tourism 21

The Tasmanian Government &

Tasmanian Tourism Industry

Joint strategic business plan 2011-2013

Tourism Tasmania

tourism industry

COUNCIL TASMANIA

tourism and tasmania – our shared vision

'Tasmania will be a leading tourism destination offering world class experiences, delivered through a sustainable, vibrant and profitable tourism industry, delivering value to the Tasmanian community and the wider economy.'

The contribution of Tourism to Tasmania's economic and social growth is both historically significant and vital for the future of our island.

Consequently, the Tasmanian Government and the tourism industry in Tasmania have entered into a Protocol Agreement to *"undertake joint delivery of the leadership and strategic direction necessary for the planning, development and implementation of the strategies and achievement of the ten year goals outlined in the joint government and industry tourism strategy."* – Tourism 21.

The Tasmanian Government's primary means for supporting the growth of the tourism industry is through the activities of Tourism Tasmania. Tourism Tasmania's role is to, *'lead the industry to jointly deliver marketing and development programs that drive benefits for Tasmania from domestic and international tourism'*. In that context, its responsibility is to drive demand for the destination as a whole by undertaking effective marketing, maximising distribution opportunities and addressing the many barriers to conversion that lessen actual visitation. This includes adding value to business growth through destination management activities and building industry capability. While Tourism Tasmania addresses both demand and supply side issues, the bulk of its resources are applied to building demand.

The role of Tourism Tasmania has undergone significant structural change in recent times with a progressive change to its intervention roles in the marketplace. It has withdrawn from operating retail outlets across mainland Australia, withdrawn from commercial wholesaling by closing Tas Temptations Holidays and importantly, has shifted attention to ensuring all channels to market are open for industry to transact business. Tourism Tasmania will continue to refine its operating approach as it endeavours to provide the right level of market stimulation to grow demand and the most appropriate level of support to encourage industry capability to meet that demand.

The Tourism Industry Council Tasmania (TICT) is the peak industry body that represents the private sector businesses that make up the Tasmanian tourism industry. In particular, the TICT – as a united voice for the sustainable development and growth of the Tasmanian tourism industry – provides strategic advice to Government through the Protocol Agreement and its working relationship with Tourism Tasmania. The actions required of industry to deliver *Tourism 21: 2010-2013* will be encouraged by the Council but ultimately will need to be delivered by individual businesses and investors. Without that investment, the true potential of the industry will not be realised.

our performance to date

The assessment of the overall worth of the tourism industry is generally measured through economic performance fuelled by the spend of visitors from all origins – domestic and international – and for all purposes of travel, including Tasmanians moving around their own state. In 1997, when industry and Government first adopted the Tourism 21 joint approach, domestic (interstate and intrastate) and international visitors spent some $1.095 billion[1] in Tasmania. By 2010 annual spend by visitors had grown to $2.251 billion, supporting investment and employment opportunities for Tasmanians in regional and metropolitan areas alike.

All this has been achieved in an environment of significant change for the tourism industry with severe external shocks including SARS, terrorism, the global financial crisis and large shifts in the Australian dollar exchange rate. Tasmania has been more resilient than most domestic destinations and has even prospered by comparison to other states over this period. This is not only a testament to the Tourism 21 planning process but also reflects a convergence of opportunity driven by significant change within the aviation sector in Australia and the evolution of consumer needs for holidays to be experientially focussed.

[1]$500 million intrastate tourism spend in 1997 derived from BTR figures for intrastate expenditure, 1998-99

current issues and opportunities

The 2009 Jackson Report[2], which informed the development of the 2010 National Long Term Tourism Strategy[3] by the Commonwealth Government, was generally critical of the Australian industry's lack of rigorous planning and management of the difficult supply-side issues and noted the effect these issues had on inhibiting the growth of our national tourism industry. The key areas identified as needing attention were policy and planning, investment, infrastructure, research, and quality skills and labour to deliver our products and experiences.

Tasmania, however, was recognised in the Jackson Report for its nation-leading effectiveness in:

- Building the capacity of the industry to engage with the emerging forms of digital distribution and to maximise their presence via digital marketing
- An excellent use of research, in particular our Tasmanian Visitor Survey, to inform both the demand and supply-side activities of government and industry.

It is clear that changed circumstances are now confronting our tourism industry and 2010 has seen 12 months of softening holiday demand to 30 September and a weaker outlook ahead, according to recent Tourism Forecasting Committee forecasts[4]. Shifting visitation patterns are also impacting on the distribution of visitors to regional destinations within Tasmania, placing increased pressure on business sustainability. When combined with parity of the $AUD with the $US, it is obvious that a renewal of Tasmania's tourism capability in both demand generation and product offering is needed if we are to regain our competitive edge and prosper over the next ten years.

Tasmania is not immune to these issues, and along with concerns over the value proposition that an Australian holiday offers to domestic and international markets, there are real challenges ahead – as outlined recently in the Tourism Research Australia *State of the Industry Report*[5].

The National Long Term Tourism Strategy places a strong emphasis on building the supply side of our industry as a compliment to our domestic and international marketing. It provides a significant opportunity for Tasmania to address a range of supply side constraints that exist for our State.

Looking ahead, there are a range of demand side forces and supply side issues that create both opportunity and challenge that will need attention if we are to ensure the growth of our industry to new highs.

- The rapid progress of the $AUD to exchange rate parity with the $US in late 2010, combined with rising interest rate potential, places further pressure on domestic tourism given the strong demand for overseas travel by Australians. The price of an Australian holiday for international visitors will also potentially seem expensive in this environment.
- Similarly, the price of a Tasmanian holiday inclusive of air fares and ground content compared to our competitors, may appear expensive to consumers in this environment. Tasmanian businesses need to be acutely aware of these issues and ensure a Tasmanian holiday is seen to be a good value proposition in this competitive market.
- Despite this gloomy outlook, new market opportunities exist for Tasmania with 'experience seekers' globally and renewed effort is required to reverse softening trends with international arrivals. The growth of the Chinese travel market creates a particular opportunity when combined with the significant aviation capacity now coming from China into Australia and matched by increased investment in marketing by Tourism Australia.
- The recent World Heritage listing of key convict sites in Tasmania can provide an increased focus on our cultural heritage efforts and we must enhance our communication of these offerings to potential travellers generally and especially those that travel to learn.
- Access to Tasmania will always be a potential constraint and an opportunity. Low Cost Carriers, new airline entrants and new routes have increased the number of competitive options to travel within and from Australia and this is likely to increase as airlines take delivery of new generation aircraft over coming years. Tasmania must strive to keep its aviation capacity/price offering at a level that does not constrain demand and that offers good yield for the carriers.
- Accommodation development has faltered over the past ten years in comparison to visitor growth although this does vary in terms of rating level and style of accommodation across the state. Many developers suggest planning issues have contributed to this. Without investment in new developments and refurbishments state-wide, our 2020 goal will not be met.
- Hobart in particular has become a bottleneck in regard to accommodation with average occupancy across the year hovering around the 80% mark. The tourism demand model that has assisted the development of our forecasts and goal to 2020 highlights a growth requirement for Hobart of

some 1900 additional rooms by 2020. While there is optimism amongst industry that such growth can occur, there are nevertheless constraints identified by industry such as available land in and around the harbour and the adjacent city centre and a perceived issue with multiple planning authorities involved in regulating development, especially around the waterfront.

- Tasmania has a growing reputation as an experience destination. Experience development still lags accommodation and this imbalance must be addressed if we are to reflect the growing customer trend to travel in pursuit of 'passion'. Similarly, while there are a variety of ways of adding value to a holiday through experience offerings, much of our natural and cultural heritage is presently experienced by visitors through personal visit without the company of an experienced and knowledgeable tour operator or guide. The stories of Tasmania are rich and dramatic and growth in the number of 'guided experiences' on offer presents an opportunity to maximise visitor satisfaction in the destination, improve yield to the sector and enhance repeat business.
- The desire of travellers to research and potentially book travel and tourism online is growing quickly, with Australians in particular being early adopters of the medium. Many Tasmanian tourism operators have embraced online activity, including e-commerce, but Tasmania still lags market demand with over half of our industry having no or limited online booking capability. Moreover, a quarter of our industry has no web presence at all. While this issue is similar to other industry sectors in Tasmania, for our tourism industry this could mean a loss of market competitiveness in the near future as more and more travellers turn to online for information and booking.
- The rise of social media as an influencer in purchase decisions creates an opportunity to evolve our approach to engaging with customers as mass marketing becomes less relevant and effective.
- Distribution of visitors around Tasmania is seen to drive broader economic benefit for the state economy through the engagement of local businesses in small towns and regional and urban destinations alike. Evidence from surveys suggests changing patterns of travel with fewer visitors travelling to the regions. Consequently the fortunes of smaller businesses in these areas have declined, placing in jeopardy the health of local communities and their economies.
- With the present mix of visitation across the seasons, opportunity exists to provide year round sustainability and resilience for tourism businesses by growing demand in the winter and shoulder seasons. If such a strategy were successful, businesses would see greater utilisation of their assets and greater return on investment along with more employment and a greater economic return for the state.
- The current changes in the forestry industry in Tasmania that aim to end long standing conflict over logging in native forests may see new reserves created in the future. If this eventuates, while opportunities exist for the tourism industry to create new employment and sustainable tourism experiences in these regional destinations, access to such lands for commercial activity must be a key consideration in decision making.
- As a small player in the tourism market, Tasmania has always been extremely focussed on its core strengths. We have never been a 'one size fits all' destination and as such have been disciplined in our activities and have clearly defined our core markets. The increased desire by consumers for a personalised holiday experience requires us to continue to shift from a largely geographic market focus (where do they live?) to a needs and interest focus (what do they want?) in our approach to the targeting of our marketing.
- Employment in the industry still continues to be an issue with a limited supply of appropriate staff and difficulty in retaining employees. The industry has a poor profile for young people as a career choice and is often seen as a short term option while training or being educated for a 'real' career. The highly seasonal nature of our destination has in the past also contributed to this situation.
- Climate change implications are real for the tourism sector with aviation emissions and environmental sustainability within destinations being issues for travellers generally. As it continues to grow, the Tasmanian tourism industry must ensure that sustainability can be demonstrated to potential visitors to our destination. Industry operators will need to not only grow the quality of their offerings, but also reflect an increasing awareness of and sensitivity to the tourism footprint on our planet.

[2] *Jackson Report, Commonwealth of Australia, 2009*

[3] *National Long Term Tourism Strategy, Commonwealth of Australia, 2010*

[4] *Tourism Forecasting Committee, Forecast Issue 2, Department of Resources Energy and Tourism, November 2010*

[5] *State of the Industry 2010, Department of Resources Energy and Tourism, 2010*

a plan for the future
goals, milestones and benchmarks

Tourism Tasmania and the Tourism Industry Council of Tasmania (TICT) have assessed existing trends in our industry affecting both the national position and Tasmania's own performance and with expert advice[6] have developed a 'hold share' trend line of growth and an aspirational *Industry Potential Goal*.

The 'hold share' trend is a reference point for growth and assumes the total market and our market share of domestic and international trips will remain relatively constant. In comparison, the *Industry Potential Goal* is a 10 year domestic and international visitor spend goal that has been pitched above the 'hold share' trend line and has been established to motivate industry and government to achieve more together. This approach will compliment a similar initiative developed by Tourism Australia for the whole Australian tourism industry launched in November 2010.

The ten year period to December 2009 saw an average growth rate of 5.8% in nominal terms, delivering $2.14 billion in annual domestic and international spend by that date. In contrast, the 'hold share' trend line to 2020 equates to an average growth rate of 4.4% in nominal terms delivering $3.42 billion in annual domestic and international visitor spend by that date[7].

The *Industry Potential Goal* proposes a 1.1% increase in our market share of interstate trips, a 1.1% increase in our market share of international trips and a 12% increase in intrastate overnight and day trips. These changes will drive an average annual growth rate of 6.8% in nominal terms to deliver $4.39 billion of domestic and international visitor spend by 2020.

Achieving these levels of visitor spend will require our industry and government to address not only our opportunities, but also to recognise our constraints and develop responses to them. In particular our expert advice indicates that our *Industry Potential Goal* will require additional investment of some 2,276 accommodation rooms (an increase of 35%) and some 841,284 additional airline seats (an increase of 48%) into Tasmania by 2020. Without that investment by tourism businesses, investors and airlines, our goal will not be achieved.

Our *Industry Potential Goal* is supported by a series of benchmarks to enable an assessment of whether Tasmania is achieving the level of progress we believe we are capable of and will be necessary if we are to attain the Goal. We will review these benchmarks annually against our performance and formulate a view as an industry of the future implications.

industry potential goal

All purposes of trip ($billions) - 12MMT
Derived by BDA from TVS / NVS / Access Economics

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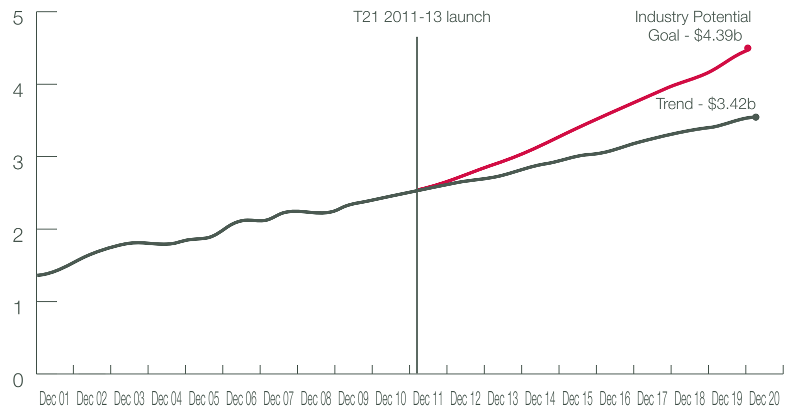


$billions	D11	D12	D13	D14	D15	D16	D17	D18	D19	D20	D09-D20 growth	Avg p.a. growth
Trend Outlook	2.37	2.48	2.60	2.69	2.80	2.93	3.05	3.17	3.30	3.42	50%	4.4%
Industry Potential Goal	2.47	2.66	2.85	3.02	3.22	3.44	3.67	3.90	4.14	4.39	105%	6.8%

[6] *BDA Marketing Planning, 2010*

[7] *Intrastate, Interstate and International visitor spend for all purposes of travel*

gsp contribution

$1.06 billion or 4.98% of Tasmanian GDP compared to 3.6% of Australian GDP in 2007-08. *Source: STCRC TSA*

employment

14,150 direct jobs or 6.15% of Tasmanian employment compared to 4.7% for all of Australia in 2007-08. *Source: STCRC TSA*

community attitude

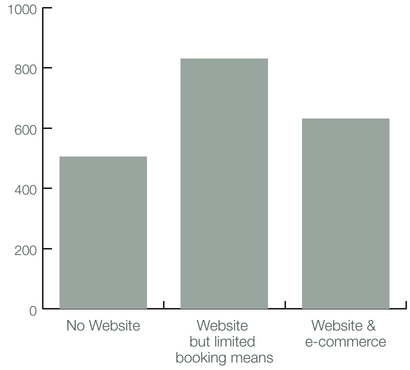
40% of Tasmanians unprompted said tourism was the main industry contributing to the growth of the Tasmanian economy. *Source: EMRS*

regional distribution

Nights spent in marketing zones – 2010 vs 2009. *Source: TVS June 2010*

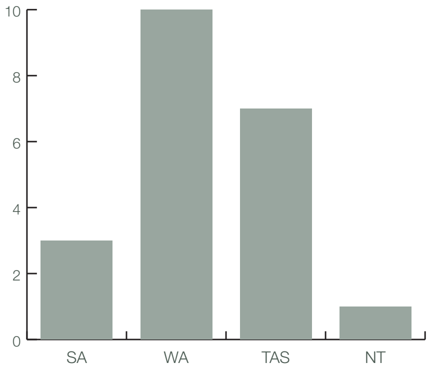
digital economy take-up

Number of industry participating in the digital economy with websites and e-commerce . *Source: TigerTour April 2010*



visitor growth

% change in interstate competitors overnight visitors 2010 vs 2009. *Source: TRA NVS June 2010*

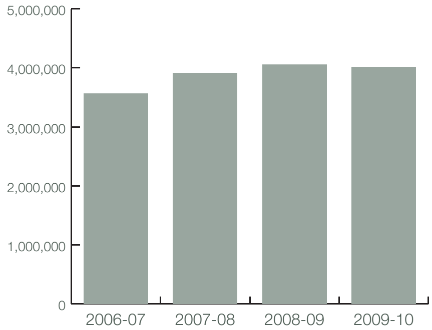


visitor satisfaction

Compared to key domestic competitors *Source: BDA Marketing Planning June 2010*

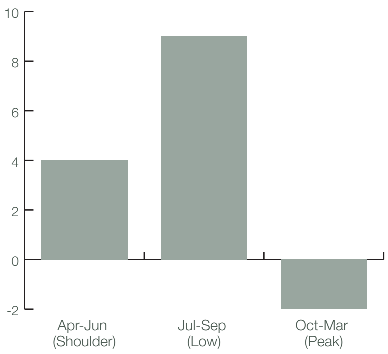
airline capacity

Aviation seat capacity to and from Tasmania *Source: BTRE Capacity Stats June each year*



seasonality

% change in visitors in shoulder & winter seasons compared to peak season – 2009 vs 2008. *Source: TVS June 2010*



industry investment

Number of Accommodation / Attractions & Tours businesses at 30 June last three years. *Source: Tourism Tasmania TigerTOUR Database*

key strategies

If we are to achieve our *Industry Potential Goal* we need a plan that outlines our priorities and what we will do to achieve them. Those strategies are grouped under the following key issues:

- Our Brand
- Sustainable Access
- Marketing and Distribution
- Our Industry
- Building for the Future.

strategy 1 - our brand

Together we will create a highly desirable destination by:

- Building on the strength of our brand attributes – our natural and cultural environment, pristine landscapes and relaxed pace of life – by adding genuine depth and breadth to our consumer messages.

Actions

- Monitor our brand strength and enhance our brand messaging in response to opportunities and threats
- Deepen brand perceptions of our destination by presenting Tasmania as an aspirational and multi-themed experience destination in all our demand generation activities
- Partner with other industries and organisations that present Tasmania to the world to extend the reach of our brand messages, by showcasing our strength in nature and heritage experiences particularly our World Heritage listed convict sites, our world class food and beverage and our culture including our artistic endeavours
- Use the power of social media to build awareness of our destination and its brand values to global audiences
- Ensure that both industry and government marketing activities are consistent with our brand attributes.

strategy 2 - sustainable access

Together we will make it easier to travel to and around Tasmania by:

- Forging stronger links with airlines and airports, actively seeking new routes and increases in seat capacity and flight frequency year round and partnering with TT-Line to further develop the Bass Strait sea route and with TasPorts to grow demand for cruising to Tasmania.

Actions

- Leverage our extensive research capability by working closely with airlines and airports to:
  - Partner the growth of the destination in key domestic and international markets
  - Build frequency and capacity in existing non-stop markets
  - Target new direct services to Tasmania from high potential markets
  - Explore our potential for direct international services including charters
  - Improve international connections to domestic services and enhance Tasmania's visibility in global carrier booking systems to build market awareness of our destination.
- Support TT Line's efforts to build tourist visitation and drive regional dispersal
- Ensure continued support for the Bass Strait Passenger Vehicle Equalisation Scheme
- Work with TasPorts and key stakeholders to grow the cruise ship market.

strategy 3 - marketing and distribution

Together we will motivate potential visitors to come to our island by:

- Developing and supporting marketing messaging, activity and campaigns that present Tasmania's unique experiences in a way that engages and motivates people to travel to and around our state
- Supporting our tourism operators and travel distribution partners (travel agents, wholesalers, airlines) in their efforts to sell Tasmania across all distribution channels.

Actions

- Continue to be market led through focussed and quality research and further develop our strong 'experiential' focus within our marketing and consumer engagement activity
- Integrate our consumer marketing and conversion activities across all mediums and channels to market to ensure consistency in our approach to our target audiences
- Support industry in developing their e-commerce capabilities to enhance their conversion opportunities
- Use the power of public relations (including the Visiting Journalists Program) and social media to gain valuable third-party validation of our message, particularly the richness and diversity of our offer around the state
- Maximise the capability of the Tasmanian marketing message by developing aligned co-operative in-market ventures between government and industry
- Spread the economic benefits from tourism state-wide by delivering messages to our customers that address seasonality and drive visitor distribution state-wide through highlighting regional attractions, experiences and events that motivate them to spend more and stay longer
- Develop stronger relationships with our distribution partners by engaging in greater levels of co-operative activity and providing content and product to boost their programs
- Work closely with Tourism Australia in developing new strategies to boost international visitation, particularly from Asia and other emerging markets
- Work with Business Events Tasmania to grow the vital conventions, meetings and corporate market.

strategy 4 - our industry

Together we will deliver on the promise of an unforgettable Tasmanian holiday by:

- Ensuring our visitors have the best possible experience by jointly investing in business intelligence to better inform business decision making, building industry capability and quality and fostering the development of our industry as a career of choice
- Support the visitor information delivery networks to add value to the visitor experience through quality information and booking services
- Build stronger industry representation by encouraging tourism businesses to join local associations or sector groups.

Actions

- Increase our strategic focus on business intelligence and our support for learning and capability development to build greater industry resilience
- Strengthen our commitment to raising quality and service standards by encouraging industry take-up of tourism accreditation programs
- Develop closer links with local communities who contribute strongly to creating and maintaining our visitor experiences

- Work with visitor information delivery networks to develop sustainable business models including the adoption of online marketing and distribution as an element of connecting our visitors to the depth of our local stories and places of interest across the state
- Improve our capabilities in the online channel by building the number of operators implementing online marketing and distribution with an emphasis on becoming e-commerce enabled
- Develop stronger industry associations and sector groups by encouraging more tourism businesses to join and work together on common issues
- Actively promote workforce development programs that build tourism career pathways and address year-round employment and skills shortages by:
  - Working with industry to showcase 'champions' (those businesses that perform at the highest level)
  - Developing strategies to manage the demand for labour including specialist skills
  - Improving the working environment to attract quality people into tourism
  - Actively promoting the tourism industry as a great place to work for school leavers, career changers and interstate/overseas tourism professionals.

strategy 5 – building for the future

Together we will plan for a sustainable future by:

- Building the tourism capability of destinations state-wide by supporting the growth of new and enhanced tourism infrastructure and building the experience base of our industry to meet visitor expectations
- Building stronger tourism destinations state-wide by encouraging a partnership approach to destination management planning, particularly with local communities, as an element of regional development.

Actions

- Highlight gaps and opportunities in the delivery of tourism and supporting infrastructure in key tourism locations state-wide
- Partner with tourism businesses and investors to facilitate the delivery of new experience-based products that deliver the depth and diversity of the Tasmanian brand promise and enhanced tourism infrastructure
- Actively support corporate and government initiatives to streamline investment and infrastructure planning and approvals processes, particularly in the Hobart City and Sullivans Cove precincts
- Ensure environmental and social sustainability is a key element of all development proposals and that industry fully embrace principles designed to manage climate change impacts and the engagement of local communities
- Through partnerships with local government, Tourism Tasmania and the tourism industry, encourage destination management planning as an important element of sustainability in regional development
- Work with event organisers to enhance our program of events state-wide as a vital component of encouraging visitors and locals to travel destinations across Tasmania.

next steps

Tourism Tasmania, on behalf of Government, and Tourism Industry Council Tasmania representing the tourism industry, agree that this joint strategic approach is our best opportunity to ensure our industry can prosper and grow over the next decade.

There are a range of commitments on each partner and the industry to fulfil the agreement. We will annually review our performance and our results in implementing the agreed direction at the TICT / ITOT Annual Tasmanian Tourism Industry Conference. And if change is required to any aspect of our direction due to altered circumstances, then each party to this strategy will remain committed to do so.

Tourism can deliver substantial benefits to our state both through quality of life and economic prosperity. It is up to all of us involved with tourism to ensure we deliver on this promise.

Tourism Industry Council of Tasmania
Tourism Tasmania

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