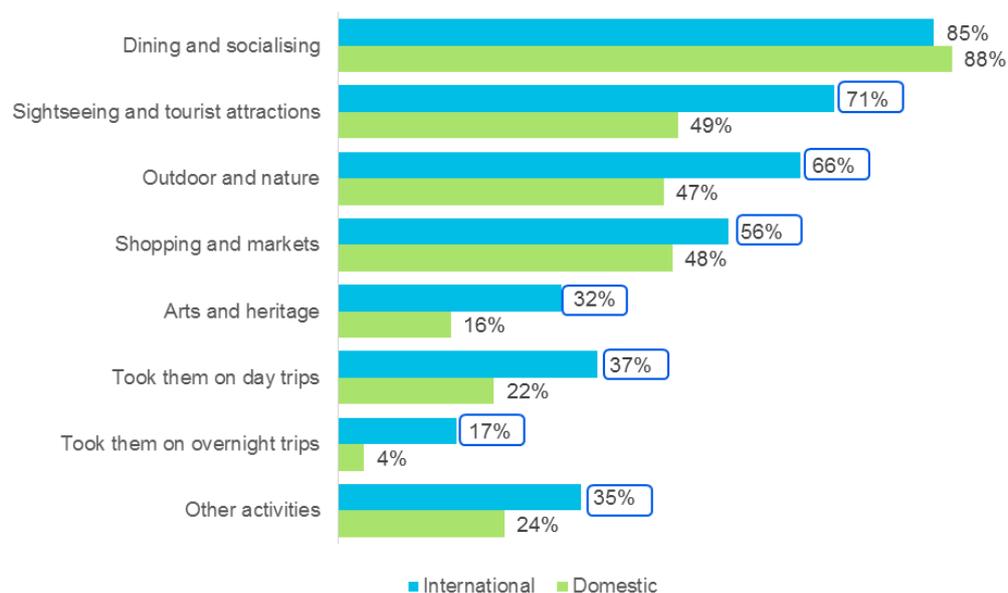
International visitors tend to do more activities and visit more attractions than domestic visitors. Common activities for international visitors include sightseeing and tourist attractions (71%), outdoor and nature activities (66%) and shopping and going to markets (56%).

Hosts are highly likely to accompany visitors to activities and attractions, especially international visitors (96% vs. 87% for domestic visitors). However, hosts accompanying international visitors on day trips (37% vs. 22% for domestic visitors) and overnight trips/ short breaks (17% vs. 4% for domestic visitors) are less popular activities.

China hosts are less likely to dine and socialise (64%) with their visitors or take them on day trips (22%) but more likely to take them to other activities (53%), including going to Chinatown (38%), fish markets (23%), the casino (19%) and the movies/ IMAX theatre (19%) while hosts of visitors from India are more likely to take their visitors shopping and to the markets (87%).



Activities by hosts of international and domestic visitors



More than half of international travel parties (55%) took overnight trips on their own but hosts play an important role in providing recommendations to help visitors decide on these overnight trips (45%). Sydney and Blue Mountains are the most popular regions for both day and overnight trips.

First time visitors are more likely to engage in a range of different types of activities, particularly sightseeing and tourist attractions (72%), arts and heritage (33%) and overnight trips (12%) than repeat visitors.

Travel parties with children are more likely to go to the beach (44% vs. 31%), the zoo/ aquarium/ wildlife park (21% vs. 13%), the movies/ IMAX theatre (14% vs. 7%) and amusement parks (14% vs. 4%) than those visiting without children.

Host expenditure

Host expenditure is elastic. Hosts tend to save in preparation for a visit but do not consciously limit their spending during the visit with only 27% of hosts needing to set a fixed budget. More than half (52%) of hosts indicated that hosting is expensive.

Hosts were asked to indicate whether they or their household had incurred costs and for which expenditure categories as a result of hosting VFR visitors. These costs incurred included expenditure on behalf of the visitor(s) for which hosts were not monetarily reimbursed, as well as additional spending which would not have occurred if the visitor(s) had not been visiting.

Overall, hosts of international visitors were significantly more likely to incur costs than hosts of domestic visitors (74% vs. 57%), though hosts of NZ visitors were significantly less likely to incur additional costs compared to hosts of other international markets (63%).

Host expenditure tends to be greater when hosting first time or second/third time visitors than those who have come more frequently or are ex-residents. Conversely, host expenditure is less when hosting visitors from the UK or close or best friends.

The most common categories of expenditure for both hosts of international and domestic visitors were to provide meals, including both groceries (69% vs. 54%) and dining out (63% vs. 43%), alcohol to be consumed at home (55% vs. 40%) and petrol, parking and tolls (55% vs. 38%). While Sydney hosts and Regional NSW hosts were equally likely to incur costs (60% vs. 62%), Sydney hosts were

more likely to spend money on local transport fares, admission fees, cost for tours, accommodation and gifts.

In terms of cost sharing, some items are primarily paid by the host and the household (utilities, new pillows or linen, petrol, parking and tolls and groceries). Hosts tend to not expect visitors to share in these costs, which are seen as part of being a good host and ensuring a good visitor experience. On the other hand, admission fees, cost for tours or activities, local transport, eating or dining out and accommodation outside of the hosts' city/ town can be predominantly paid for by the host or split between the host and the visitor.

Among hosts who incurred costs, the average expenditure during the trip is \$1020 for international visitors and \$423 for domestic visitors. However, when taking into account all hosts, including those who did not incur any costs, the average host expenditure for international visits is \$817 and \$258 for domestic visits. While total trip expenditure is significantly more when hosting international visitors than when hosting domestic visitors, the average spend per night is not significantly different (international \$87 per night; domestic \$73 per night).

Average total expenditure by hosts of international and domestic visitors



For future hosting occasions, hosts are seeking value and are particularly interested in discounts to dining venues (international 65%; domestic 62%) and attractions (international 63%; domestic 54%), as well as package deals (international 51%; domestic 32%).

Estimated VFR overnight visitor and host expenditure

According to the latest International and National Visitor Survey, domestic and international VFR visitors stayed 53.4 million nights and spent over \$4.5 billion in NSW in the year ended March 2016.

The NSW VFR Host research provided information on the VFR host spend per night and the proportion of VFR visitor nights spent with the host. Applying this proportion to the total VFR visitor nights reported in the International and National Visitor Survey (53.4 million) in year ended March 2016 provides an estimate of the VFR visitor nights spent in the home of the host (40.2 million). Multiplying these nights to VFR host per night provides an estimate of the total VFR host spend in 2016.

NSW VFR hosts are estimated to have spent more than \$3.1 billion in hosting VFR visitors in year ended March 2016. Total NSW VFR visitor and host spend in the year ended March 2016 is estimated at \$7.7 billion, 69% higher than VFR visitor spend.

VFR hosts of international visitors spend more per night (\$87) than international VFR visitors (\$54). These bring the total international VFR spend per night to \$141 per night.

VFR hosts of domestic visitor spend less per night (\$73) than domestic VFR overnight visitors (\$107). These bring the total domestic VFR spend per night to \$180 per night.

	Source: TRA International and National Visitor Survey, Year ended March 2016			Source: DNSW Visitor Host Research					
	VFR visitor nights (million)	VFR visitor \$ per night	Total VFR visitor spend (billion)	VFR host \$ per night	% of VFR visitor nights spent with Host	VFR visitor nights with host	Total Host spend (billion)	TOTAL Visitor and Host \$ per night	TOTAL Visitor and Host spend (billion)
International	22.1	\$ 54	\$ 1.2	\$ 87	63%	13.9	\$ 1.2	\$ 141	\$ 2.4
Domestic	31.3	\$ 107	\$ 3.3	\$ 73	84%	26.3	\$ 1.9	\$ 180	\$ 5.3
Total	53.4		\$ 4.5			40.2	\$ 3.1	\$ 321	\$ 7.7

CONCLUSIONS

The research confirmed that NSW hosts are well-placed and receptive to encouraging visitation from family and friends, and their willingness to spend to provide their visitors a memorable experience. Through their existence, hosts provide a reason for visitation and remove potential barriers to come to NSW and Australia. However, hosts need further inspiration and incentivisation to maximise their ambassador status and drive greater value from the VFR segment.

Despite being proud of their city/ town and wanting to make a good impression, hosts are somewhat passive in initiating the visit. There is an opportunity to harness the inherent pride of hosts and leverage the notion of reciprocity to encourage hosts to play a more proactive role and become insistent on having visitors come.

Reciprocity can also be used in the form of partnerships to encourage VFR visitor travel and activity. For example, taking a visitor to Taronga Western Plains Zoo allows the host and the visitor to claim a discounted ticket to Taronga Zoo Sydney.

There is an opportunity to drive greater numbers of first or second/ third time visitors, especially those from China and India to have an impact on visitor activity and host expenditure. While hosts of visitors from India and China tend to have stayed with their visitors in their home countries, relatively few visitors have come to Australia before, representing a greater opportunity for hosts to repay the favour.

Hosts have the greatest influence in trip activities and itinerary recommendations, thereby extending a VFR visitation experience to one more akin to tourism or pleasure trips. Therefore it is vital to equip hosts with the necessary information and inducements to expand their itinerary repertoire and positively stimulate interest in NSW as a destination and direct visitors to a wide variety of experiences. This is particularly crucial for hosts who are temporary residents; those arguably more connected to the international VFR segment but less informed and willing hosts. Increasing the hosts' repertoire is particularly important for domestic visitors who come more frequently and engage in less activity.

Visitors from China also participate in fewer activities and attractions. This may be related to the fact that hosts of a Chinese background take fewer trips around NSW, are less likely to enjoy the hosting experience and place less importance on ensuring their visitors have a good trip. There may be a need to further understand barriers and opportunities for increased visitor activity among this market and to further encourage host pride.



The potential exists to inspire hosts with fresh ideas for activities and attractions so they can feel proud of their local knowledge and pride in being perceived as a good host. It is also important to ensure there is better resourcing on new and unique experiences, including information on options within the local area. Such resources could include 5, 7, 10, 14 day itinerary options which include both well-known top tourist attractions but also innovative suggestions to target shorter trips. Initiatives could also extend to product packaging and value added offers and discounts that allow hosts to also participate in activities with their visitors, but appeal to their sense of 'savvy' in knowing how to get the best value deals.

Social media could be used as a promotion tool. For example, a #VFRNSW campaign where hosts and visitors share images from their visit enables them to potentially win a return trip to Australia.

However, care should be taken when marketing to hosts, especially international hosts. It cannot be assumed that hosts and visitors are from the same cultural background and that all visitors from a country want the same experience. For example, communications to the Chinese community in Australia will only reach half of host³ of visitors from China (48%). Additionally, only two thirds (66%) of visitors from China are Chinese, so not all visitors will want the same trip experience.

In terms of value to the NSW economy, adding the VFR host expenditure to host domestic and international VFR visitors increases the total NSW VFR market expenditure by 70% to \$7.7 billion per year.

RESEARCH OBJECTIVES AND METHODOLOGY NOTE

The specific research objectives included:

- To profile the host by demographics (including ethnicity, residency status and length of time in Australia) and geographic location;
- To understand host travel profile when not hosting;
- To identify the role and influences of hosts in VFR visitation and travel behaviour;
- To identify hosting activities and to understand and quantify hosting expenditure;
- To assess potential segment differences, including between hosting friends vs. relatives, international vs. domestic visitors, cultural or ethnic differences, among others.

The study was conducted from July to October 2015 in three stages:

- An incidence survey among a representative sample of 1,063 NSW residents to understand hosting incidence and frequency overall, for each domestic and international VFR visitor market.
- Qualitative phase of 25 in-depth interviews with hosts throughout NSW who had hosted at least one domestic visitor in the last year, and 28 in-depth interviews among those that had hosted at least one visitor from the key international markets of United Kingdom, USA/Canada, New Zealand, China, Germany and India.
- Online survey of 1,707 NSW residents who had hosted any domestic visitor and/or international visitor from the six key markets in the last year. Respondents were asked to report on a randomly selected visit if they had hosted on multiple occasions.

MORE INFORMATION

For more information and statistics about tourism in NSW, see the Tourism – Facts & Figures page on the Destination NSW Corporate website at <http://www.destinationnsw.com.au/>.

