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## Introduction

The Fifth National Conference on Tourism Futures, held on 4-6 December 2006 in Melbourne, had a record attendance of almost 400 delegates. The delegates comprised CEOs, tourism operators, industry representatives, policy makers, academics and researchers from throughout Australia and New Zealand who identified a range of key issues, trends and challenges facing the region's tourism industry.

The purpose of this communiqué is to provide a summary of the outcomes of the conference and key issues raised by industry.

The communiqué is forwarded to the following stakeholders:

- Key departments and agencies of the Commonwealth, State and Territory governments that are either directly or indirectly involved in the Australian tourism industry;
- Peak tourism industry organisations and associations
- Elected members of Commonwealth, State, Territory and local governments
- Academic and research institutions involved in tourism research and development
- Operators and individuals who champion the interests of the tourism industry
- All 2006 Tourism Futures delegates

The conference communiqué can be accessed on the Tourism Futures website:

[www.tourismfutures.com.au](http://www.tourismfutures.com.au)

Or the conference convenor's website:

[www.tonycharters.com](http://www.tonycharters.com).



## Conference Themes

The National Tourism Futures Conference 2006 was themed “21<sup>st</sup> Century Responses to 21<sup>st</sup> Century Reality”. The program was supported by an outstanding field of high-profile keynote and concurrent speakers who covered issues that reflect the diversity and depth of the region’s tourism industry.

Specialised pre-conference forums on day one focused on the following themes:

1. *Marketing and Distribution Futures*
2. *Growing and Sustaining Tourism*
3. *Tourism Capitals – Cities as Destinations and Gateways*
4. *Workforce Futures – Matching Industry Needs*

Day 2 of the conference, “Tourism Futures Topline”, featured briefings from experts in the fields of global trends (social, business, environmental); economic analysis, demographics and consumer behaviour.

Day 3 was dedicated to exploring Tourism Futures Action Agenda sub-themes:

1. *Product Development*
2. *Access and Transport*
3. *Marketing and Distribution*
4. *The future of Rating Programs*
5. *Skilling Australia for Tourism Excellence*

In total 15 keynote speakers, 20 concurrent speakers and 50 pre-conference forum speakers addressed the delegates. Speakers and presentation titles may be viewed on the Tourism Futures website [www.tourismfutures.com.au](http://www.tourismfutures.com.au)

A CD of the conference proceedings can be purchased, for further details email [karen@tonycharters.com](mailto:karen@tonycharters.com) .

Tourism Futures delegates will be able to access speaker presentations made available for distribution at [www.tonycharters.com](http://www.tonycharters.com) with the unique password supplied to delegates.



## **Pre-conference Roy Morgan research**

The Tourism Futures delegate survey was conducted on-line as a self-completion questionnaire. Questionnaires were completed by individuals working in the Australian and New Zealand tourism industries, and delegates of the Tourism Futures Conference. A total of 227 Australian respondents and 14 New Zealand respondents completed the survey. Australian respondents belong to the following industry categories: Tourism Operator (22%), University/TAFE/Other Academic (14%), State Tourism Office (11%), Consultant (9%), Regional or Local Tourism Organisation (9%), State Government Department (8%), Local Government (8%), Industry Association (4%), Commonwealth Government Department (3%) and Other (11%).

Delegates rated the top five challenges facing the Australian tourism industry over the next year as being: The price of oil/fuel and the effect on airfares, The price of oil/fuel and the effect on drive tourism, Effect of world instability on Australia e.g. terrorism, Need for product development and infrastructure in regional areas and competition by overseas destinations.

In the longer term (next 10 years) the top five challenges facing the Australian tourism industry were forecast to be Climate change, need for product development and infrastructure in regional areas, effect of world instability on Australia e.g. terrorism, the price of oil/fuel and the effect on airfares and sustainability of tourism (triple bottom line – social, environmental and economic sustainability).

Australia's Top Five Competitive Advantages over the next year are perceived to be: stable and safe country, Australia's culture and friendly people, Clean/ green environment/ natural/ pristine beauty of Australia, Unique experience offered in Australia, Australia's status as a highly desirable destination. Over 10 years the respondents replaced 'Australia's status as a highly desirable destination' with 'vastness of Australia/ uncrowded'.

Australia's top five opportunities for growth over the next year were identified as Grey Nomads/ Senior Tourism, Ecotourism, Food & Wine Tourism, Backpackers and Special Events and Festivals. Over the next 10 years delegates saw Grey Nomads/ Senior Tourism, Ecotourism, Business Events Tourism (MICE), Adventure Tourism and Food and Wine Tourism as the top opportunities for growth.

Delegates were also asked to rate their top five areas of importance in the Tourism White Paper and they nominated: Coordination- between industry and government at all levels, strengthening regions, lifting domestic tourism research and lifting Australia's profile.



## Outcomes and Actions: Forum, Keynote and Concurrent Presentations

### 2006 Tourism Futures Topline Issues

Throughout the 2006 Tourism Futures conference, several issues were consistently raised during plenary, forum and workshop sessions regardless of the theme of the session.

They are identified in the following list.

- **Climate Change** – Tourism in the region is likely to be greatly exposed as the consequences of climate change occur. Many of our important destinations take place in environments predicted to be most affected by climate change – alpine, coastal, reef, islands and wetlands.
- **Peak Oil** - tourism is one of the industries most vulnerable to the Peak Oil phenomenon as it relies heavily on transport and fuel consumption. Peak Oil will not so much affect the tourism industry through running out of oil, rather increasing prices. Sustainable tourism will require sustainable transport in the future.
- **Skills shortages** – the difficulty faced by many tourism businesses in attracting and retaining quality staff. This is a critical issue as the consumer focus is increasingly on “experience” which is reliant on high-quality service delivery by employees. The industry faces challenges resulting from low levels of unemployment, a competitive market for labour at the global level, the industry’s traditional image as a ‘transient’ employer with low paid jobs and perceptions of little opportunity for career progression. Speakers identified opportunities for the tourism industry through new approaches to recruitment: pre-need hiring, candidate relationship management, developing the “employment brand” and Employment Value Proposition. Creative solutions were promoted such as partnerships with other employers (eg ski fields and beach resorts) to enable employers to retain staff throughout the year despite seasonality in different sectors. Also suggested was the opportunity to link up with the emerging ‘mobile workforce’ such as the ‘grey nomads’ who may be able to fill gaps where there are seasonal employment opportunities.
- There was much discussion during the conference regarding the **forecast for growth** in the tourism industry in Australia, which remains relatively static. The industry was challenged by a number of speakers to re-examine its focus on attracting more visitors, and to consider an approach of limiting supply and increasing yield and profit. The challenge was set to consolidate utilisation of existing infrastructure and assets, and use marketing and product development to reinvigorate and refresh Australia’s product offer. This will especially make sense as travel costs rise as a consequence of higher oil prices and carbon taxes. High yield markets are likely to be less price sensitive and thus this market is more likely to visit despite rising transport costs.



- Many speakers identified the reality of **rapidly changing technology**, particularly with regards to marketing and distribution. There are significant opportunities for operators if they keep pace, and embrace new technology. Numerous examples were given of the success being enjoyed by those who are ahead of the pack in **online marketing and distribution**.
- The delegation and speakers confirmed strong industry support for a **National Tourism Strategy** to unite the focus of Australia's tourism industry. Importantly, delegates emphasised the need for the development of the plan to be inclusive, with active involvement of State and Territory governments and industry – a whole of government and whole of industry approach. . It was clearly identified as a priority by those in attendance. This would be a document providing unified direction for the industry, containing clear advice and an action plan covering brand development, product development, marketing and distribution. Diversity and competition from the states can flow from a united direction which establishes guidelines for sophisticated product development and strong branding and marketing. The Strategy should also include federal level initiatives to increase industry coordination and communication mechanisms (from business owners to employees). This would clearly support the priorities of respondents to the pre-conference survey by Roy Morgan Research, with 53% of Australian respondents nominating "Coordination- between industry and government at all levels" as one of the top three areas of importance in the Tourism White Paper.
- The delegation highlighted the need for ongoing effort to be made on behalf of the industry to **engage the financial / investment sector** as the tourism industry evolves. It was also recognised that encouraging investment in the industry will require credible, regional level data on visitation and expenditure.
- With the ongoing and increasing emphasis on integration of nature based product into Australian tourism experiences the delegation urged the establishment of **regular meetings between the heads of both protected area management and tourism organisations** (state and federal level). To improve dialogue and policy development in relation to tourism in protected areas.

The following sections provide more detail on issues discussed at the pre-conference forums (Day 1) and on Day 3 the Tourism Futures Action Agenda. There is some overlap with issues reported in the Tourism Futures Topline section simply reflecting the level of importance of the issues.



## Marketing and Distribution

- Sessions focusing on marketing and distribution clearly spelled out the fundamental role of online technologies in tourism marketing and distribution. It is now a mainstream channel and continues to grow in utilisation and importance. There is a mass of information available to consumers, and a heavy focus on a new style of information available online – user reviews and online social networks, virtual mapping, integrated product and destination information. Consumers can now be in control of the online experience – and the challenge for tourism operators is to ensure content and structure works with them rather than “directing” consumers through websites “let them come to you but help them come to you”. The importance of search engine optimisation marketing was highlighted.
- Digital revolution – Web 2.0 presents major challenges and changes for tourism marketing. User Generated reviews and a strong consumer focus on ‘authenticity’ / ‘reality marketing’ present challenges to traditional marketing campaigns. There is an increasing focus on the use of meta searches, and integration of data from multiple sources “mash ups”.
- The industry is increasingly being challenged to adopt strategies for dealing with potential online sabotage or negative commentary. Businesses are strongly encouraged to embrace and manage user reviews. A genuine, open and responsive approach is highly recommended.
- The industry was urged to consider the opportunities of e-PR: there is an increasing importance of online PR, and writing search engine-friendly media releases.
- With consumer uptake of mobile technology, there are increasing opportunities to value add to visitor experiences and present visitor information via modern mobile technology, such as via 3G phone content, pod cast soundtracks providing information (interpretation) and orientation (directions) for a travel component of the journey.
- There are ever-increasing opportunities for small, regional operators to gain exposure and online sales and undertake active and real-time inventory management through a number of grass-roots focused online programs. As data integration occurs (eg. Data from ATDW being used by other parties) the impact can be significant as information gains further exposure.
- Operators who embrace the explosion of online communities facilitate opportunities to generate and re-create excitement of travel as travelers share their stories, images and experiences online and inspire other potential consumers.
- There were predictions for even more radical shifts from traditional models of tourism purchasing and distribution – eg. Consumers using personal agents to book travel rather than traditional travel agents.



## **Growing and Sustaining Tourism**

- Major concerns were raised about Climate Change and its potential effects on the tourism industry. Several speakers noted that this region's tourism industry is more vulnerable than most industries. The challenge is to ensure the tourism industry is part of the solution not the problem: promoting and leading the uptake of alternative sources of fuel, potential impacts on long haul travel (carbon tax adding to airfare costs), destinations / businesses dependant on long haul markets may need to review
- Speakers noted opportunities for greater involvement of indigenous communities, particularly in the development, ownership and delivery of sustainable tourism experiences and management of protected areas that play a setting for tourism activity. Indigenous involvement in tourism should involve more than the traditional notion of cultural dancing and heritage interpretation. Involvement of indigenous people in contemporary tourism business settings, across all sectors should be encouraged. Models of community-based tourism are seen as a great opportunity for developing a competitive edge for Australia's tourism industry.
- Forecasts noted that best practice sustainability innovations of today will be basic performance requirements for the broader industry in the future. There is a growing need to ensure sustainability of whole industry as consumers increasingly seek to engage in "guilt free" travel. There is a great opportunity for Australia to stay at the cutting edge through innovations in water conservation, fuel consumption and waste management.
- The lack of tourism industry cohesiveness was identified as a factor that could constrain the success of regional tourism industry into the future. Particularly with regards to the lack of coordination and political influence. The tourism industry is urged to consolidate its peak industry representatives, and become more politically active as businesses, employees, suppliers and service providers.



## Product Development

- The industry was urged to look beyond trends and 'create the future', be inspired and lead into the future rather than simply be managers into the future.
- New trends and product development opportunities were highlighted, relating to the issue of yield vs. volume for example, "flashpackers" (backpackers opting for basic accommodation options but with more privacy) and "no-frills chic" – eg. self service check-ins but without compromise on quality of accommodation.
- Family travel was noted as an increasing segment and opportunity such as grandparents taking their grandchildren on holidays (as both parents may be working during school holidays) and the desire to re-connect with family on holidays – such as through group travel and family reunions.
- Product development needs to ensure that opportunities for 'real, authentic' experiences are provided into the future. Engaging with the local community, environment, family and friends. There is an increasingly true focus on the experiential, consistent with trends such as 'slow' movements.
- Speakers highlighted the importance of engaging indigenous community as appropriate in developing new and authentic tourism products and experiences. This may be from a behind the scenes perspective, or ensuring that there are opportunities for visitors to engage with local indigenous people as part of their travel experience.
- Product development needs to keep in mind demographic changes, such as large numbers of baby boomers who will retire over the coming decades. They are forecast to be a new, 'young' old, interested in being active but with levels of comfort. There are also likely to be physical limitations in this group including a large proportion who will be overweight or obese.
- Through appropriate product development combined with effective marketing and public relations, there is an opportunity to change perceptions of destinations to offer more engaging experiences. Destinations that have traditionally focused on their scenery may embrace an activity-based future. A shift in focus from promotion and product development that has centred on iconic sites to iconic experiences will give latitude to the range of tourism product and experiences on offer.
- Research into consumer behaviour and analysis of broader societal trends encourages the industry to ensure that future product development and marketing focus on opportunities to explore and engage with nature, culture and wellbeing.



## Access and Transport

- Fuel prices have been affecting visitation (particularly drive tourism) and are likely to continue to do so into the future. It seems likely that the perceived impact of greater fuel price is distorted (in drive tourism markets). In fact, overall increases to the price of travel are not as great as perceived and there is an opportunity to communicate this with drive tourism consumers.
- Carbon emission tax on air travel in the future may significantly impact on the industry, particularly the inbound (long haul) markets. In addition, future fuel shortages (Peak Oil) are predicted which would also directly impact on the industry.
- It was noted that there is an ongoing decline in air capacity coming into Australia, reducing the possible number of international visitors.
- The travel industry (transport and other elements) were urged to plan and respond more adequately for external shocks.
- There was discussion about the need to review the Commonwealth bureaucracy in terms of which portfolio is most appropriate for managing aviation industry and policy into the future, recommendations were either the trade or tourism portfolios. On either scenario there was a strong call for greater transparency in development of aviation agreements and a strong urge for greater consideration of tourism and impacts on the industry in the development of aviation policy.

## Tourism Workforce Futures

- Many sectors and destinations are reporting difficulty in gaining workers for the tourism industry. A combination of the effects of low unemployment, an aging population, skills shortage and the Generation Y change in approach to work is having a significant effect. At an international level there is increased competition for labour, affecting previous sources of workforce in the tourism industry (working holiday visitors, temporary work visa holders).
- At the same time, there is an increasing emphasis placed on customer experience which is built on high quality service levels.
- Key issues for the industry to address include: training more employees, promotion of tourism as an industry to join, developing rewarding career opportunities / paths, establishing flexible employment policy and increasing remuneration, develop opportunities for people to return to work (older people, stay at home mums, unemployed and disability welfare recipients, encourage workers to work in regional and remote locations).
- The tourism industry was encouraged to review and adopt contemporary recruitment models (relationship based, proactive rather than waiting for staff to leave then attempt to fill the vacancy). Work in partnership if possible to address issues of seasonality: develop programs to “share” staff eg. between ski fields in winter and summer resort locations.



## Conclusion

The 2006 Tourism Futures conference forums, Topline, and Action Agenda highlighted that the tourism industry is rapidly approaching a critical phase in terms of its response to, and engagement in:

- 'external' issues: climate change, peak oil, aviation, demographic and social changes
- 'internal' issues – embracing technology, 'war for talent' workforce attraction and development, cohesive industry, innovation in product development and marketing

For tourism operators it is vital that they work actively to take advantage of the latest technology and developments in marketing and distribution, and in terms of sustainability practices. Industry is encouraged to work closely to attract and retain their workforce, developing career paths and working conditions that reflect changes in demographics and social trends into the 21<sup>st</sup> century. Perhaps most importantly, tourism businesses are urged to consider and plan for changes in levels of tourism growth, changes in fuel supply and cost, and in positioning their businesses and products into the future they are encouraged to focus on creating top quality experiences, built on authentic opportunities to engage with a destination and its local community. Tourism businesses and employees will fare well into the future if they work together through peak industry associations and business councils to ensure unified advocacy and representation.

Government agencies involved in tourism have a responsibility into the future to facilitate evolution of the tourism industry as the impacts of climate change and peak oil become a reality. The industry will benefit greatly from strong cooperation and coordination between all levels of government, to be reflected in a National Tourism Strategy and initiatives such as regular meetings between Heads of Tourism and Protected Area Management Agencies. Tourism industry challenges associated with aviation policy and sustainable transport will require strong leadership by government, and development of a strong workforce will also require government contributions. Government can also contribute to ensuring the Australian tourism industry is at the forefront of technology uptake by ensuring the appropriate infrastructure is provided as and by assisting many of operators, particularly small and regional or remote businesses.