



# BACKPACKERS IN AUSTRALIA 2003

NICHE MARKET REPORT No.4

CECIL IPALAWATTE

**TOURISM RESEARCH AUSTRALIA**



Tourism Australia

The backpacker tourism market has become one of Australia's most successful niche markets. It is making an important contribution to the overall economy and to regional economies as backpackers visit a range of destinations. The total number of international and domestic backpackers travelling in Australia increased from 753 000 in 1999 to 943 000 in 2003, an increase of 25 per cent. International backpackers visited an average of 6.2 regions in Australia in 2003, compared with an average of 2.0 regions visited by all other international visitors.

International and domestic backpackers spent approximately \$2.7 billion in Australia in 2003 of which \$2.3 billion or 83 per cent was spent by international backpackers. Although international backpackers accounted for 11 per cent of all international arrivals, they contributed 20 per cent of the total expenditure by all international visitors.

This niche market report examines the profile and economic contribution of domestic and international backpackers who spent one or more nights in backpacker/hostel accommodation in 2003. The analysis in the report is based on data from Tourism Research Australia's (TRA) International Visitor Survey and National Visitor Survey.

This is the third edition of the Niche Market Report on Backpackers in Australia. TRA will be releasing in the near future Niche Market Reports on Wine Tourism and Caravanning and Camping Travellers.

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## INTRODUCTION

Over the last five years (1999–2003), the backpacker market has grown rapidly in Australia. The total number of international and domestic backpackers travelling in Australia increased from 753 000 in 1999 to 943 000 in 2003, an increase of 25 per cent. Around half of the backpackers came from overseas. Flexible working conditions and favourable exchange rates, coupled with falling prices of international airfares, have made it possible for more international backpackers to come to Australia in recent years. In 2003, approximately 468 000 international backpacker visitors travelled to Australia, representing 11 per cent of all international arrivals. They spent \$2.3 billion on goods and services while travelling in Australia, which was 20 per cent of the total expenditure by all international visitors.

Backpackers are now among the highest spending visitors to Australia. Individually in 2003, they spent twice as much as mainstream visitors. International backpackers from different countries of origin tend to have different spending patterns, however, on average each spent \$4 857 during their trip to Australia. In contrast, domestic backpackers each spent an average of \$959 per trip, which was one and three-quarters more than expenditure by domestic non-backpackers.

The backpacker market proved to be resilient despite the events that affected the tourism industry recently. For example, the Severe Acute Respiratory Syndrome (SARS) epidemic in the second quarter of 2003 saw a 14 per cent drop in all international visitors to Australia compared with the same quarter the previous year. However, the number of international backpackers was down by only four per cent. Governments, both nationally and at state/territory level, are keen to foster this very important and resilient market segment.

International backpackers are important to regional Australia. They each visited an average of 6.2 regions in Australia in 2003, compared with an average of 2.0 regions visited by all other international visitors.

## DEFINITION

It is difficult to clearly distinguish a 'backpacker' from other types of visitors, mainly because of the variety of factors that need to be considered, including variation in travelling habits and the length of stay in backpacker accommodation. It is possible though to identify a few broad characteristics of backpackers: the most obvious being the number of days they stay in backpacker types of accommodation, length of stay and mode of travel they use. For the purpose of this article, a backpacker is defined as **a traveller aged 15 years or above who spent one or more nights in backpacker/hostel accommodation during travel in Australia**. Subsets of this backpacker group can be analysed depending on requirements of the research.

This report examines the characteristics of the backpacker market, primarily focussing on 2003 data from the Bureau of Tourism Research (BTR<sup>1</sup>) International Visitor Survey (IVS) and National Visitor Survey (NVS). Travel trends, country of residence, length of stay, expenditure, purpose of visit, transport used between stopovers, accommodation, seasonality, size of travel party, and internet usage are included in the report. The report also examines activities undertaken by backpackers, places and attractions visited and demographic characteristics such as age, gender and relationship status. In addition, expenditure by backpackers and their contribution to the national economy in the 2001/02 financial year are included in the report. Results are presented mainly at national level, however, state and regional results are also presented for some variables.

## RECENT TRENDS

Over the five year period (1999–2003), the number of international backpackers coming to Australia grew at an average annual rate of 3.5 per cent, two and half times more than the average annual growth rate for all international visitors (1.4 per cent). During this period, the average length of stay by international backpackers decreased slightly from 65 nights to 64 nights per visitor, while the average length of stay for all non-backpackers increased from 20 nights to 23 nights per visitor. The average backpacker expenditure over the same period increased by 18 per cent to \$4 857 (excluding package tours, other major purchases and prepaid international airfares), an increase of \$742 per visitor. Although the average expenditure by all international non-backpacker visitors over the same period increased by 25 per cent, the dollar value of the increase was considerably less at \$458.

Between 1999 and 2003, the number of domestic backpackers in Australia grew at an average annual growth rate of 8.2 per cent, around forty times more than the annual growth rate for all domestic travellers (0.2 per cent). There has been a significant increase in the number of domestic backpackers each year since 2001, while the number of international backpacker visitors has remained relatively steady since 2000, the year of the Sydney Olympic Games (Figure 1). While the average length of stay for domestic backpackers decreased from seven nights in 1999 to five nights in 2003, the average expenditure increased by 22 per cent to \$959.

<sup>1</sup> The Bureau of Tourism Research is now Tourism Research Australia (TRA). Tourism Research Australia is a business unit of Tourism Australia (TA). TA is a statutory body established 1 July 2004, incorporating four organisations: Bureau of Tourism Research (BTR), Tourism Forecasting Council (TFC), Australian Tourist Commission (ATC) and See Australia.

**FIGURE 1 INTERNATIONAL AND DOMESTIC BACKPACKERS IN AUSTRALIA, 1999–2003**



Source: BTR International Visitor Survey and National Visitor Survey, 1999–2003 (unpublished data).

### COUNTRY OF RESIDENCE AND LENGTH OF STAY

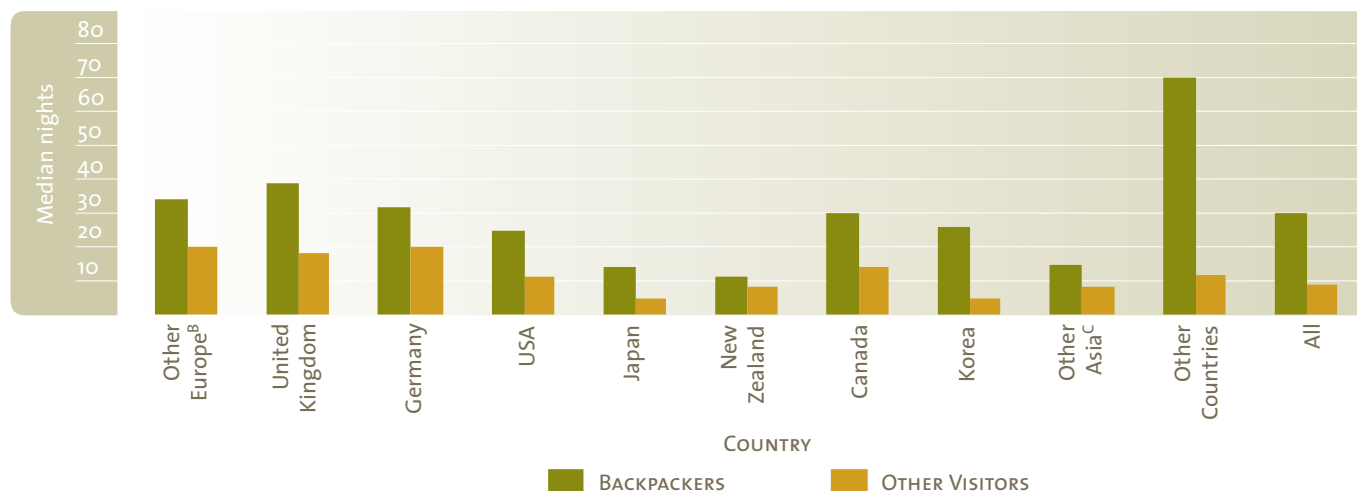
Other Europe, which excludes Germany and the United Kingdom (UK), had the highest number of international backpacker visitors to Australia in 2003 (126 000), followed by the UK (120 000). Together they made up 53 per cent of the total number of international backpacker visitors in that year. Visitors from the UK, the core source for backpackers to Australia, were down seven per cent from the 2002 figure of 129 000.

In 2003, while international backpackers spent 30.1 million nights in Australia (25 per cent of total international visitor nights), domestic backpackers spent 2.4 million nights travelling in Australia (0.8 per cent of total domestic visitor nights). International backpackers stay considerably longer than the majority of international visitors. In 2003, international backpackers stayed an average of 64 nights in Australia, compared with 23 nights for all international non-backpacker visitors. Domestic backpackers on average spent only five nights per trip while travelling in Australia, compared with four nights for all domestic non-backpackers.

International backpackers from Korea, the UK and Canada stayed longest in Australia (on average 94, 74 and 68 nights per visitor respectively). German and Other European backpackers stayed an average of 65 nights, while backpackers from the United States of America (USA), Japan and Other Asia (excludes Japan and Korea) stayed less than the average of 64 nights by all international backpackers (52, 60 and 51 nights respectively). Though backpackers from New Zealand stayed the shortest time in Australia (on average 29 nights), their average stay was still more than double the average stay of non-backpacker visitors from New Zealand (13 nights).

In 2003, median duration of stay for international backpackers was 30 nights and for other international visitors nine nights. Median duration of stay by international backpackers varied considerably between countries of origin, ranging from 39 nights by backpackers from UK to 11 nights by backpackers from New Zealand and 15 nights by backpackers from Other Asia (Figure 2).

**FIGURE 2 INTERNATIONAL BACKPACKERS AND OTHER VISITORS, MEDIAN<sup>A</sup> DURATION OF STAY, 2003**



<sup>A</sup> The median duration of stay represents the value at which half of the surveyed backpackers stayed a longer time and half stayed a shorter time.

<sup>B</sup> Other Europe excludes the United Kingdom and Germany.

<sup>C</sup> Other Asia excludes Japan and Korea.

Source: BTR International Visitor Survey, 2003 (unpublished data).

## EXPENDITURE

Average expenditure by international backpackers was \$4 857, more than twice that of other international visitors (\$2 272). Backpackers from different countries of origin tend to have different spending patterns; in 2003 backpackers from Korea had the highest average expenditure per visitor (\$5 730), followed by backpackers from the UK (\$5 390) and Canada (\$5 245).

International backpackers from New Zealand had the lowest per trip expenditure, on average spending \$2 381; however, they had the third highest per night expenditure, spending \$81 per night in Australia. Interestingly, backpackers from Japan had the third lowest expenditure per trip (\$4 166) and the second lowest per night expenditure (\$69) (Table 1).

The high expenditure by international backpackers is mainly a result of their long stay in Australia.

In total, international and domestic backpackers spent approximately \$2.7 billion in Australia in 2003. Of this, \$2.3 billion or 83 per cent was spent by international backpackers.

**TABLE 1 INTERNATIONAL BACKPACKERS, NIGHTS AND EXPENDITURE, 2003**

	Backpackers 000	Backpacker nights Million	Average stay Nights	Backpacker expenditure Million \$	Expenditure per night \$	Average expenditure per trip <sup>A</sup> \$
<b>OTHER EUROPE<sup>B</sup></b>	126	8	65	639	79	5 081
<b>UNITED KINGDOM</b>	120	9	74	649	73	5 390
<b>GERMANY</b>	52	3	65	240	72	4 650
<b>USA</b>	44	2	52	193	84	4 420
<b>JAPAN</b>	32	2	60	132	69	4 166
<b>NEW ZEALAND</b>	25	1	29	60	81	2 381
<b>CANADA</b>	15	1	68	78	77	5 245
<b>KOREA</b>	14	1	94	81	61	5 730
<b>OTHER ASIA<sup>C</sup></b>	25	1	51	102	80	4 061
<b>OTHER COUNTRIES</b>	16	1	77	99	83	6 370
<b>TOTAL</b>	468	30	64	2 273	75	4 857

<sup>A</sup> Excludes package tours, other major purchases and prepaid international airfares.

<sup>B</sup> Excludes Germany and the United Kingdom.

<sup>C</sup> Excludes Japan and Korea.

Source: BTR International Visitor Survey, 2003 (unpublished data).

Although the numbers of international backpackers and domestic backpackers were almost equal (475 000 domestic and 468 000 international) in 2003, expenditure by international backpackers significantly outweighed expenditure by domestic backpackers due to their longer average stay (64 nights compared with five nights).

In total, international backpackers spent almost five times more than domestic backpackers in 2003. Domestic backpackers' per night expenditure was significantly higher than that of international backpackers, but per trip expenditure was much lower. On average international backpackers spent \$4 857 per trip or \$75 per night in Australia, while domestic backpackers

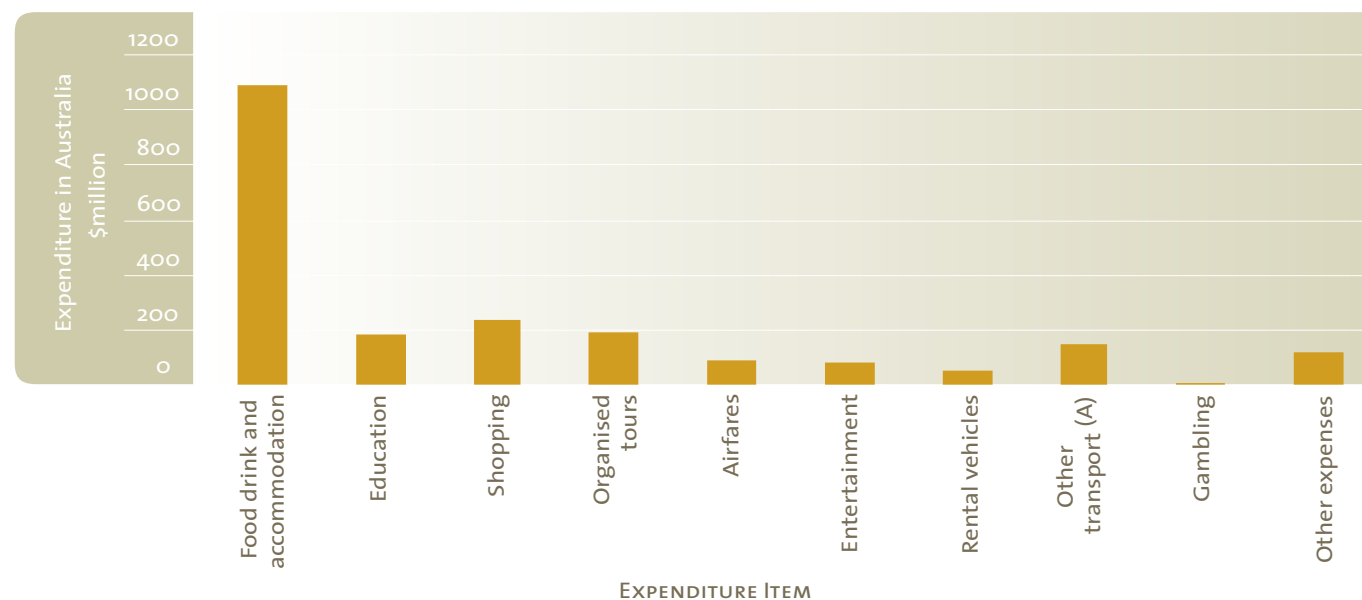
spent an average of \$959 per trip or \$191 per night.

Almost half of international backpackers' expenditure in Australia was on accommodation, food and drink (Figure 3). This was distantly followed by shopping, organised tours and education, accounting for 11 per cent, nine per cent and nine per cent respectively. Taking into account that 12 per cent of international backpackers came to Australia for the purpose of education, this last statistic is not surprising.

Expenditure on shopping by international backpackers was a much lower proportion (11 per cent) of total expenditure than for international non-backpackers who spent 20 per cent of their total expenditure on shopping. Backpackers, however, spent a considerably higher amount (\$426 per visitor) on organised tours compared with international non-backpackers, who spent an average of \$83 per visitor.

Consistent with the shorter length of stay by domestic backpackers, their total expenditure of \$456 million was much less than that of international backpackers (\$2.3 billion) in 2003. Nearly half of total expenditure by domestic backpackers was on accommodation, food and drink (\$208 million).

**FIGURE 3 INTERNATIONAL BACKPACKERS' EXPENDITURE BY ITEM, 2003**



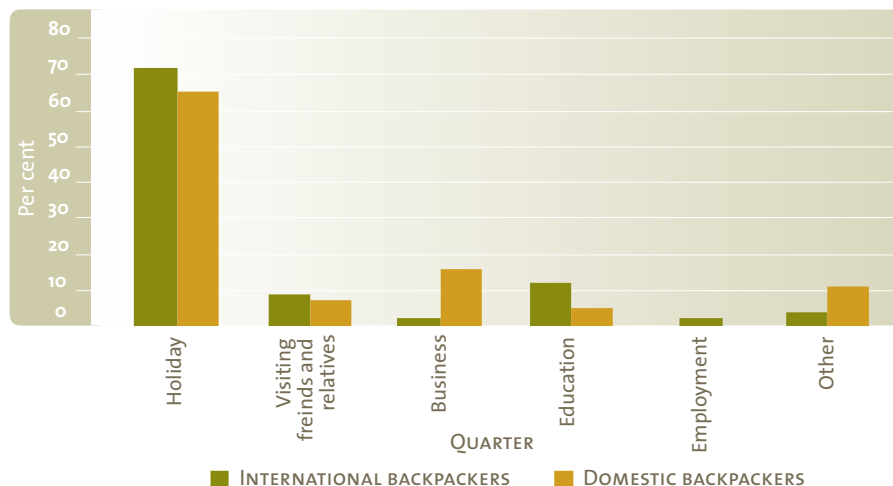
(A) Includes expenditure on local and long distance transport and taxis.

Source: BTR International Visitor Survey, 2003 (unpublished data).

## PURPOSE OF VISIT

Seventy two per cent of international backpackers had 'holiday' as the main purpose of their visit to Australia in 2003. The proportion was slightly lower for domestic backpackers (65 per cent). Sixteen per cent of domestic backpackers travelled for business compared with two per cent of international backpackers. Interestingly, almost 12 per cent of international and five per cent domestic backpackers cited education as their main reason for travelling in Australia (Figure 4).

**FIGURE 4 INTERNATIONAL AND DOMESTIC BACKPACKERS BY PURPOSE OF TRIP, 2003**



Source: BTR International Visitor Survey and National Visitor Survey, 2003 (unpublished data).

## TRANSPORT USED BETWEEN STOPOVERS

Transport used between stopovers in Australia by international backpackers during 2003 was mainly air (62 per cent), followed by motor vehicle (51 per cent) and long distance coach (41 per cent) (Figure 5). Domestic backpackers mostly travelled by motor vehicle (includes private or company vehicle, rented or hired vehicle), 64 per cent using this mode of transport during their trip in 2003.

**FIGURE 5 INTERNATIONAL AND DOMESTIC BACKPACKERS, TRANSPORT USED BETWEEN STOPOVERS, 2003**



Source: BTR International Visitor Survey and National Visitor Survey, 2003 (unpublished data).

## ACCOMMODATION

In total, backpackers spent 13.2 million nights in backpacker/hostel accommodation in 2003. Eighty eight per cent of these nights were by international backpackers. On average, international backpackers spent 39 per cent of their total nights in Australia in backpacker/hostel accommodation, compared to 66 per cent for domestic backpackers (Figure 6).

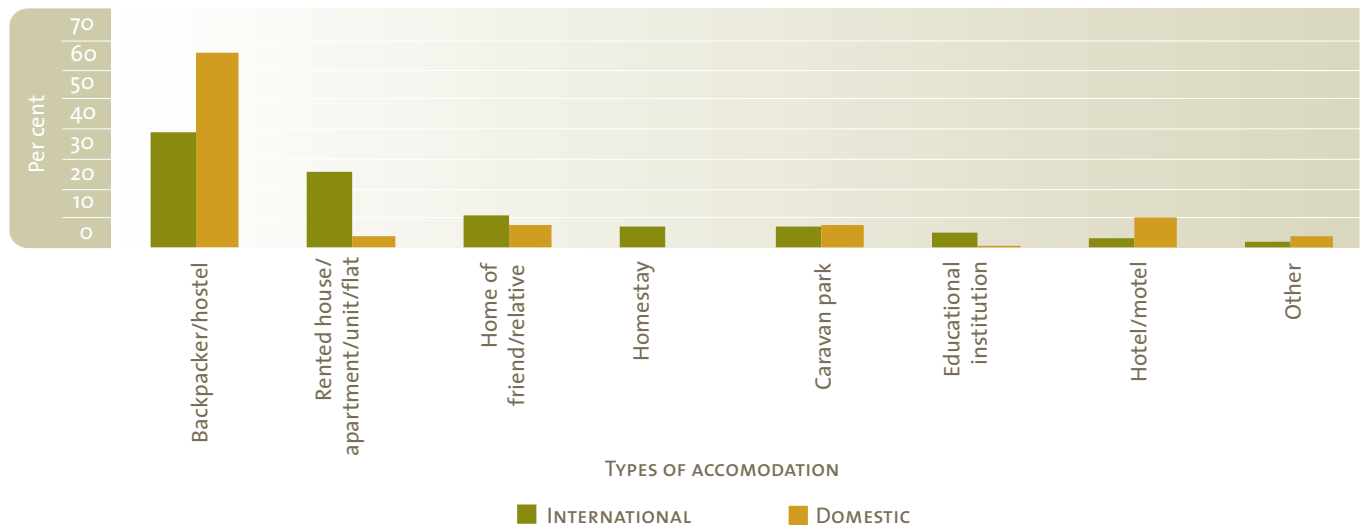
Many international backpacker nights were also spent in a rented house/apartment/unit/flat, accounting for 26 per cent of total international backpackers' nights spent in Australia in 2003. Eleven per cent of international backpackers also stayed at least one night with a friend or relative. Eleven per cent of international backpackers also stayed at least one night with a friend or relative.

## SEASONALITY

International backpackers tend to travel to Australia during the warmer months, particularly in the March and December quarters.

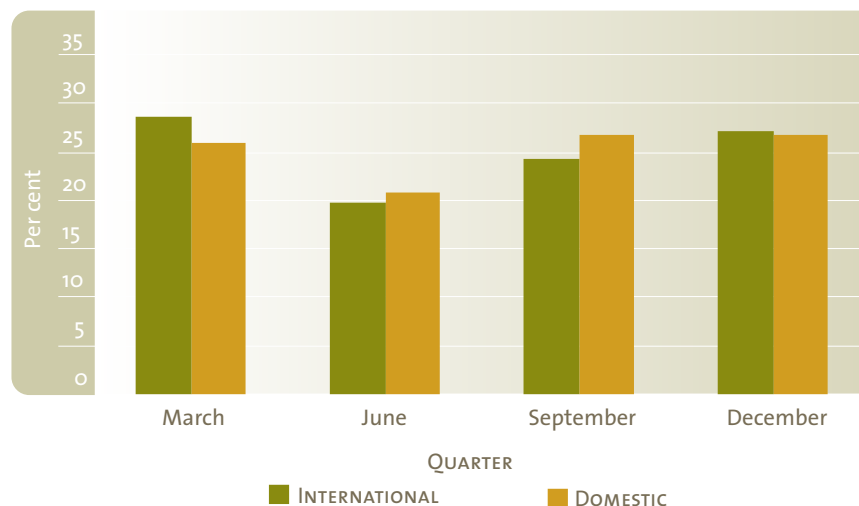
An average of 129 000 backpackers (29 per cent) and 123 000 (27 per cent) respectively visited Australia during these quarters in the period 1999–2003 (Figure 7). Domestic backpackers mainly travelled during the March, September, and December quarters. Around 20 per cent of domestic and international backpacker visitors travelled during the June quarter. To some extent this means that the domestic backpacker market counteracts the low June/September quarters in the international backpacker market.

**FIGURE 6 INTERNATIONAL AND DOMESTIC BACKPACKERS BY MAIN TYPES OF ACCOMMODATION, 2003**



Source: BTR International Visitor Survey and National Visitor Survey, 2003 (unpublished data).

**FIGURE 7 NUMBER OF BACKPACKERS BY QUARTER, 1999–2003**



Source: BTR International Visitor Survey and National Visitor Survey, 1999–2003 (unpublished data).

## TRAVEL PARTY

In 2003 most international backpackers travelled alone (72 per cent). On the other hand the most common travel party for domestic backpackers was to travel with a friend or relative without children (36 per cent) (Table 2).

Relatively few international backpackers travelled on a package tour in Australia in 2003 (11 per cent, compared to 32 per cent for other international visitors).

**TABLE 2 BACKPACKERS BY TRAVEL PARTY, 2002–2003**

	Domestic <sup>A</sup>		International	
	'000	Per cent	'000	Per cent
TRAVELLING ALONE	84	20	336	72
ADULT COUPLE	67	16	55	12
FRIENDS/RELATIVES TRAVELLING WITHOUT CHILDREN	154	36	69	15
FRIENDS/RELATIVES TRAVELLING WITH CHILDREN <sup>B</sup>	68	16	-	-
OTHER <sup>B</sup>	58	13	-	-
TOTAL	431	100	468	100

<sup>A</sup> Due to a low sample size for some categories the data presented here are a combined average for 2002 and 2003.

<sup>B</sup> Too small to report for international backpackers.

Numbers may not sum to total due to rounding.

Source: BTR International Visitor Survey and National Visitor Survey, 1999–2003 (unpublished data).

## **INFORMATION SOURCES USED**

The internet (38 per cent), travel books (37 per cent) and friends or relatives who had visited Australia (25 per cent) were the top three sources of information international backpackers used before travelling to Australia in 2003. Other sources of information were travel agents (22 per cent) and friends or relatives living in Australia (18 per cent).

In 2003, a higher proportion of backpackers than other visitors to Australia used the internet to gather information. Thirty eight per cent of international backpackers used the internet to obtain information before travelling to Australia compared with 20 per cent of international non-backpacker visitors. A similar number of domestic backpackers used the internet to obtain information before travelling in Australia (37 per cent compared with 22 per cent of domestic non-backpackers).

Among international backpackers, the main reasons for using the internet were to: find out more about accommodation (55 per cent), find out more about Australia after they had already decided to visit (54 per cent), plan the itinerary (48 per cent), and find out about events or activities within Australia (43 per cent).

## **ACTIVITIES UNDERTAKEN**

Given the long length of trips and the holidaying nature of backpackers, they tend to undertake more activities on average than other visitors in Australia. In 2003, international backpackers on average participated in 11 types of activities compared to six activities participated in by international non-backpacker visitors. Shopping for pleasure was the most popular activity undertaken by international backpackers (84 per cent), followed by going to the beach (81 per cent).

The most popular activities among domestic backpackers were to eat out in restaurants (59 per cent) and to walk or drive around/taking in the sights (48 per cent). Going to pubs/clubs, discos etc was third in popularity for both international and domestic backpackers (Table 3).

**TABLE 3 THE TOP TEN ACTIVITIES ENJOYED BY BACKPACKERS, 2003**

INTERNATIONAL BACKPACKERS			DOMESTIC BACKPACKERS	
RANK	Activity	PER CENT	Activity	PER CENT
1	Go shopping for pleasure	84	Eat out/restaurants	59
2	Go to the beach (including swimming, surfing, diving)	81	Walk or drive around/taking in the sights/general sightseeing	48
3	Pubs, clubs, discos etc	76	Pubs, clubs, discos etc	43
4	Visit National Parks/State Parks	69	Go shopping for pleasure	33
5	Go to markets	68	Go to the beach (including swimming, surfing, diving)	32
6	Visit botanical or other public gardens	63	Visit friends and relatives	25
7	Visit wildlife parks/zoos/aquariums	61	Visit National Parks or State Parks	21
8	Visit museums or art galleries	53	Bushwalking or rainforest walks	20
9	Visit history/heritage buildings, sites or monuments	52	Other outdoor activities	16
10	Go on guided tours or excursions	52	Picnics or BBQs	14

Source: BTR International Visitor Survey and National Visitor Survey, 2003 (unpublished data).

## VISITS TO STATES AND TERRITORIES

In 2003, approximately 368 000 international backpackers travelled to New South Wales (Table 4), an increase of 13 per cent from the 1999 figure (324 000, an annual average growth rate of 3.2 per cent). Queensland attracted the second largest share of international backpackers during this five year period; however, the number visiting in 2003 was down by three per cent compared to 1999.

**TABLE 4 INTERNATIONAL BACKPACKERS' TRAVEL TO STATES AND TERRITORIES, 1999–2003**

STATE/TERRITORY VISITED	1999	2000	2001	2002	2003	Annual average change Per cent
	'000					
NEW SOUTH WALES	324	375	365	381	368	3.2
VICTORIA	171	192	197	215	209	5.1
QUEENSLAND	273	289	284	299	264	-0.8
SOUTH AUSTRALIA	95	117	112	100	92	-0.9
WESTERN AUSTRALIA	88	109	92	88	94	1.6
TASMANIA	23	31	31	25	32	8.4
NORTHERN TERRITORY	139	153	138	133	115	-4.5
AUSTRALIAN CAPITAL TERRITORY	41	44	44	47	50	5.0
TOTAL	407	453	451	479	468	3.5

Source: BTR International Visitor Survey, 1999–2003 (unpublished data).

New South Wales was the most popular state visited by domestic backpackers, 38 per cent travelling to this state (Table 5), followed by Victoria (25 per cent), Queensland (17 per cent) and Western Australia (16 per cent).

**TABLE 5 DOMESTIC BACKPACKERS' TRAVEL TO STATES AND TERRITORIES, 2001–2003**

STATE/TERRITORY VISITED <sup>A</sup>	'000	Per cent
NEW SOUTH WALES	143	38
VICTORIA	96	25
QUEENSLAND	64	17
SOUTH AUSTRALIA	24	6
WESTERN AUSTRALIA	62	16
TASMANIA	23	6
NORTHERN TERRITORY	29	8
AUSTRALIAN CAPITAL TERRITORY	14	4
TOTAL	381	100

<sup>A</sup> Due to a low sample size for some states/territories the data presented here are a combined average for the years 2001 to 2003.

Source: BTR National Visitor Survey, 1999–2003 (unpublished data).

### PLACES AND ATTRACTIONS VISITED

Eighty per cent of all international backpackers visited New South Wales. Queensland was the next most popular state, attracting 57 per cent of international backpackers, with 11 per cent of international backpackers landing in Brisbane upon arrival from overseas.

Sixty three per cent of international backpackers visited Darling Harbour, 61 per cent visited the Opera House and 55 per cent visited The Rocks. In other states the places which attracted a large number of international backpackers were Great Ocean Road/Twelve Apostles, Victoria (24 per cent), Phillip Island/Penguin Parade, Victoria (13 per cent), Daintree/Port Douglas, Queensland

(17 per cent), the Gold Coast, Queensland (16 per cent), Sunshine Coast, Queensland (16 per cent), Fremantle, Western Australia (15 per cent), Uluru (Ayers Rock), the Northern Territory (17 per cent), and Kings Canyon (Watarrka), the Northern Territory (15 per cent) (Table 6).

**TABLE 6 PLACES AND ATTRACTIONS<sup>A</sup> VISITED BY INTERNATIONAL BACKPACKERS, 2003**

Place/Attraction	Backpackers	Place/Attraction	Backpackers
	Per cent		Per cent
Darling Harbour	63	Fremantle	15
The Opera House	61	Margaret River/Southern Forest areas	8
The Rocks	55	Monkey Mia/Shark Bay/Exmouth	7
Manly	43	Geraldton/Kalbarri	6
Paddington/Double Bay	20	Swan Valley	6
Balmain/Glebe	12	Albany/South Coastal and Range areas	5
		Broome or Kununurra	4
Newtown	10	<b>Total WA</b>	<b>21</b>
Illawarra	8		
Central Coast	7	Freycinet National Park	3
<b>Total NSW</b>	<b>80</b>	Cradle Mountain National Park	2
		Hobart	2
Great Ocean Road/Twelve Apostles	24	Port Arthur	2
Phillip Island/Penguin Parade	13	Launceston	2
Sovereign Hill/Ballarat/Goldfields	8	<b>Total TAS</b>	<b>7</b>
Dandenong Ranges/Puffing Billy/ Healesville Sanctuary	8		
Grampians National Park	7		
Yarra Valley Wineries	5		
Mornington Peninsula	4		
<b>Total VIC</b>	<b>46</b>	Uluru (Ayers Rock)	17
		Kings Canyon (Watarrka)	15
Daintree/Port Douglas	17	Kakadu National Park	9
Gold Coast	16	West MacDonnell Ranges	8
Sunshine Coast	16	Litchfield National Park	7
Whitsunday Islands— Hamilton/ Hayman/Daydream/ Hook/ Long/Brampton	10	Devils Marbles	5
Fraser Island	10	Katherine Gorge	4
Atherton Tablelands / Malanda	9	<b>Total NT</b>	<b>25</b>
Whitsunday Mainland—Airlie Beach, Proserpine	7		
Gold Coast Hinterland	6		
<b>Total QLD</b>	<b>57</b>		
		Parliament House	10
Adelaide Hills/Mt Lofty Summit/ Hahndorf	8	Australian War Memorial	8
Barossa Valley	8	Old Parliament House	6
Glenelg	7	National Museum of Australia	3
Wineries	5	National Gallery of Australia	3
Adelaide beaches	5	<b>Total ACT</b>	<b>11</b>
SA National Parks or bushland	5		
Victor Harbor/Goolwa	4	<b>TOTAL INTERNATIONAL BACKPACKERS</b>	<b>467 985</b>
<b>Total SA</b>	<b>20</b>		

<sup>A</sup>Only the most popular places and attractions are listed here. Places and attractions listed for Victoria, Queensland, South Australia and Tasmania are for day trips only.

The places and attractions list is not exhaustive, as only a selected number of attractions are included in the Survey questionnaire, as determined by state/territory tourism organisations.

## MOST VISITED REGIONS

In regard to international backpackers, capital cities were the most visited tourism regions in each of the states and territories, except for Queensland (QLD) and the Northern Territory (NT). International backpackers who stayed in Tropical North Queensland (39 per cent) slightly outnumbered those who stayed in Brisbane (35 per cent), and Alice Springs (NT) (18 per cent) and Petermann (NT) (16 per cent) outnumbered Darwin (13 per cent).

Sydney was the region most visited by international backpackers (76 per cent). Melbourne was next in popularity, with 43 per cent of backpackers staying there, followed by Tropical North Queensland (39 per cent), Brisbane (35 per cent), Northern Rivers Tropical NSW (28 per cent), Whitsundays (26 per cent), Hervey Bay/ Maryborough (25 per cent) then Gold Coast, Adelaide and Perth (19 per cent each) (Table 7).

For domestic backpackers, Sydney dominated as the major destination (14 per cent). This was followed by Melbourne (nine per cent) and Northern Rivers Tropical NSW (eight per cent).

**TABLE 7 TEN TOURISM REGIONS MOST VISITED BY INTERNATIONAL AND DOMESTIC BACKPACKERS, 1999–2003**

RANK	International backpackers		Domestic backpackers <sup>A</sup>	
	Region	Per cent	Region	Per cent
1	Sydney	76	Sydney	14
2	Melbourne	43	Melbourne	9
3	Tropical North Queensland	39	Northern Rivers Tropical NSW	8
4	Brisbane	35	Perth	6
5	Northern Rivers Tropical NSW	28	Brisbane	6
6	Whitsundays	26	Gold Coast	5
7	Hervey Bay/Maryborough	25	Tropical North Queensland	5
8	Gold Coast	19	North Coast NSW	5
9	Adelaide	19	Canberra	5
10	Perth	19	Darwin	4
	Total ('000)	468	Total ('000)	390

<sup>A</sup> Due to a low sample size for some regions the data presented here are a combined average for the years 1999 to 2003.

Source: BTR International Visitor Survey and National Visitor Survey, 1999–2003 (unpublished data).

## **ECONOMIC CONTRIBUTION MADE BY BACKPACKERS**

The economic contribution of backpackers to the Australian economy in terms of Gross Value Added (GVA) and employment can be estimated using IVS and NVS itemised expenditure data and Tourism Satellite Account (TSA) data provided by the Australian Bureau of Statistics (ABS). The economic contribution model currently applied by TRA uses TSA data for the 2001/02<sup>2</sup> financial year and to be consistent with the TSA reference year data, backpackers' economic contribution estimates in this report are provided for the same period.

Economic contribution by backpackers has been measured as the GVA and employment sustained in Australia as a result of expenditure by international and domestic backpackers. The expenditure of \$3.8 billion by international and domestic backpackers in the financial year 2001/02 generated a GVA of \$1 442 million and contributed to the employment of an estimated 27 900 persons.

This equates to five per cent of national tourism GVA and five per cent of tourism employment in the 2001/02 financial year. There was a substantial contribution to GVA from the Accommodation, café and restaurant industry (\$385 million).

As the expenditure by backpackers flowed through the economy, the direct and indirect effects added further contributions across other industries. Significant contributions to the GVA came from Transport and storage (\$350 million, 25 per cent), Education (\$230 million, 16 per cent), and Cultural and recreational services (\$122 million, nine per cent).

In terms of employment, 9 974 jobs (36 per cent) were in the Accommodation, café and restaurant industry and 4 734 jobs (17 per cent) were in the Transport and storage industry in 2001/02. Retail trade contributed 3 826 jobs (14 per cent of total employment) and Education 3 393 jobs (12 per cent of total employment).

## **DEMOGRAPHICS**

### **AGE**

The backpacker market has generally been considered to comprise young people. In 2003, 48 per cent of international backpackers and 38 per cent of domestic backpackers were aged between 15 and 24. In contrast only 13 per cent of all international visitors and 18 per cent of all domestic visitors were in this age group in 2003. The proportion of backpackers aged between 25 and 34 years was also higher than that for all visitors (Table 8).

### **GENDER**

There was no difference in the gender make-up of international backpackers in 2003 compared with all other international visitors, however, there were more female than male domestic backpackers.

<sup>2</sup> The TRA economic contribution model will be updated to include 2002/03 TSA data in due course.

## RELATIONSHIP STATUS

A very high proportion (81 per cent) of international backpackers who visited Australia in 2003 were single (never married, divorced, separated or widowed), while the corresponding figure for domestic backpackers was 61 per cent. In contrast, only 37 per cent of other international visitors and 33 per cent of other domestic visitors were reported as single.

## WORKING HOLIDAYS

Many international backpackers come to Australia on working visas. This is made possible by Australia's Working Holiday Maker (WHM) scheme, which allows backpackers to travel in Australia for 12 months, and work on a casual basis. In 2003, the Federal Government significantly increased the number of working holiday visas in order

to, among other things, overcome the chronic shortage of agricultural labour during harvest times. In 2003, approximately 44 000 backpackers (nine per cent of international backpackers) travelled to Australia on working holiday visas. Ninety three per cent of these visited New South Wales, while Queensland attracted 65 per cent and Victoria 64 per cent.

**TABLE 8 BACKPACKERS BY RELATIONSHIP STATUS, AGE AND GENDER, 2002–2003**

RELATIONSHIP STATUS	International backpackers	Other International visitors	Domestic backpackers <sup>A</sup>	Other domestic visitors
	Per cent			
SINGLE	81	37	61	33
PART OF A COUPLE	19	63	39	67
AGE				
15 - 24 YEARS	48	13	39	18
25 - 34 YEARS	36	24	25	19
35 - 44 YEARS	9	21	15	21
45 - 54 YEARS	4	20	9	20
55+	4	22	11	23
GENDER				
MALE	50	52	43	52
FEMALE	50	48	56	48
TOTAL VISITORS ('000)	468	3 917	431	73 147

<sup>A</sup> Domestic results for age are a combined average of 2002 and 2003 due to low sample size in some categories.

Source: BTR International Visitor Survey and National Visitor Survey, 1999–2003 (unpublished data).

## PERSONAL IDENTIFICATION

In 2002, a new question was introduced in the IVS, which allowed international visitors to indicate whether they identified personally with a number of groups (such as backpacker, adventure traveller, budget traveller and nature based traveller).

In 2003, based on the TRA's definition of a backpacker, 467 985 international visitors were classed as backpackers. In the same year, 264 899 international visitors classified themselves as backpackers. However, of these only 202 995 (77 per cent) reported staying in backpacker/hostel accommodation.

Therefore of the self identified backpackers 23 per cent or 61 904 backpackers did not stay in backpacker/hostel accommodation.

Although the TRA definition of a backpacker has been used in this publication, the introduction of the new self-identification option creates another way of defining a backpacker. This increases the options for analysing specific characteristics of this market segment.

## **CONCLUSION**

The backpacker market is an important segment of the tourism industry in Australia, presenting many opportunities for investment and job creation in the economy. Australia is seen internationally as a very attractive backpacking destination. More than ten per cent (468 000) of all international visitors to Australia in 2003 stayed at least one night in backpacker/hostel accommodation.

International backpackers contributed \$2.3 billion to export earnings in Australia, 20 per cent of the total expenditure by all international visitors. They spent on average \$4 857 each on their travels in Australia (excluding package tours, other major purchases and pre-paid international airfares). This was more than twice the average amount spent by international non-backpackers (\$2 272). Domestic backpackers, on the other hand, stayed on average five nights and accounted for only 17 per cent (\$456 million) of the total expenditure by all backpackers in Australia. Domestic backpackers spent an average of \$959 each during their travels.

The economic impacts by backpackers are substantial at the national level. The \$3.8 billion spent by backpackers who stayed at least one night in backpacker/hostel accommodation in the 2001/02 financial year generated \$1.4 billion gross value added and this expenditure sustained estimated 27 900 jobs.

The Tourism White Paper (Commonwealth of Australia, 2003) highlights tourism as an important driver for regional development and economic diversification in Australia. International backpackers visited an average of 6.2 regions of Australia in 2003, compared with 2.0 regions by all international non-backpackers.

The backpacker tourism market has become one of Australia's most successful niche markets. It is making an important contribution to the overall economy, to employment, and to regional growth as backpackers visit a range of destinations. The backpacker market is a high-yield per trip segment and contributes to the tourism industry even in the tourism low season.

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## BACKPACKERS IN AUSTRALIA 2003

This niche market report uses data from TRA's International and National Visitor Surveys to examine the demographic characteristics, travel behaviour and expenditure of domestic and international backpackers who stayed one or more nights in backpacker/hostel accommodation in 2003. The report also analyses the economic contribution of backpackers to the national economy in the 2001/02 financial year.

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