Discover your edge

TOURISM FUTURES
FINAL POST CONFERENCE REPORT
2005

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1. EXECUTIVE SUMMARY

TOP FIVE CHALLENGES

The 2005 Tourism Futures Survey has revealed that the top five challenges facing the Australian tourism industry are:

Next Year

- Increasing oil/fuel costs
- Effect of world instability
- Cost of public liability insurance
- Need for product development and infrastructure in regional areas
- Training and skills shortage

Next Ten Years

- Sustainability of tourism (triple bottom line)
- Effect of world instability on Australia
- Increasing oil/fuel costs
- Need for product development and infrastructure in regional areas
- Global warming

TOP FIVE COMPETITIVE ADVANTAGES

The survey results indicated that the tourism industry's top five competitive advantages are:

Next Year

- Stable and safe country
- Pristine beauty of Australia
- Australia's culture and friendly people
- Unique experience offered in Australia
- Australia's status as a highly desirable destination

Next Ten Years

- Pristine beauty of Australia
- Stable and safe country
- Unique experience offered in Australia
- Australia's culture and friendly people
- Vastness of Australia/uncrowded

TOP FIVE GROWTH MARKETS

This survey results revealed that the top five growth markets for the Australian tourism industry are:

Next Year

- Domestic Tourism
- Grey Nomads
- Ecotourism
- Food & Wine Tourism
- Backpackers

Next Ten Years

- Ecotourism
- Grey Nomads
- Domestic Tourism
- Indigenous Tourism
- Food & Wine Tourism

2. INTRODUCTION

2.1 Background

The Tourism Futures Conference is held annually to provide a forum to discuss the key issues which shape the Australian tourism industry. As a part of the conference, a questionnaire is distributed and provides a research based view on the issues facing this industry. More specifically, it investigates the perceptions of the Australian tourism industry and conference delegates as to what issues they believe the industry is facing in the next year and over the next ten years.

2.2 Research Objectives

The aim of this research is to gain an insight into the perceptions of the tourism industry and conference delegates as to what key issues face the Australian tourism industry.
The three main issues being explored are:

- Challenges facing the industry
- Competitive advantages
- Opportunities for growth

3. METHODOLOGY

The Tourism Futures Delegate Survey is conducted annually in the lead up to the National Tourism Futures Conference.

The survey was distributed to a national database of tourism industry contacts and delegates of the Tourism Futures National Conference. The online survey was emailed to the database on 29th August, 2005 and a weekly reminder email was sent in the lead up to the conference. In addition, conference delegates were encouraged to complete a hard-copy version of the survey on the first two days of the conference. In total, 214 completed questionnaires were received.

A self-completion questionnaire based on the Delegate Questionnaire was organized by Tony Charters and Associates and distributed to each workshop facilitator at the conference. Facilitators were asked to record the key challenges, competitive advantages and opportunities for growth raised in the workshops. Questionnaire responses are presented in this report in order from the most often raised issues to the least raised in the workshops.

Volunteers, organised by Tony Charters and Associates, recorded the key issues raised by the conferences keynote speakers. Roy Morgan Research has collated and presented these notes in this report.

To optimise participation in the survey all respondents were put into a draw to win a two night Acacia Relaxation package at Binna Burra Mountain Lodge on the Gold Coast.

The purpose of this report is to provide a final overview of the delegate survey and conference sessions.

4. TYPES OF ORGANISATIONS PARTICIPATED

The following table highlights the composition of the sample in terms of organisation type:

Table 1: Participating Organisations

Type of Organisation	
Tourism Operator	30%
Consultant	14%
Local Government	14%
University/TAFE/Other academic	10%
State Government Department	9%
State Tourism Office	7%
Industry Association	4%
Federal Government	3%
Regional or Local Tourism Organisation	3%
Other	7%

5. DELEGATE SURVEY

5.1 Challenges

5.1.1 Short Term Challenges

Table 2: Unprompted Responses

Main Issues and Challenges Facing Australia in the Next Year	2004	2005	% Point Change
Increasing oil/fuel costs	7%	45%	38%
Terrorism	16%	24%	8%
Safety/security	13%	15%	2%
Competition by overseas destinations	9%	13%	4%
Australian economy/dollar	8%	8%	0%
Marketing Australia internationally	10%	7%	-3%
Improving Customer Service/Quality of Standards	-	6%	-
Affordability/High Cost of Travel	-	6%	-
Quality of Product/Differentiation of Product/New Product	-	6%	-
Hospitality training and staffing issues	2%	6%	4%
Identification and targeting of high yield business	0%	6%	6%
Effect of world instability on Australia	18%	4%	-14%
World economy	5%	4%	-1%
Marketing Australia domestically	3%	3%	0%
Need for Product Development and Infrastructure in Regional Areas	5%	3%	-2%
Dispersion of visitation to regional areas	3%	3%	0%
Sustainability of tourism (social, environmental, economic)	-	3%	-
Need to increase visitor numbers	5%	2%	-3%
Partnerships between government, industry and private sector	5%	2%	-3%
Sustainability issues (general)	3%	2%	-1%
Natural Disasters/Climate Change	-	2%	-
Maintaining the Authenticity of our Tourism Experience	-	2%	-
Sustainability of tourism based on natural attractions	1%	2%	1%
Increasing cost of holidays	0%	2%	2%
Quality of Experience	-	2%	-

Table 3: Prompted Responses

Main Issues and Challenges Facing Australia in the Next Year	2004	2005	% Point Change
The price of oil/fuel	1%***	70%	69%
Effect of world instability on Australia	49%	44%	-5%
Cost of public liability insurance	31%	21%	-10%
Need for Product Development and Infrastructure in Regional Areas	32%	21%	-11%
Training and staffing issues (including skills shortage)*	13%	21%	8%
World economy	39%	18%	-21%
Competition by overseas destinations	40%	18%	-22%
Delivery of quality product and services	N/A	17%	-
Sustainability of tourism (social, environmental, economic)	29%	17%	-12%
Level of support from Government	18%	13%	-5%
Marketing Australia domestically	15%	13%	-2%
Absence of Low Cost Carriers in key destinations	N/A	13%	-
Increasing compliance costs to meet regulatory standards	20%	12%	-8%
Partnerships between government, industry & private sector	22%	12%	-10%
Timely, accurate and relevant research	18%	12%	-6%
Marketing Australia internationally	24%	12%	-12%
Industry profitability	22%	12%	-10%
Dispersion of visitation to regional areas	18%	11%	-7%
Air access to Australia	31%	11%	-20%
Sustainability of tourism based on natural attractions	20%	10%	-10%
Responding to the decline in traditional international markets	N/A	10%	-
Air access within Australia	18%	9%	-9%
Lack of host community support for tourism	9%	9%	0%
Quality of Roads	16%	9%	-7%
Identification and targeting of high yield business	5%	8%	3%
Tourism certification and accreditation	N/A	7%	-
Preparing for growth in emerging international markets	N/A	7%	-
Negative reports about tourism in the media	8%	5%	-3%
Global Warming	N/A	4%	-
Developing and keeping up with technology for distribution	9%	4%	-5%
Access to protected areas for nature based tourism	8%	4%	-4%
Quality of cruise ship facilities	N/A	3%	-
Quality of event facilities	N/A	2%	-
Need to develop cultural and indigenous tourism**	N/A	1%	-
Quality of airport facilities	N/A	0%	-

N/A – not asked in previous year
*Category was Hospitality training and staffing issues in 2004
**Not prompted, response was from ‘other’
***Category was ‘increasing fuel costs (2003 data)

5.1.2 Long Term Challenges

Table 4: Unprompted Responses

Main Issues and Challenges Facing Australia in the Next Ten Years	2004	2005	% Point Change
Terrorism	12%	20%	8%
Increasing oil/fuel costs	5%	20%	15%
Competition by overseas destinations	16%	16%	0%
Sustainability of tourism (social, environmental, economic)	23%	13%	-10%
Safety/security	6%	11%	5%
Hospitality training and staffing issues	6%	10%	4%
Climate Change/Global Warming	-	7%	-
Marketing Issues (general)	7%	6%	-1%
Global Issues (general)	-	5%	-
Infrastructure Issues (general)	11%	5%	-6%
New product/refreshing existing product	14%	5%	-9%
Marketing Australia internationally	7%	5%	-2%
Sustainability Issues (general)	1%	4%	3%
Quality/Standards	-	4%	-
World economy	4%	4%	0%
Australian economy/dollar	4%	4%	0%
Sustainability of tourism based on natural attractions	14%	3%	-11%
Aviation Issues (general)	8%	3%	-5%
Level of finance/investment	5%	3%	-2%
Increasing cost of a holiday	-	3%	-
Health epidemics	-	3%	-
Increasing compliance costs to meet regulatory standards	1%	3%	2%
Effect of world instability on Australia	14%	3%	-11%
Industry professionalism	4%	2%	-2%
Aging population/Baby Boomers	6%	2%	-4%
Keep Australia as a Top Tourist Destination	-	2%	-
New/emerging source markets	4%	2%	-2%
Dispersion of visitation to regional areas	1%	2%	1%
Cost (General)	-	2%	-
Change with Market Demand	-	2%	-
Partnerships between government, industry & private sector	7%	2%	-5%
Level of support from Government	2%	2%	0%
Industry Profitability	7%	2%	-5%

Table 5: Prompted Responses

Main Issues and Challenges Facing Australia in the Next Ten Years	2004	2005	% Points Change
Sustainability of tourism (social, environmental, economic)	47%	36%	-11%
Effect of world instability on Australia	43%	35%	-8%
The price of oil/fuel	1%***	35%	34%
Need for Product Development and Infrastructure in Regional Areas	39%	33%	-6%
Global Warming	N/A	27%	-
World economy	27%	24%	-3%
Competition by overseas destinations	N/A	22%	-
Sustainability of tourism based on natural attractions	27%	20%	-7%
Partnerships between government, industry & private sector	27%	18%	-9%
Training and staffing issues* (including skills shortage)	16%	17%	1%
Increasing compliance costs to meet regulatory standards	20%	14%	-6%
Dispersion of visitation to regional areas	19%	14%	-5%
Air access to Australia	29%	14%	-15%
Cost of public liability insurance	17%	13%	-4%
Quality of Roads	15%	13%	-2%
Marketing Australia internationally	22%	13%	-9%
Level of support from Government	18%	12%	-6%
Preparing for growth in emerging international markets	N/A	12%	-
Timely, accurate and relevant research	14%	11%	-3%
Absence of Low Cost Carriers in key destinations	N/A	10%	-
Lack of host community support for tourism	9%	10%	1%
Industry profitability	17%	9%	-8%
Air access within Australia	16%	8%	-8%
Identification and targeting of high yield business	5%	7%	2%
Responding to the decline in traditional international markets	- N/A	6%	-
Delivery of quality products and services	N/A	6%	-
Developing and keeping up with technology for distribution	9%	6%	-3%
Quality of cruise ship facilities	N/A	5%	-
Access to protected areas for nature based tourism	10%	5%	-5%
Tourism certification and accreditation	N/A	5%	-
Marketing Australia domestically	7%	5%	-2%
Negative reports about tourism in the media	4%	3%	-1%
Quality of airport facilities	N/A	3%	-
Quality of event facilities	N/A	2%	-
Need to develop cultural and indigenous tourism**	N/A	1%	-
Keeping up with changing customer needs**	N/A	1%	-

N/A – not asked in previous year
*Category was Hospitality training and staffing issues in 2004
**Not prompted, response was from 'other'
***Category was 'Increasing fuel costs' (2003 data)

5.2 Competitive Advantages

5.2.1 Short Term Competitive Advantages

Table 6: Unprompted Responses

Australia's Main Competitive Advantage - Next Year	2004	2005	% Points Change
Stable and safe country	52%	48%	-4%
Green environment/natural/pristine beauty of Australia	22%	35%	13%
Australia's culture and friendly people	19%	14%	-5%
Diversity of product/experience	24%	13%	-11%
Unique experience offered in Australia	11%	11%	0%
Clean environment/minimal pollution in Australia	8%	9%	1%
Australia's status as a highly desirable destination	2%	6%	4%
Affordable	8%	5%	-3%
Geographic location/distance from other countries	3%	5%	2%
Well developed tourism infrastructure	6%	5%	-1%
Indigenous culture	3%	4%	1%
Our Climate	-	4%	-
Vastness of Australia/uncrowded	7%	4%	-3%
Australia's economic health	8%	3%	-5%
Australia's environmental management practices	5%	2%	-3%
Undeveloped Areas Available for Tourists	-	2%	-
High standard of living in Australia	0%	2%	2%
Government Support	-	2%	-
Low Cost/Competitive Domestic Airfares	-	2%	-
Easy Access to Most Destinations	-	2%	-

Table 7: Prompted Responses

Australia's Main Competitive Advantages - Next Year	2004	2005	% Points Change
Stable and safe country	86%	78%	-8%
Clean/Green environment/natural/pristine beauty of Australia*	56%	63%	7%
Australia's culture and friendly people	58%	55%	-3%
Unique experience offered in Australia	62%	51%	-11%
Australia's status as a highly desirable destination	36%	43%	7%
Diversity of product/experience	48%	40%	-8%
Vastness of Australia/uncrowded	41%	32%	-9%
Well developed tourism infrastructure	32%	27%	-5%
Australia's economic health	19%	26%	7%
Indigenous culture	18%	22%	4%

*Category was Green environment/natural/pristine beauty of Australia in 2004

5.2.2 Long Term Competitive Advantages

Table 8: Unprompted Responses

Australia's Main Competitive Advantages - Next Ten Years	2004	2005	% Points Change
Green environment/natural/pristine beauty of Australia	32%	38%	6%
Stable and safe country	35%	28%	-7%
Australia's culture and friendly people	18%	16%	-2%
Unique experience offered in Australia	9%	15%	6%
Diversity of product/experience	21%	11%	-10%
Vastness of Australia/uncrowded	11%	11%	0%
Innovations/improvements to the tourism industry	11%	9%	-2%
Clean environment/minimal pollution in Australia	6%	8%	2%
Geographic location/distance from other countries	5%	7%	2%
Affordable	3%	5%	2%
Indigenous culture	6%	5%	-1%
Stability of domestic politics	4%	4%	0%
Australia's status as a highly desirable destination	3%	4%	1%
Australia's environmental management practices	5%	3%	-2%
High standard of living in Australia	1%	3%	2%
Climate	4%	3%	-1%
Well developed tourism infrastructure	4%	3%	-1%
Government Support	-	3%	-
Quality of Attractions	-	2%	-

Table 9: Prompted Responses

Australia's Main Competitive Advantages - Next Ten Years	2004	2005	% Point Change
Clean/Green environment/natural/pristine beauty of Australia*	57%	71%	14%
Stable and safe country	79%	71%	-8%
Unique experience offered in Australia	58%	54%	-4%
Australia's culture and friendly people	48%	49%	-1%
Vastness of Australia/uncrowded	41%	47%	6%
Diversity of product/experience	50%	45%	-5%
Australia's status as a highly desirable destination	37%	38%	1%
Indigenous culture	23%	37%	14%
Well developed tourism infrastructure	36%	29%	-7%
Australia's economic health	20%	13%	-7%

N/A – not asked in previous year
*Category was Green environment/natural/pristine beauty of Australia in 2004

5.3 Opportunities for Growth

5.3.1 Short Term Opportunities for Growth

Table 10: Short Term Opportunities for Growth

Main Opportunities for Growth in the Next Year	2004	2005	% Point Change
Domestic Tourism	75%	45%	-30%
Grey Nomads and Senior Tourism	37%	40%	3%
Ecotourism	36%	37%	1%
Food & Wine Tourism	26%	35%	9%
Backpackers	43%	30%	-13%
Drive Tourism	32%	27%	-5%
Special Events and Festivals	29%	26%	-3%
Short-haul Inbound Tourism	47%	26%	-21%
Adventure Tourism	29%	24%	-5%
Business Events Tourism (MICE)	22%	22%	0%
Health & Spa Tourism	7%	21%	14%
Campervan/Caravan and Motorhome	N/A	20%	-
Outback Tourism	25%	19%	-6%
Education Tourism	16%	17%	1%
Reef-based Tourism	16%	15%	-1%
Indigenous Tourism	11%	13%	2%
Long-haul Inbound Tourism	33%	13%	-20%
Heritage Tourism	4%	9%	5%
Gay & Lesbian Tourism	4%	4%	0%
Golf Tourism	3%	4%	1%

N/A – not asked in previous year

5.3.2 Long Term Opportunities for Growth

Table 11: Long Term Opportunities for Growth

Main Opportunities for Growth in the Next Ten Years	2004	2005	% Point Change
Ecotourism	48%	53%	5%
Grey Nomads and Senior Tourism	41%	52%	11%
Domestic Tourism	58%	30%	-28%
Indigenous Tourism	N/A	29%	-
Food & Wine Tourism	23%	28%	5%
Adventure Tourism	27%	27%	0%
Outback Tourism	21%	26%	5%
Business Events Tourism (MICE)	25%	26%	1%
Long-haul Inbound Tourism	47%	25%	-22%
Special Events and Festivals	24%	24%	0%
Campervan/Caravan/Motorhome Tourism	N/A	22%	-
Backpackers	34%	21%	-13%
Short-haul Inbound Tourism	43%	18%	-25%
Education Tourism	19%	17%	-2%
Health & Spa Tourism	8%	16%	8%
Drive Tourism	21%	15%	-6%
Heritage Tourism	7%	10%	3%
Reef-based Tourism	16%	9%	-7%
Gay & Lesbian Tourism	4%	9%	5%
Golf Tourism	5%	8%	3%

N/A – not asked in previous year

6. ISSUES ARISING FROM KEYNOTE SPEAKERS

6.1 Main Challenges and Issues Facing the Australian Tourism Industry

Trends

- Flat growth in domestic tourism
- Outbound travel is increasing
- Share of the domestic Australian wallet, for tourism has declined
- Higher levels of personal debt
- Decline in affordability of Australian holiday
- Annual leave is being stockpiled
- Consumers are becoming resilient to shocks and terrorism
- A shift is happening in the way we engage our communities
- Economic issues – disposable income, cost of travel, cost of services, price range of facilities
- Tourists are interested in new things rather than being cautious
- Australians are becoming more materialistic
- Changes in pattern of leisure and more focus on personal activities rather than group activities.

Global Issues

- The price of oil/fuel
- Terrorism
- World economy
- Infectious disease epidemics like SARS
- Climate change – more hot days, severe cyclones, rise in sea levels, decrease in biodiversity, cost of eliminating Co2
- Peak in oil price – reached peak in oil production , perhaps fewer trips and longer stays
- Tourists are more resilient in their travel plans to the effects of world events such as Sep 11, Bali bombings, war in Iraq, effect of terrorism, pandemics, Sydney Olympics
- World economies are continuing to grow and increase particularly in China, USA, Japan and India (which are some of the countries we get our main tourism from)

Aviation

- Changing traveller due to low cost carriers
- Changing destination choice due to low cost carriers

Sustainability

- Natural environments are under threat

- Great Barrier Reef affected by climate change
- Management practices of natural environments
- Not enough funding for National Parks – for management and promotion
- Need to be yield focussed and not volume focussed
- Environmental and social responsibilities for tourism operators
- Accreditation
- Need to focus on reconciliation with local natives
- Tourism will become bio regional tourism
- Sustainable tourism future is our moral duty to all future generations
- Sustainability of tourism – must act now on environmental problems as it's the single most important issue facing Australia is protecting the environment

Marketing

- Responding to the decline in traditional international markets
- Preparing for growth in emerging international markets
- Rapid growth of technology
- Need to position brand on strengths that differentiate and minimise substitutability
- Need to understand and prioritise your market opportunities to ensure investment return is maximized
- Marketing the competitive edge of ecotourism
- Knowing your consumers is the key to survival for tourism businesses - things are changing very quickly and your marketing can keep up with this.
- Airline websites are the most used for travel; internet is the chief source of information for travel.
- Regional tourism relies on Australia's brand
- Destination awareness is the 'brand' relating to travel – the thoughts that people have about your product
- USP – unique selling position – is ignored a lot by the tourism industry, eg Starbucks USP is the experience of the place over the coffee
- USP has moved to ESP – Emotional Selling Position – eg Meat makes you feel good campaign with dancing butchers
- Editorial is very important and more valuable than advertising
- Brand reflected in everything – stationery , web, etc
- Consistency in marketing is good – like 100% pure NZ – keep up the same theme and it will be remembered

Niche Markets

- Experience Indigenous tourism by the domestic market
- Queensland's approach to indigenous development – eg education, health, housing

- Queensland Ecotourism Plan – supports cultural heritage , tourism based on commercial partnership
- People may have visited many places, but how many have they connected with? A way of connecting with a place is by understanding its Aboriginal culture and heritage and working with the community

Community

- Now experiencing the most profound changes in regional tourism than in the last 15 years
- Tourism has a role in community capacity building – fantastic opportunity for communities
- Social cohesion – community attitudes to tourism, unifying community or creating 2 communities
- Need to engage with our communities to find out what they want, so in return they give tourism their support

Other

- Ageing Australia – high yield strategies i.e. high value, high yield customers
- The challenges facing regional tourism are the impact of low cost carriers; increase in visiting friends and relatives; impact of increase in outbound travel; impacts of increase in fuel costs

6.2 Main Competitive Advantages

- Australia's unique natural assets
- Wide range of attractions
- Diversity of styles , prices and range
- Tourism infrastructure
- Interpretative capacity
- Clean water and air
- Indigenous tourism
- Capacity building
- Indigenous culture is being transformed into artwork and is getting very sought after internationally

6.3 Main Opportunities for Growth

- Indigenous tourism
- Ecotourism
- Adventure tourism
- International market
- China and India

- Regional tourism

6.4 Other Issues

- Labour supply – substantial concern about skilled and unskilled labour shortages
- Tourism accommodation investment is picking up
- Three tiers of government make it very difficult in regional areas and resources are scarce
- Seachange debate – an impacts taskforce has been established – people are moving for residential and lifestyle reasons; poor government planning is the problem not tourism
- Cross-border cooperation needed by the States
- Good factors of successful destinations are a strong LTO, RTO and STO; strong support from local government; community engagement;

7. ISSUES ARISING FROM WORKSHOPS

Workshop questionnaire responses are presented in this report in order from the most often raised issues to the least raised in the workshops.

7.1 Main Challenges and Issues Facing the Australian Tourism Industry

Key Issues Raised

- Partnerships between government, industry and private sector
- Sustainability of tourism (triple bottom line – social, environmental and economical sustainability)
- Marketing Australia domestically
- Timely, accurate and relevant research
- Marketing Australia internationally
- Level of support from government

Other Issues Raised

- Sustainability of tourism based on natural attractions
- Delivery of quality product and services
- Need for product development and infrastructure in regional areas
- Industry profitability
- Dispersion of visitation to regional areas
- Identification and targeting of high yield visitors
- The price of oil/fuel
- Hospitality training and staffing issues
- Quality of roads
- Developing and keeping up with technology for distribution
- Access to protected areas for nature-based tourism
- Air access within Australia
- Competition by overseas destinations
- Lack of host community support for tourism
- Preparing for growth in emerging markets
- Air access to Australia
- Absence of low cost carriers in key destinations
- Quality of infrastructure ie airports, cruise facilities, event facilities
- Global warming
- World economy
- Effect of world instability
- Increasing compliance costs to meet regulatory standards
- Native title issues
- Negative reports about tourism in the media

7.2 Main Competitive Advantages

Key Advantages Raised

- Clean/Green environment/natural/ pristine beauty of Australia
- Diversity of product/experience

Other Advantages Raised

- Well developed tourism infrastructure
- Australia's culture and friendly people
- Vastness of Australia/uncrowded
- Indigenous culture
- Unique experience offered in Australia
- High standard of living in Australia
- Australia's economic health

7.3 Main Opportunities for Growth

Key Opportunity Raised

- Domestic Tourism

Other Opportunities Raised

- Long-haul Inbound
- Short-haul Inbound
- Ecotourism
- Food and Wine Tourism
- Drive Tourism
- Adventure Tourism
- Special Events and Festivals
- Indigenous Tourism
- Outback Tourism
- Heritage Tourism
- Golf Tourism
- Grey Nomads/Senior Tourism
- Education Tourism
- Backpackers
- Reef-based Tourism