



Global Financial Crisis Forum – 18th November 2008 Outcomes

Background:

The Tourism Industry Council Tasmania invited leaders and representatives from the Tasmanian tourism industry to a forum to discuss the implications of the global financial crisis on the Tasmanian tourism industry.

Around 50 people attended the forum on the 18th of November at Moorilla Estate. Attendees included: the TICT Board, regional tourism associations, local tourism associations, major transport operators, and other players in the Tasmanian tourism industry.

Presentations were made to the assembled audience by a range of speakers including:

- Dan Blair from BDA – the global financial crisis and the threats and opportunities for the Tasmanian tourism industry
- Caroline Wilkie from TTF – the global financial crisis and the national tourism agenda
- Rowan Sproule from Tourism Tasmania – the planned responses to the new environment by Tourism Tasmania
- Daniel Hanna from TICT – current and future impacts on the Tasmanian tourism industry and future priorities (results from a recent survey)

Following the presentations, the participants split into six small groups to discuss the threats and opportunities presented by the crisis. In addition, there was a strong discussion on what steps both the industry and the government should take to respond. This document reflects the outcomes of the day.

Results of Presentations and Group Discussions

The main take out points from the presentations (especially from Dan Blair of BDA) were:

Economy

- Economic growth and consumption growth in Australia are slowing but off a strong base
- Consumer and business confidence have plummeted in recent weeks
- The global financial crisis is hitting Australia but the indications are that we should outperform the rest of the developed world
- This financial year is likely to be the trough with next year also being weak
- Downturns are an inevitable part of the economic cycle and have historically been short

Tourism

- Spending on travel by Australians has been very strong, but all the growth has been in travel overseas
- Tourism spend in Australia has not been strong with a sluggish inbound market
- Tasmania has performed well in comparison with the rest of the country with much stronger growth in both inbound and domestic than the national average
- The outlook for interstate travel in Australia is soft with a flat 2 year outlook
- But with a growth in market share of 0.5% Tasmania can continue its strong growth
- Tasmania has proved to be a highly resilient tourism market in the past and our small market share provides us with opportunities

Threats and Opportunities

- Threat – that the domestic and world economy deteriorates further than projected
- Threat – unemployment bites more deeply in Australia than projected
- Opportunity – to gain market share of 0.5% will have a significant impact and maintain historical growth
- Opportunity – the intrastate market generally benefits during downturns
- Opportunity – Tasmania is now a better value proposition for interstate travel
- Opportunity – Younger high yield travelers (younger people tend to travel based on income rather than wealth)
- Opportunity – Tasmania needs to tell its story more effectively than ever, core messages don't change
- Opportunity – communicating effectively at these time can give a greater share of voice as competitors pull back
- Opportunity – converting interest into bookings is paramount

The results of the TICT survey were:

- Current business performance is slightly down on the same time last year
- Nearly 60% of those surveyed believe that their business performance in the next twelve months will be worse compared to the last twelve months
- A greater proportion of operators are less likely to invest now compared to twelve months ago
- The most important investment that the State Government could make to assist the industry would be in additional destination marketing
- The priority Tourism 21 strategy is marketing followed by: customer service and quality, addressing labour and skills shortages, and moving into the digital and distribution environment

The small group discussions produced some consistent themes including the following against each question:

1. Key Threats

The following were identified as potential threats to tourism in Tasmania:

- Access is reduced as a result of decreased demand to travel to Tasmania
- The State Government reduce their resource commitments to destination marketing
- There is a significant drop in tourism investment
- Our key markets (older affluents) respond in a more severe way to the global financial crisis
- Tourism Tasmania respond to the new conditions too slowly because of a lack of flexibility
- The global financial crisis produces a more sustained downturn with deeper impacts than expected
- Our competitors are more aggressive in the marketplace
- Tasmania fails to tell its story effectively

2. Key Opportunities

The following were identified as opportunities for tourism in Tasmania:

- A weaker Australian dollar will provide an incentive for those previously looking offshore to holiday domestically
- Tasmania continues to offer strong value at all scales of the holiday spectrum (from budget to luxury)
- The Tasmanian people own and have control over one of the key access mechanisms through Spirit of Tasmania

- Tasmania can continue to retain strong air access by stimulating demand from markets with direct flights
 - Destination marketing can achieve greater cut through at this time and will be very effective if it is more tactical, targeted and focused on conversion
 - Tasmania remains a highly desirable destination
 - There may be an opportunity to focus on younger affluent travelers as they will be less effected by the global financial crisis, in terms of their propensity to travel
 - Particular components of the Tasmanian experience may grow in desirability including our wilderness and nature, heritage, and arts and culture
 - Tasmania is a relaxing place where people can escape the stress of life
3. Steps for the industry to take in response to the global financial crisis
- All operators must get into the online environment by having an effective website, distributing product online, and becoming e-commerce enabled
 - Support Tourism Tasmania marketing efforts by implementing tactical, conversion activities in key markets
 - Suspend sectoral or localized parochialism and unite behind the push to increase Tasmania's market share of travel taken by Australians
 - Work to achieve sustainable yields while still providing value for visitors
 - Reprioritize broad industry strategies contained in Tourism 21
 - Continue to actively promote individual products and the destination
 - Collaborate with colleagues to package and bundle experiences for visitors
 - Work to interest more Tasmanians in holidaying within their own state
4. Effectiveness of the TICT Budget recommendations

There was no contest. An additional investment in destination marketing, with a focus on tactical and conversion based activities, was recognized as the highest priority for the Tasmanian tourism industry in light of the global financial crisis.

5. Effectiveness of Tourism 21 Strategies

Again, destination marketing was seen as the number one priority within Tourism 21 and there was strong support for reviewing the Plan to prioritise strategies in light of the global financial crisis.

Top 12 take outs

There are twelve key messages that have emerged from the presentations, survey and workshops. They are as follows:

The Environment

1. The global financial crisis will have a significant impact on the national and global demand for travel in 2009 and probably beyond
2. Tasmania will not be immune from these impacts and faces significant challenges during 2009 that will impact on demand
3. Tasmania has a great opportunity to hold up well in the face of the crisis by achieving challenging but achievable share gains in the domestic market
4. A lift of half a percentage point in our competitive position can lead to continued growth

For Government

5. The tourism industry can continue to grow, invest and employ Tasmanians if it receives strong support from the Tasmanian Government
6. There is no need to radically alter the message or the delivery mechanism to our markets; it is important to be clear, consistent and aggressive
7. The Tasmanian Government must find more resources urgently to fund additional destination marketing activities through Tourism Tasmania, and give them the flexibility they need to direct more of their existing resources to stimulating demand for travel to Tasmania
8. The Tasmanian Government can ensure that vital access to Tasmania is retained by both stimulating demand in key markets (those with direct air services) thorough destination marketing and using the state ownership of TT Line to maximize visitation by sea

For the Tourism Industry

9. The industry (through the TICT) should focus on one single priority for funding through the State budget process, increased investment in destination marketing
10. The industry (through the TICT) will urgently review Tourism 21 – the strategic business plan – to prioritise those strategies likely to be most effective in the current environment
11. The industry will quickly adopt new technology and ways of doing business that move away from traditional methods to the digital and online environment
12. The industry will work collectively to help promote the destination and convert interest to bookings