



International Centre for Responsible Tourism - Australia

Rural NSW needs a bottom-up strategy to create a better tourism experience.

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Summary Points

- Rural Tourism is in decline, current top down policies have yet to make sufficient impact to build up products/services that will provide competitive visitor experiences
- Top down management of tourism currently does not take into account the limited resources and capacity of those who produce tourism in Rural NSW
- Tourists visit other people's communities and consume their facilities and their infrastructure, yet tourism is often managed in a silo and rarely integrated into destination planning and community life
- Tourism's strength is that it can enhance the well being of communities by attracting visitor expenditure directly to the destination and through its extended economic benefits by linkage. This can only be forged at a local level.
- For a destination to be competitive it must identify its Local Distinctiveness and unite its products/services with a clear motivating proposition. The local identity involves the wider community and the physical geography. Geopolitical boundaries restrict Local Distinctiveness
- The principle of hospitality, a core component to tourism, must include not only tourism businesses but also the wider community and the public hospitality of the destination
- Only profitable tourism businesses can be productive, marketing must focus on delivering yield rather than volume
- Economically sustainable tourism must be built from the bottom up and have an equal partnership between those who make the tourism product/service, protected areas that provide the recreational attractions, community and local/state government who provide facilities, working in synergy

Introduction

Visitors seek holiday experiences and many seek the experience of the new. Australian tourism figures indicate a decline in domestic visitation to rural areas, meanwhile Australians are increasingly travelling abroad. Therefore Rural Australia's tourism experience is no longer as competitive as other destinations.

The author argues that continuing a top down approach to managing tourism ignores the restrictions on creating better tourism in small destinations in Rural NSW.

Who makes the experiences?

Destinations provide holiday experiences delivered through a complex combination of the natural and built environment, tourism businesses and communities. The holidaymaker *makes* their holiday from the available range of products and services. By so doing they seek to escape their regular lives to enjoy a different experience. In the case of Rural Australia visitation is dropping (and dropping at a greater rate than indicated on statistical reports because they do not take into account population growth). Therefore, the current range of products and services available in Rural NSW do not offer the holidaymaker with a sufficiently motivating competitive combination to create their desired holiday experience. A more desirable offer is required.

The holidaymaker, with a holiday experience in mind, accesses the different destinations and selects the most competitive. To be assessed the destination must stand out against other Rural NSW destinations and other holiday locations outside the state. However, most Rural NSW destinations have limited resources. They frequently include small or medium sized communities with micro/small businesses that have a low capacity to develop unique selling propositions of their own. Therefore each destination requires assistance to identify what their own local distinctive qualities are and how to thread these points of difference together, so creating a motivating proposition that the holidaymaker is more inclined to choose. The current top down modus operandi does not deliver this because it ignores the actual capacity of the market and therefore promotes the status quo which does not give sufficient points of difference between the destinations and does not engage sufficiently with the holidaymaker's desire for authentic experience.

Currently the term "bundling" is used to explain to tourism operators a method of adding value both to their product offer and to the consumer. However, if the bundling is generic (accommodation & restaurant) then there is no Local Distinctive characteristic and no competitive experience advantage. Rather than bundling, tourism businesses need to *build* a competitive point of difference which would come from selecting products/services which build on the *Local Distinctiveness* and thus reinforce the destination's point of difference. This requires strategic support and distribution so holidaymakers can find competitive propositions which help them make their desired holiday.

The Importance of Local Hospitality

Tourism also involves the principle of hospitality, not only the tangible food, drink, accommodation, and facilities, but the intangible way it is offered. The warmth of the welcome offered by the locals is therefore equally as important as the physical services. Hospitality covers not just commercial aspects of tourism but also the public areas and the community one might meet while travelling. If it is accepted that humans want to be liked, then it is important that the hospitality is found and positively delivered across the destinations in both commercial tourism and in the community.

Some cultures actually promote hospitality as a key part of their social make-up - *Arab Hospitality* is an example where travellers are treated with respect and offered equally food, drink and accommodation on an equal scale as the host. Closer to Australia consider the South Pacific Islanders (look at the Trip Advisor comments on Fiji and note how many include the warmth of the local people, now compare this to comments made about Australia). To be more competitive, tourism in Rural NSW must offer hospitality and therefore embrace the whole community. This wider approach would be achieved not through a commercially run 'customer service programme' but as a community wide ethos. To be effective this would mean the community should know and appreciate the value of tourism to building a better community. Likewise, the number of visitors arriving and the way they behave should also be sensitive to the impact on local residents and the environment if locals are to be motivated to be hospitable. This requires a sense of balance. It requires the participation of the community in tourism, not just commercial players. It requires working at the grass roots level, not only directing policy from above. Tourism must be equitable if it is to be really hospitable.

Finding Local Distinctiveness in Rural NSW

Destination characteristics are foremost created by physical geography not by geopolitical boundaries. This is because the natural environment reflects the local soil and climate and dictates what grows and what can live on the land. Physical geography also accounts for the unique Aboriginal heritage and early settler land use which was carved out of the local physical characteristics in each Rural NSW destination. The physical characteristics therefore led to the creation of communities, which are often still the foundation of today's nature, heritage and agritourism visitor experiences. These local characteristics reflect the unique combination of physical and social geographic values. They provide the seeds to grow distinctive competitive product/service experiences from the Local Distinctiveness. Therefore focusing on local characteristics will help identify destination boundaries which reflect an area's point of difference rather than geopolitical regions. Creation of destinations would therefore be a bottom-up approach rather than an overlay of a geopolitical boundary, and permit a more focused proposition.

Local characteristics are appreciated by the wider community, not just tourism operators. It is the community, the built and natural environment which provides many of the places where holidaymakers consume their holiday, not only with tourism businesses. So to be competitive, a destination must not only reflect tourism businesses but also involve the wider community which helps to create that Local Distinctiveness. But as explained above, local tourism resources at the destination level are often unable to maximise Local Distinctiveness. Tourism is often managed in a silo and does not involve the wider community or other stakeholders. This prevents Local Distinctiveness being fostered; it also prevents an equitable approach with the wider community who also are stakeholders. Current top down policy does not resolve this situation because of geopolitical boundaries, funding structures, local government operational structures & planning and tourism business participation. Therefore Local Distinctiveness is not able to be developed and therefore local participation by tourism and the wider community is weak.

The Economic Benefits

The current tactical "price deals" promotions, as seen online and through DNSW campaigns, work against Rural NSW tourism's economic sustainability. Companies need profits to maintain and innovate their businesses. Profitability is therefore critical to tourism's economic sustainability and its ability to create experiences. The lower the price offered by the tourism business the less income is available to renovate and innovate, if perpetuated the weaker the quality of experience.

Concentrating on price offers rather than experience led promotions are more likely to attract budget minded holidaymakers rather than the Australian tourists who are now leaving the country in search of value and new experiences. Continuing price deals may consolidate the position that Rural NSW is for sale rather than establish the proposition that it offers superior experiences. While price is an important mechanism of marketing it must be set at a level of long term profitability for the producer.

Price deal promotions favour only businesses which offer price deals. The campaigns therefore reduce the potential exposure for businesses who might be offering better quality experiences but choose not to reduce their prices. Therefore price deal promotions may reduce the overall appeal of the destination.

Tourism is a major source of economic inflow to Rural NSW. If it is to enhance the economic wellbeing of the regions it must be profitable and it must be productive. Therefore tourism requires promotion which increases tourism yield (measured as net profit per customer) and attracts the value experience seekers whose expenditure will contribute more than the budget conscious visitor.

The visitor's economic impacts can be enhanced beyond operators who recognise they are in tourism. This can be done firstly by promoting a wider experience that includes businesses that currently do not think they are in tourism, and secondly by encouraging tourism operators to better integrate with other local businesses. The more links tourism makes with the local economy the greater the benefit of each tourism dollar. In other words the more linkages between the products/services the greater the economic benefit, the stronger the indirect linkages the greater the local multiplier effect; economically more sustainable and self supporting.

Creating a strong local identity which is based on a destination's Local Distinctiveness fosters a clearer presentation of what unique experiences holidaymakers can expect and select. A strong local identity encourages synergy between products/services because there is a logical linkage in the local identity. However, because the current promotional focus is either on price deals or generic geopolitical regions, local communities have limited channels to present their Local Distinctiveness and are less motivated in fostering linkage within the destination. Therefore tourism's value to the community is restricted. Tourism must be profitable and it must be integrated.

Marketing from the bottom-up through LGAs, RTOs and STOs, is required to best support the development, refine the proposition, distribute and finally promote profitable Rural NSW tourism products/services so that they can be more economically sustainable, provide jobs and enrich their communities.

Further, a profitable Rural NSW tourism sector that has community support is much more likely to attract young local people to stay and work, it is also a much more attractive proposition to attract outside investment to help communities prosper.

Motivating Change at a Local Level

Micro/small tourism businesses form the majority of the Rural NSW sector. Such businesses have their own unique limitation of low capital resources, limited manpower and time. Many of the operators have chosen tourism as a lifestyle change and are motivated by community values rather than solely profit. Therefore motivating the micro/small operators through community enhancing programmes which involve the wider community would achieve a greater level of participation and self motivation than the current STO and RTO promotion led campaigns. It would encourage a far higher level of linkages and thus establish a stronger economic benefit for the community and

enhance the Local Distinctiveness – critical to establish a motivating proposition to holidaymakers. Supporting small/micro operators and motivating them through community values can improve the quality of life for the community and involve others in creating the tourism experience.

Motivating the micro/small operators thus requires an alternative approach to the current “one size fits all” top down promotional strategy. It does require:

- a) a respect of micro/small businesses financial, manpower and time limitations
- b) development strategies which are aligned with community motivations that embrace the wider community
- c) presenting the business case for economically sustainable tourism using case studies

Conclusion

Holidaymakers travel to escape their daily lives, and are searching to find different and enriching experiences. They visit destinations and consume their holidays in other people’s communities. It is the value of community life, their facilities and the natural environment that are important elements that go to make a good holiday. The clearer the local identity, the stronger the Local Distinctiveness, the more businesses can integrate to build a motivating point of difference. This results in creating a more competitive experience to attract holidaymakers.

But implementing better tourism in Rural NSW has barriers. Much of tourism in Rural NSW is run by micro/small businesses with resource limitations. Further, some businesses in the communities do not see themselves as part of tourism (in-direct benefits are not often considered). This lack of capacity and participation results in an unfocused point of difference and lack of cooperation on a destination scale. This caused weak economic linkages and a low local multiplier rate.

Micro/small tourism businesses are often lifestyle operations and part of the fabric of the community. Their motivations are often tied to the community where they live. Since it is the community where the holidaymaker enjoys their holiday it is recommended that a whole of government approach is applied interlinking tourism, community and Local Distinctiveness to achieve a greater degree of self sustainability. This means focusing of the physical geographic realistic rather than working only within geopolitical structures.

Creating better tourism in Rural NSW requires building products/services, working with communities and other stakeholders at a grass roots level. At the factory level where tourism is made rather and investing funds in promoting the status quo. It is argued here that it is better to spend the marketing money on all the 7 Ps of marketing than solely concentrate on promotion and online distribution. This requires a *180 Degree Shift in vision*, building from the bottom up, providing the ingredients for holidaymakers to make their holiday, rather than pushing promotion from the top down.

Sharing Knowledge to create better tourism

Christopher Warren is the director of the International Centre for Responsible Tourism – Australia, an organisation providing responsible tourism education, research and consultancy. It is linked to sister centres in the UK, Spain, Germany, Ireland, Wales, Canada, West Africa and Belize. Christopher is also a private tourism operator, participates in local, LGA and RTO tourism boards in NSW, is a policy advisor to EcoTourism Australia. In 2010 Christopher received the Ecotourism Medal; this was only the second time this discretionary award has been made.

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